Annual Report 2009

Storebrand ASA

storebrand

HIGHLIGHTS 2009

January

SPP Life Insurance becomes Storebrand Investments' second largest customer following a transfer of mutual funds worth a total of SEK 94 billion.

February

Storebrand and Formuesforvaltning join forces to establish Norway's leading environment for wealth management. Parts of Storebrand Finansiell Rådgivning (SFR) merge with Formuesforvaltning.

March

SPP is named unit linked insurance company of the year by Söderberg & Partner.

Morningstar names Storebrand the best management house among those offering a restricted selection of bond funds. Storebrand receives the Best Small Fixed-Interest Fund House award.

Delphi Europa turns 10 years. During this time the fund has distinguished itself by being one of the best European funds in the market.

April

Storebrand Investments tops a ranking of the best European private equity investors.

SPP's 14 funds with a market value of SEK 37 billion, are transferred from Handelsbanken to Storebrand Investments. Total SPP assets of SEK 135 billion are under management.

May

Storebrand becomes the first company in Norway to allow customers to buy disability insurance online. Customers can choose between three levels of insurance coverage: Top, Basic and Mini.

Storebrand Bank launches its new commercial bank.

June

The official committee considering "Broad occupational pension schemes" delivers its recommendations to the Minister of Finance. The committee looked at the roles of the parties in the occupational pensions market and also suggested introducing a new pension product, a hybrid of defined contribution and defined benefit pensions.

August

The Norwegian Customer Barometer shows Storebrand has the most satisfied occupational pensions customers for the sixth year in a row.

The general public ranks SPP the most responsible pensions provider in Sweden.

September

Storebrand launches Pensjonsopplysningen.no, an interactive pensions information service. The service is later also launched on SPP's website.

Storebrand launches its money and pensions blog, "Penger og Pensjon".

October

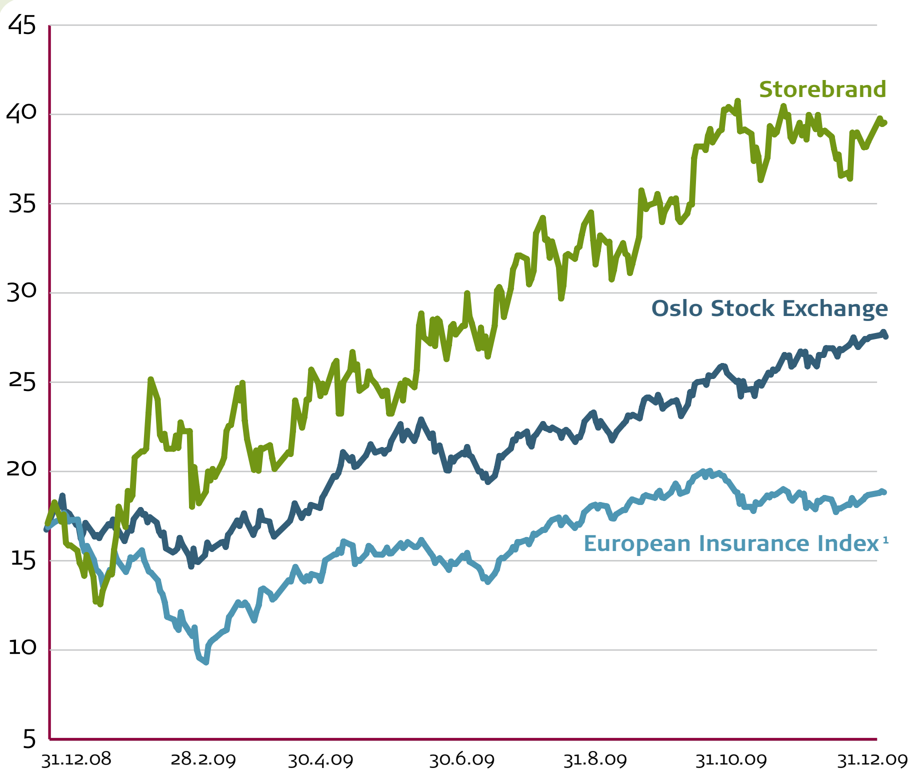
Storebrand is honoured for its climate reporting by the Carbon Disclosure Project.

December

Storebrand moves into its new energy efficient head office at Lysaker. Energy consumption is halved compared to Storebrand's previous head office. The working environment is improved and costs are reduced by NOK 40 million per annum.

Storebrand P&C now has more than 40,000 customers.

Storebrand's employees share their Christmas gift between the Norwegian Cancer Society, Norwegian Red Cross, Salvation Army and Church City Mission.



1 BEINSUR Index

Share information (STB)

Share price 31.12.2008 (NOK)	16.8
Share price 31.12.2009 (NOK)	39.6
Highest closing price 2009 (NOK)	40.8
Lowest closing price 2009 (NOK)	12.2
Change STB 2009	136%
Oslo Stock Exchange (OSEBX) 2009	66%
European Insurance Index (BEINSUR) 2009	11%
Annual turnover (NOK million)	511
Average daily turnover (mill shares)	2.0
Market cap 31.12.2008 (NOK billion)	7.5
Market cap 31.12.2009 (NOK billion)	17.8
No. of ordinary shares (mill shares)	449
Foreign ownership 31.12.08	49%
Foreign ownership 31.12.09	52%

CONTENT

New head office at Lysaker

STOREBRAND ASA

Storebrand Life Insurance (Life and Pensions Norway)	SPP [1] (Life and Pensions Sweden)	Storebrand Asset Management	Storebrand Bank	Storebrand P&C	Storebrand Health Insurance [2]

[1] Owned by Storebrand Life Insurance

[2] Owned 50% by Storebrand ASA

Storebrand Life Insurance

NOK 16 bn in premium income

Storebrand Life Insurance offers a wide range of products within occupational pensions, private pension savings and life insurance to companies, public sector entities and private individuals. Storebrand Life Insurance aims to be Norway's most respected and customer-oriented life insurance company by offering customers the most attractive products, the best advice and the best customer service.

Storebrand Life Insurance has the highest level of customer satisfaction in the occupational pensions market (Norwegian Customer Barometer). Together with strong growth, this has helped the company consolidate its position as the leading pensions provider in the Norwegian market.

Key figures (NOK million)	2009	2008
Pre-tax profit Life and Pensions Norway	759	348
Net inflow of pension transfers	2,416	2,475
Total premium income (excl. premium reserves transfers)	16,073	16,304
Assets under management (excl. SPP)	190,470	188,508
Solvency margin	170%	160%

SPP

Positive result development

SPP offers pension and insurance solutions, and advice to companies in the competitive segment of the occupational pensions market. SPP also offers private pension savings and illness and health insurance. SPP delivers qualified consultancy services within occupational pensions and insurance for companies and public sector entities.

Key figures (NOK million)	2009	2008
Pre-tax profit	147	-2,146
Total premium income	7,354	7,334
Assets under management	111,215	106,127
Conditional bonuses	8,689	7,499
Solvency margin	194%	135%

Storebrand Asset Management

NOK 351 bn under management

Storebrand's asset management business includes the companies Storebrand Investments, Storebrand Fondene, SPP Fonder and Storebrand Eiendom. All the management activities have a guaranteed responsible profile. Storebrand offers a wide range of mutual funds to retail customers and institutions under the Delphi, Storebrand Fondene and SPP Fonder brand names. Storebrand Eiendom is one of Norway's largest real estate companies and manages real estate portfolios both in Norway and abroad.

Key figures (NOK million)	2009	2008
Pre-tax profit	233	215
Cost/income ratio	65%	57%
Assets under management	NOK 351 billion	NOK 229 billion

Storebrand Bank

Leading niche bank

Storebrand Bank is among the ten largest banks in Norway and has NOK 43 billion of assets under management. The bank aims to establish itself as Norway's leading direct bank in the retail market, and is also a leading provider of advice, transaction services and financing for corporate customers within commercial property. The bank aims to utilise its position as a leading direct bank to actively recruit new customers to Storebrand and distribute the group's products to its own customers.

Key figures (NOK million)	2009	2008
Pre-tax profit	35	33
Gross lending	36,123	39,035
Customer deposits	18,320	18,291

Storebrand P&C

Continued growth in a competitive market

Storebrand P&C offers standard insurance products in the Norwegian retail market. The company was launched in autumn 2006. Its cost-effective distribution and extremely customer friendly online solution has enabled the company to quickly make its mark as a competitive insurer, offering peace of mind at low prices.

Key figures	2009	2008
No. of customers	44,500	27,700
Total portfolio premium	NOK 346 million	NOK 225 million
Share of P&C policies purchased online	43%	52%

Storebrand Health Insurance

Increased awareness of health insurance as a means of reducing sick leave

Storebrand Health Insurance is jointly owned (50/50) by Storebrand ASA and Deutsche Krankenversicherung AG, and offers treatment insurance in the Norwegian and Swedish corporate and retail markets. The company was launched in autumn 1998 and continues to attract new customers.

Key figures	2009	2008
No. of customers	81,953	80,905
Annual premiums	NOK 276 million	NOK 243 million

STOREBRAND GROUP

The Storebrand Group is made up of the business areas life insurance, asset management, banking and P&C and health insurance. The group's head office is at Lysaker and the company has also established life insurance, asset management and health insurance activities in Sweden. Storebrand is the Nordic region's leading provider of life insurance and pensions, and offers a comprehensive range of products to retail customers, corporate customers, municipalities and the public sector.

Storebrand can trace its history back to 1767. The company 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 a service for the retail market and selected segments of the corporate market.

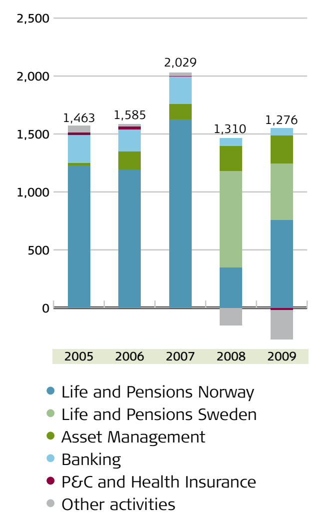
At the close of 2009, the Storebrand Group had 2,280 employees compared with 2,516 at the start of the year. Of these 51 percent were women. The average Storebrand employee is 44 years old and has worked for us for 11 years.

Storebrand's ambition is to be a leader within corporate responsibility and responsible investments. Both the group's financial and non-financial goals and results are presented in the group's annual report and show how corporate responsibility forms an integral part of our core activities.

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

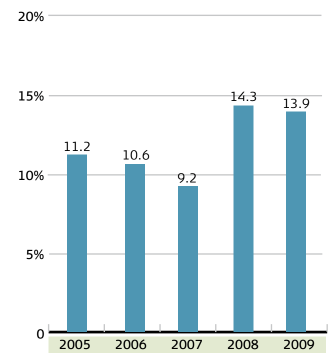
Group profit before amortisation and write-downs [1]

NOK million



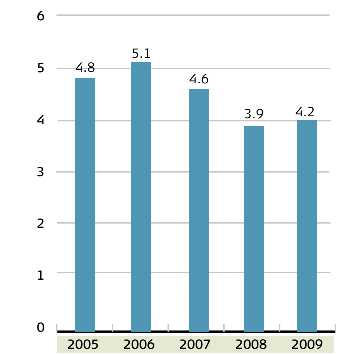
Capital ratio

%



Average sick leave

%



KEY FIGURES FOR THE STOREBRAND GROUP

Key figures	2009	2008	2007	2006	2005
Group result before tax [1] (NOK million)	887	-1,716	2,029	1,585	1,463
Total assets (NOK million)	366,159	372,712	381,837	222,787	201,885
Equity capital (NOK million)	17,217	16,158	19,241	8,900	9,108
No. of employees (full time equivalents)	2,185	2,434	2,151	1,429	1,295
Qualified for FTSE4Good	Qualified	Qualified	Qualified	Qualified	Qualified
Qualified for Dow Jones Sustainability Index	Qualified	Qualified	Qualified	Qualified	Qualified
Proportion of women in senior positions	40%	39%	37%	38%	37%
Investments in microfinance (NOK million)	149 [2]	127	81	56	
Energy consumption [3]	222 kwh/m²	216 kwh/m²	221 kwh/m²	257 kwh/m²	

1 Figures for 2005-2007 have not been translated for the financial statement lay-outs used from 2008.
2 Storebrand has committed NOK 200 million to microfinance, of which NOK 149 million is invested as at 31.12.09.
3 Applies to the previous head office, Filipstad Brygge 1, Oslo.

Key figures per share	2009	2008	2007	2006	2005
Average number of ordinary shares (NOK '000s) [4]	445,658	445,091	251,517	247,965	258,576
Earnings per ordinary share (NOK)	2.08	-5.01	7.95	6.03	5.41
Dividend per ordinary share (NOK)	0.00	0.00	1.20	1.80	4.00
Market value 31.12 (MNOK)	17,798	7,536	25,510	19,811	15,059
Final price per ordinary share (NOK)	39.56	16.75	56.70	79.30	58.25

4 Calculation based on average number of shares outstanding.

ACTIVE ADAPTATION

The Norwegian financial industry has weathered the financial crisis and its repercussions well. The industry's market players are affected by the instability, but are delivering good results and addressing their responsibilities to customers and society in a satisfactory manner. The steps the industry and Norwegian authorities took in autumn 2008 and winter 2009 helped tide us over a situation in which capital markets were not functioning.

This does not mean the problems are behind us. A number of companies are still affected by the impact of the global financial crisis and we are prepared for the fact that setbacks may occur.

Impact of the crisis

The financial crisis squeezed the banks' liquidity and lending capacity, which quickly produced negative ripple effects for a business sector which relies on constant access to capital from the banks. Life insurance companies felt the effects of the market instability not through liquidity, but through falls in value. A life insurance company's results and balance sheet values naturally fluctuate with developments in the financial markets. We check the global financial market´s pulse everyday when investing our customers assets. 2009 proved to be a positive year for Storebrand´s customers and owners. Returns for both Norwegian and Swedish customers were very satisfactory. Storebrand´s share price rose by 136 percent over the year.

Concrete measures

Storebrand implemented a number of steps to meet the challenges in the market and at the same time lay a good foundation for long-term value creation.

Aggressive risk management

Storebrand's risk management ensures that our composition of assets is tailored to the company's obligations and buffer capital. Storebrand reduced the proportion of equities in the portfolio from 26 percent to 5 percent in 2008. The primary job in 2009, with the upturn in the markets, was to ratchet up the risk and expected return in line with the building up of customer buffers. During the year, the average proportion of equities increased to 11 percent while the customer buffers grew by 35 percent.

Funding structure adjustments

In a lending market characterised by significant instability, Storebrand repaid EUR 175 million of subordinated loan, improved its funding structure by taking up loans with longer terms to maturity, and achieved very competitive prices. The plans and processes in place before the crisis worked well.

Efficient operation

Storebrand's organisation and staff have, in a turbulent market situation, displayed an impressive capacity to deliver in relation to the long-term goals that have been adopted and communicated to the market. Our customer and efficiency programme, LEAN, is actively used as a tool to make improvements in all parts of the organisation. The goal of a 30 percent improvement in efficiency has been achieved by the projects that have been implemented. The programme will be continued with undiminished strength.

Ambitious, but realistic, profitability targets have been set for all parts of the group for the current and following year. Through a combination of increased income and reduced costs over this two year period we intend to achieve significant profitability growth throughout the entire organisation.

Good customer dialogue

Our systematic customer satisfaction work has led to Storebrand topping the Norwegian Customer Barometer Survey among Norwegian customers in the occupational pensions market for six years in a row. This ranking is very pleasing. Our clear goal is to further enhance our customer's satisfaction. A good dialogue with the customers, simpler and more understandable products, efficient and customer-friendly service solutions, and competitive conditions are key elements of this work.

Operating conditions

Storebrand is an active prime mover in relation to the Norwegian and international authorities when it comes to developing regulations and a framework for the industry that are appropriate for both customers and companies. The financial crisis has illustrated the need for adjustments.

Regulation of the life insurance sector in Norway combines long-term contract obligations with respect to the customers with a guaranteed annual return. In parallel with having to fulfil the long-term obligation, the companies must also share the profit every year. This is peculiar to Norway. It is unfortunate for the economy as a whole that the regulations have a pro-cyclic effect in that the life companies sell equities in falling markets and buy in rising markets driven by short-term fluctuations in the level of buffer capital. The introduction of the international Solvency II regulations increases the need to modify the regulation of life companies in Norway in line with the long-term interests of customers and companies.

Strong customer growth

Storebrand strengthened its position in the Nordic market for long-term savings and pensions throughout the year. SPP's sales grew by 6 percent in 2009, and recognition of the SPP name has increased by 20 percent thanks to a systematic marketing effort. The Norwegian business has also grown strongly in an unstable market. Net transfers in the occupational pensions market in 2009 amounted to NOK 2.4 billion (reported sales), the P&C company's customer base has surpassed 40,000 customers, and asset management achieved net new business of NOK 5.6 billion in the large customers segment alone.

Increased ambitions

At the end of 2009, Storebrand moved into a new, eco-friendly head office in Lysaker Park in the Municipality of Bærum. The move reduces the company´s costs by more than NOK 40 million annually compared with staying at Aker Brygge. Above all, the new head office provides staff with a better and more efficient working environment. It also provides us with a stronger base from which to continue our aggressive development.

The most important thing of all is to ensure a transparent and trust-building dialogue with our customers. It is in the meeting between customers and competent staff that Storebrand's brand is built. Our vision and ambition is to be the Nordic region´s leading and most respected partner in long-term savings and insurance.

Idar Kreutzer,
Storebrand Group
CEO

Core Values

Reliable
Enabling
Easy to relate to
Forward looking

Vision

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

BEST IN CLASS
environmental and
social performance
STOREBRAND SRI

WE TAKE CORPORATE RESPONSIBILITY SERIOUSLY – BUT WHAT DOES THAT MEAN?

Storebrand's ambition is to be the Nordic region's leading financial group when it comes to corporate responsibility and responsible investments. But what does corporate responsibility actually mean, and what are we doing to achieve our ambition?

The "Responsibility guaranteed" label was designed for those funds in which Storebrand makes the investment decisions itself. We guarantee that these funds comply with Storebrand's corporate standard.

The "Responsibility in focus" label was designed for those funds that are wholly or partly managed by external managers and illustrates the fact that we systematically focus on corporate responsibility in relation to these actors as well.

Dow Jones Sustainability Indexes
Member 2009/10

sam 2010 bronze class

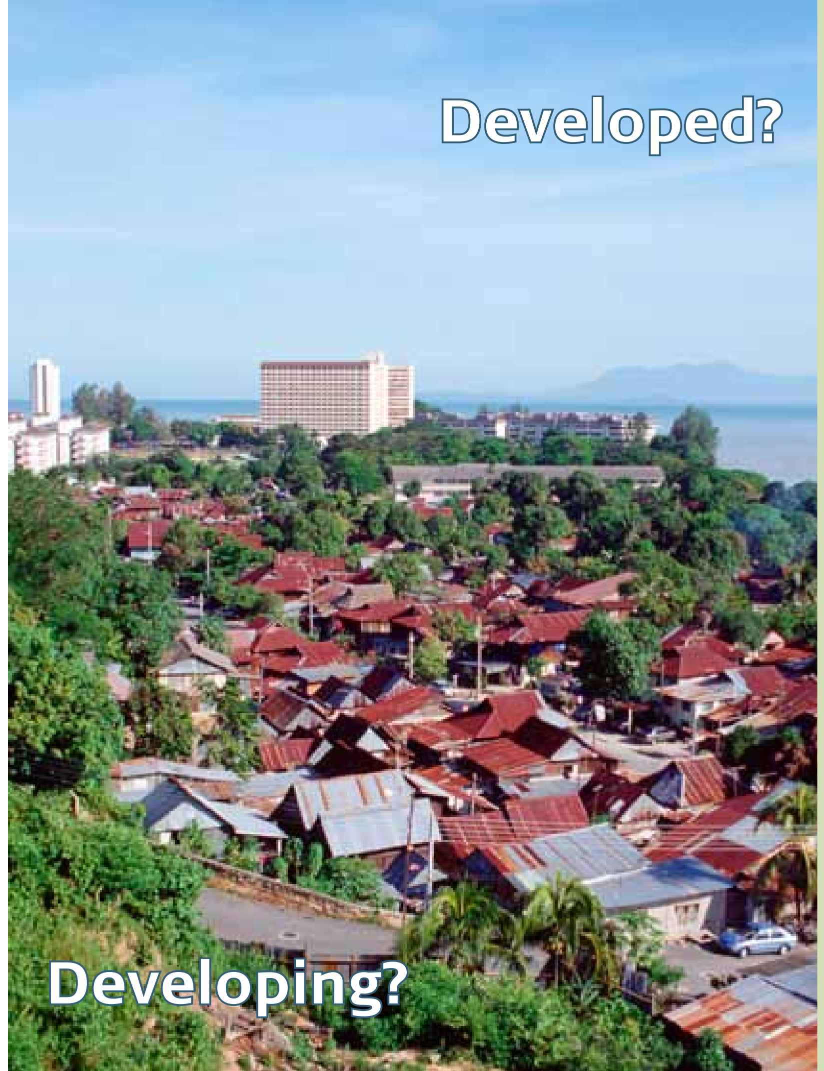
Corporate responsibility (CR) is about more than simply complying with the law and regulations or supporting non-profit organisations. Corporate responsibility is first and foremost about acting responsibly and making a contribution to society through the products and services a company delivers. In other words, it is about our core activities and profitability. How can a company help resolve society's challenges through responsible and profitable operations? In Storebrands case, for example, we set strict social, environmental and governance criteria for investments, help to uncover and prevent financial crime, and develop pensions products that help corporate clients reduce sick leave. Corporate responsibility thus forms an integral part of the way we do business.

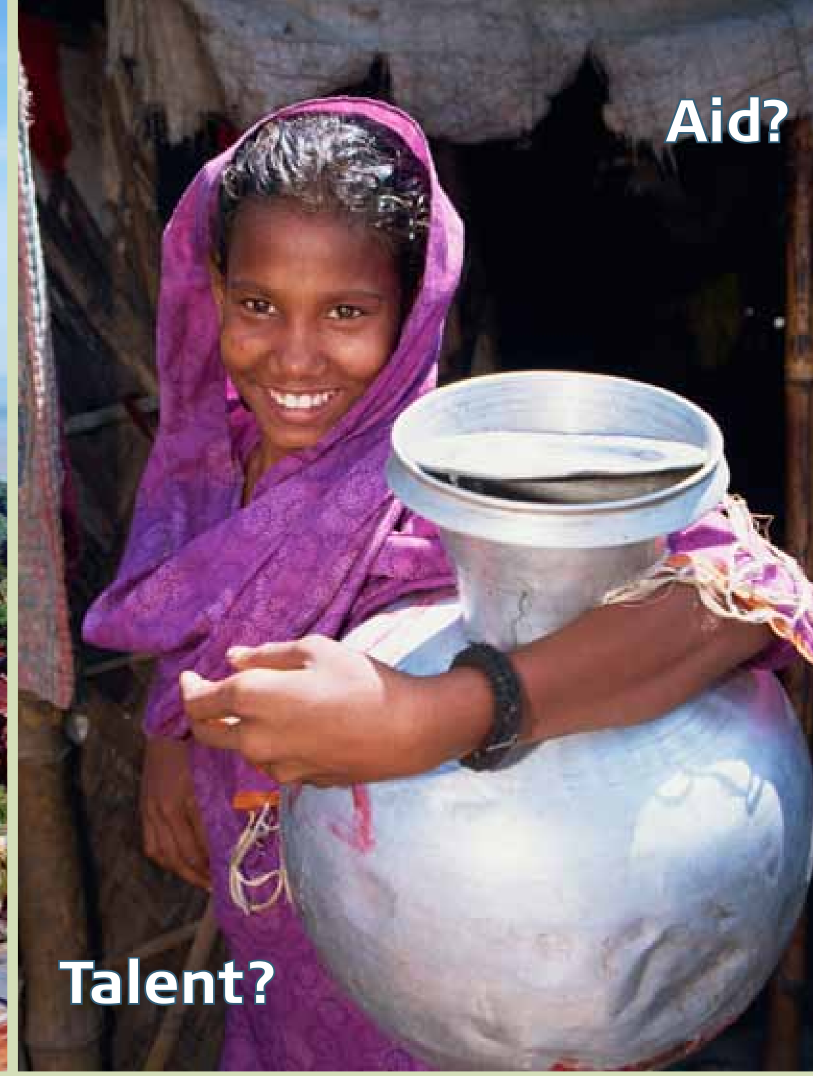
"We take corporate responsibility seriously" is also one of the group's six Group principles against which the performance of all our staff is assessed. This Group principle results in different actions and responsibilities for the various units. For example, for the procurement department it involves ensuring our suppliers meet environmental and social responsibility criteria. For our customer service staff it may mean guiding expectations and how they deal with customers. For sales staff and advisers it means offering responsible advice and transparent products that are in the best interests of the customer. And for those who manage customers' savings and pension funds it means responsible investments.

Responsible investments - effecting change through knowledge and influence

Responsible investments involve making concious decisions about how we make money. Storebrand has 15 years' experience of requiring companies we own securities in to meet certain criteria. Asset management has a long-term horizon and we believe systematic CR work pays off when it comes to reducing risk and identifying business opportunities.

The most important contribution to sustainable development we can make is to be an active owner. We combine our knowledge and influence to effect improvements. We contact several hundred companies each year to present our expectations concerning continuous improvement within the areas of environmental management, anti-corruption, human rights, and corporate governance.





We support and are active participant in:

- Global Compact
- UN Environment Programme - Finance Initiative (UNEP-FI)
- PRI (Principles for Responsible Investments)
- World Business Council for Sustainable Development (WBCSD)
- Carbon Disclosure Project (CDP)

At the same time we refrain from investing in companies that do not actively seek to avoid breaches of human rights and corruption, or minimise environmental harm and emissions of climate gases. We also refrain from investing in companies whose risk management has severe deficiencies, who produce tobacco, and who participate in the production of controversial weapons. As per 31 December 2009, 93 companies were on the list of excluded companies Storebrand and SPP will not invest in.

We rank companies according to the "Best in Class" principle in order to promote the best ones with respect to both financial, environmental and social responsibility. As per 31 December 2009, 149 companies qualified for "Best in Class" status. By investing in companies that have their own house in order, we ensure our customers the best and most stable long term returns. It should pay off to systematically work for sustainable development.

International surveys (Mercer (2009) and Statman & Glushkov (2009)) indicate a positive correlation between corporate responsibility and financial returns. In our experience, the returns are just as good even though we set strict criteria when it comes to the companies we are willing to invest in.

Microfinance - aid or business?

Microfinance involves providing poor people with access to financial services such as loans, insurance and savings. Storebrand has been involved in microfinance since 2005 and currently has around NOK 150 million invested in selected microfinance institutions on behalf of our customers. These institutions offer banking services to people who want to establish their own businesses by, for example, providing loans to purchase livestock, sewing machines or expand existing businesses. Investing in microfinance is profitable for Storebrand and at the same time makes an important contribution to economic growth in emerging economies.

In June 2008, Storebrand signed an agreement to set up the Norwegian Microfinance Initiative (NMI) in cooperation with other private actors in Norway and the Norwegian development authorities. In August 2009, NMI made its first investment of USD 5.8 million in the India Financial Inclusion Fund (see: www.nmimicro.no).

LYSAKER PARK
– an environmental project to be proud of

In 2009, Storebrand moved to Lysaker Park, the group's new head office. The building is an eco-friendly, low emissions building. This means:

- **50 percent less energy consumption**
  - Environmentally certified, energy class B building
  - EU pilot project
- **Eco-friendly transport**
  - Designed for safe bicycle parking with adjoining changing rooms
  - Electric cars the staff can use to get to external meetings
- **Eco-friendly energy sources**
  - District heating, seawater-based heat pump, solar energy and automatic sun screening
- **Eco-labelled building materials**
  - Swan eco-labelled paint, lino, terrace tables and office chairs
- **Source sorting of waste**

Climate change - the greatest social challenge of our time

The management of the financial crisis is a good example of what countries can achieve when they work together on powerful measures. Unfortunately, the Climate Conference in Copenhagen was an example of the opposite. The issues business and people face are global and complex. This makes it difficult to imagine that international negotiations will arrive at the solutions the world needs in time, which makes how business adapts even more important. Companies can, by changing the way they operate, make a difference. At the same time, those companies that do adapt their core activities and become part of the solution to the climate challenges we face, will have substantial business opportunities. The Storebrand Group sees new opportunities in areas such as investments in infrastructure and renewable energy.

Storebrand has been systematically reducing the group´s environmental footprint for years. The steps we have taken include reducing our energy consumption and business travel. For example, in 2009 we reduced our number of flights by 44 percent. Paper consumption has been reduced by almost 20 percent. These factors have helped reduce our CO2 emissions by 27 percent. The group also helps reduce the impact on the environment indirectly. It does this by using the opportunities it has to influence those who manage and purchase by setting strict environmental and climate criteria for those companies we invest in or purchase goods and services from. The results of our purchasing environmental requirements include getting a number of major suppliers to introduce environmental certification and climate accounts.

A financial and trust crisis

The financial crisis was a trust crisis for the financial industry. Trust depends on professionalism, competence and high ethical standards. This applies to both the group's commercial operations and the personal conduct of each member of staff. Ethics are high on the agenda in the Storebrand Group and we introduced new initiatives in 2009.

We have revised the group's ethical rules, and drawn up guidelines for arrangements organised by the Storebrand Group, and new guidelines for anti-corruption and whistle-blowing.

We have produced our own eLearning ethics course, which will be launched in early 2010. After this, all of our departments will undergo dilemma training. In 2009, we conducted courses in ethics and handling ethical dilemmas for insurance and financial advisers as part of their authorisation schemes.

It is important to measure the results of this work in order to improve. The group has therefore developed its own ethics indicator. From 2010 onwards, this will form part of the executive vice presidents´ scorecard, the group´s scorecard and corporate responsibility reporting.

Storebrand re-launched its intranet question and answer service where staff can ask questions about ethical issues anonymously. If staff want to ask questions or raise issues with people outside the management team, we also have an external reporting channel.

Everybody knows that the savings of Norwegians find their way out into the world via funds, banks or pension savings. The money is invested in various activities to provide you with the best possible return. What is not quite as well known is that some of the money ends up in the wrong place: in companies that violate human rights or in environmentally damaging or corrupt companies. And you have no chance of being able to monitor this.

But we do!

Storebrand has a group of employees tasked with one important job: to select the best companies with respect to corporate responsibility and ensure that your money is steered away from companies that misbehave.

REPORT OF THE BOARD OF DIRECTORS

Main features

The Storebrand Group consists of four business areas: life insurance, asset management, banking and P&C insurance. In addition to financial services for both the corporate and retail markets in Norway, the group also delivers life insurance, asset management and health insurance services in Sweden. Following the acquisition of SPP, the Swedish life insurance and pensions provider, in December 2007, the Storebrand Group 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, local authorities, and the public sector. Storebrand owns 90 percent of BenCo Insurance Holding B.V., which in turn owns 100 percent of Nordben Life and Pension Insurance Company and Euroben Life and Pension. Claims processing services are performed by its subsidiary Storebrand Baltic in Lithuania. In December 2009, Storebrand's head office was moved from Oslo to Lysaker in the Municipality of Bærum.

Storebrand's value creation is closely tied to developments in the financial markets and the company's ability to actively adapt to these. Measures aimed at ensuring the best possible risk management, funding and operations in a turbulent market were therefore prioritised in 2009. Storebrand adjusted its asset allocations within life and pensions over the year in line with the customer portfolios' increasing risk-bearing capacity. This resulted in the exposure to equities gradually increasing during 2009.

In the last two years, Storebrand has renegotiated existing loans and taken up new loans with long terms to maturity. Overall the changes have a positive effect on the group's funding structure and access to capital, and reduce future funding costs. The Storebrand Life Insurance Group's solvency margin at year-end 2009 was 170 percent and its capital adequacy was 14.9 percent. Core (tier 1) capital in Storebrand Bank has surpassed the internal target of 10 percent and was 10.4 percent at year-end 2009. The Storebrand Group's capital adequacy was 13.9 percent and its core (tier 1) capital ratio was 10.0 percent.

The company's activities in 2009 were also affected by changes to the framework conditions for Storebrand's business units in a number of areas in recent years, including the introduction of new regulations for life insurance in 2008. Upcoming changes to the operating conditions that will be of significant importance for the company include the Pensions Reform in Norway, which will be implemented in 2011, and Solvency II, which is expected to be implemented in Norwegian law from autumn 2012. Storebrand is actively adjusting to these changes by maintaining an active dialogue with Norwegian and European authorities, adapting its products, maintaining a close dialogue with customers, enhancing its risk management, and modifying IT systems.

Extensive streamlining processes have been implemented in the last few years in order to achieve profitability targets. This work was reinforced in 2009 through the implementation of further cost reduction programmes in all parts of the organisation. The company's customer and efficiency programme, LEAN, is actively used as a tool to make improvements. This work has also included developing more efficient solutions for customer service, other services, and settlements, as well as general improvements to routines. The streamlining process will continue at full strength in 2010.

The group's financial performance

The Storebrand Group produces its consolidated financial statements in accordance with the EU-approved International Financial Reporting Standards (IFRS). The financial statements of the parent company, Storebrand ASA, are prepared pursuant to Norwegian accounting law. IFRS is not applied to the parent company's financial statements. The Storebrand Group's operating profit prior to amortisation and write-downs was NOK 1,276 million for 2009 compared to NOK 1,310 million for 2008. After amortisation and write-downs the group's result was NOK 887 million compared to minus NOK 1,716 for 2008. The result for 2008 included a write-down of NOK 2.5 billion.

The results in both life and pensions and asset management improved, while the banking group's result was on a par with 2008.

Apart from the insurance results, the financial returns have the biggest effect on the group's result. The equities asset class increased significantly more in 2009 than what would normally be expected in a single year, but fluctuations in the value of equities were also greater during the year. The international equity market was at its lowest level in six years as late as March 2009. Market interest rates rose in 2009, while the credit mark-up for credit bonds fell. Market movements in 2009 have significantly strengthened risk-bearing capacity since year-end 2008. The positive development of the financial markets helped to improve the result in life insurance. Income in the asset management business increased due to the takeover of the management in SPP and SPP Fonder. Despite a normalisation of the global credit markets in 2009, the development of the result in Storebrand Bank was affected by squeezed deposit margins and high costs associated with maintaining high liquidity buffers. The negative result in P&C insurance was anticipated because the business area is still in an early phase.

Group profit and loss

NOK million	2009	2008
Life and Pensions	1,246	1,179
Asset Management	240	218
Banking	63	68
P&C and Health Insurance	-18	
Other activities	-255	-155
Group result before amortisation and write-downs	1,276	1,310
Write-downs intangible assets		-2,507
Amortisation intangible assets	-390	-519
Pre-tax profit/loss	887	-1,716

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

Business areas

Life and Pensions Norway

2009 proved to be a satisfactory year for both customers and owners. The profit allocated to customers depends on developments in the financial markets, the profile customers have chosen for their investments, and asset allocation in the various profiles based on available buffer capital. The calculated profit for customers was NOK 1,375 million. The profit consists of a positive risk result after allocations to the risk equalisation fund of NOK 72 million, and NOK 1,303 million in profit from the investment result. The return recognised in the profit and loss

Profit and loss - Life and Pensions Norway

NOK million	Group defined benefit fee based	Group investment choice and unit linked fee based	Risk products	Individual and paid-up policies profit-sharing	Company portfolio/ other	2009	2008
Administration result	- 39	- 82	- 58	11		- 169	-177
Risk result	70		157	1		229	475
Financial result [1]		- 8	82	75	52	201	-316
Profit from risk and interest guarantee	478					478	398
Other	- 21				41	20	-31
Pre-tax profit/loss	488	- 90	182	87	92	759	348

1 Investment result and profit sharing.

THE BOARD OF DIRECTORS OF STOREBRAND

BIRGER MAGNUS (54), Chairman of the Board Storebrand ASA since 2009

1984 MBA INSEAD, France • 1979 M. Sc. University of Science and Technology, Trondheim (NTNU)

Previous positions: 1996-2009 EVP and Deputy CEO Schibsted ASA • 1985-1996 Partner McKinsey & Co • 1982-1984 General Manager Magnus Data • 1980-1982: Systems Consultant Honeywell Bull
Positions of trust: 2003-, Board Member Kristian Gerhard Jebsens Skibsrederi AS • 2009-, Board Member Kristian Gerhard Jebsens Stiftelse

BIRGITTE NIELSEN (46), Board Member Storebrand ASA since 2005

General Management Programme, CEDEP/INSEAD • 1993 Bachelor of Commerce, Economics and Finance, Copenhagen Business School • 1986 Bachelor of Commerce, International Relations, Copenhagen Business School

Previous positions: 2003–2006 Advisor Nielsen + Axelsson Asp. • 1992–2003 CP/CFO FLS Industries AS • 1983–1992 Danske Bank (1990–1992 as Vice President)
Positions of trust: 2008-, Board Member Finansiel Stabilitet AS • 2006-, Board Member Novenco AS • 2006-, Board Member Arkil AS • 2005–, Board Member Buy-Aid • 2005-, Board Member Faber AS • 2005-, Board Member Energinet.dk • 2004-, Board Member Team Danmark

account for the group portfolio as a whole was 4.6 percent. Additional statutory reserves increased by NOK 1.2 billion during the year. The profit allocated to the owner before amortisation amounted to NOK 759 million for 2009 compared to NOK 348 million for 2008.

The new insurance act introduced in 2008 changed the accrual of profit for the area of group defined benefits pensions. The general principle in the new legislation is that premiums for the interest guarantee must be fixed annually and paid in advance.

In the case of group defined benefits pension schemes and newly established individual products with a guaranteed return, the new insurance act means the profit will be allocated to the customer. The various elements of pension products must be priced separately in advance and may contain a profit element for the insurance company. As a consequence of this the owner's profit is less affected by developments in the financial markets than before.

In the case of old and new paid-up policies, a modified profit sharing regime was introduced which means the company can retain 20 percent of the investment result. The modified profit sharing model means that any negative risk result will be deducted from the customers' interest profit.

Individual products established in the company before the act came into force can continue to apply the profit rules that applied prior to 2008, and Storebrand continues to manage these assets in line with this regime. In other words, the company can take a maximum of 35 percent of the total profit and must cover any shortfalls for these products.

The company also receives all the return on capital on the balance sheet that does not belong to policyholders.

Administration result
The administration result for 2009 amounted to minus NOK 169 million compared to minus NOK 177 million for 2008. The effects of the underlying reduction in costs due to lower staffing levels in a number of areas are beginning to produce results. Costs are being reduced and this will improve the administration result going forward. The goal of achieving a positive administration result for the owner in 2010 stands. Profitability improvements are implemented through a combination of cost reductions and income increasing measures.

Risk result
The risk result amounted to NOK 229 million for 2009 compared to NOK 475 million for 2008. The performance in 2009 compared to 2008 was due to one-time effects in 2008 amounting to NOK 198 million due to the dissolution of contingency funds. The risk result for risk products fell in 2009, primarily due to increased disability allocations.

Up to 50 percent of the risk result for group pensions can be set aside in the risk equalisation fund to cover any future negative risk result. The risk equalisation fund is included in the group's undistributable equity. NOK 70 million was set aside in the risk equalisation fund for group retail in 2009. The risk equalisation fund for group amounted to NOK 181 million at year-end 2009.

As with group defined benefits, up to 50 percent of the paid-up policies' risk result can be set aside to the risk equalisation fund. The risk equalisation fund for paid-up policies amounted to NOK 42 million at year-end 2009.

Financial result
The financial result for 2009 amounted to NOK 201 million compared to minus NOK 316 million for 2008. The company portfolio achieved a result of NOK 52 million, excluding subsidiaries, in 2009. The return on invested assets was 5.2 percent for 2009 compared to 3.0 percent for 2008. The company portfolio is principally invested in low risk asset classes. The money market accounts for just under 80 percent of the investment portfolio, which contributed a good return. Storebrand Life Insurance's loan interest costs will amount to around a net NOK 520 million for the next 12 months. Total interest-bearing liabilities amounted to around NOK 6.6 billion at year-end 2009.

Profit from risk and interest guarantee
The profit allocated to the owner pursuant to the new insurance act is less dependent on the return recognised in the customer portfolios due to upfront pricing of the interest guarantee and profit from risk. NOK 478 million was recognised as income in 2009 compared to NOK 398 million in 2008.

JOHN STAUNSBJERG DUEHOLM (58), CEO Scandinavian Airlines & Deputy CEO SAS Group
Board Member Storebrand ASA since 2009

1975 Cand. Merc. Copenhagen Business School

Previous positions: 1998-2002 EVP Group 4 Falck AS • 1996-1998 EVP SAS Technical Division • 1994-1996 EVP ISS Scandinavia AS • 1990-1994 CEO SAS Data A/S • 1997-1990 EVP Top Danmark
Positions of trust: 2009,- Chairman of the Board Addici

Sales
Following the introduction of mandatory occupational pensions in 2006, the market for occupational pensions is to a large degree a transfer market. Storebrand is extremely competitive in this market. Storebrand achieved a net transfer from competitors (reported sales) of NOK 2.4 billion in 2009. The total transfers to Storebrand in the last five years top more than NOK 12 billion. A number of the company's customers have switched or are considering switching from defined benefits pensions to defined contribution pensions.

Storebrand's sales of its guarantee account product in the retail market were very good with net sales of NOK 1.6 billion. The new system for individual pension savings with tax deduction (IPS) was launched in 2008. So far relatively few of these savings products have been sold due to the low savings limits and tax rules that consumers find complex.

Life and Pensions Sweden
The SPP Group achieved a profit before the amortisation of intangible assets of NOK 487 million compared to NOK 831 million for 2008.

Administration result
The administration result in SPP amounted to minus NOK 101 million compared to minus NOK 103 million for 2008. Administration income was affected by a lower fees base at the beginning of the year due to the falls in capital and equity markets. Assets under management climbed strongly during the year and resulted in increased administration income. Administration income developed positively overall in relation to the previous year. Operational improvements were implemented in 2009, and cost synergies due to the integration of SPP and Storebrand are being realised ahead of schedule. Administration costs were high in 2009 compared to 2008, primarily due to one-time costs associated with restructuring.

Risk result
The risk result amounted to NOK 253 million for 2009 compared to NOK 287 million for 2008. During the year the dissolution of sickness reserves due to fit for work reports made a positive contribution. The sickness result was more volatile because it was strongly affected by stricter rules for sick notes in the event of longer periods of sickness.

Financial result
The financial result amounted to NOK 260 million for 2009 compared to NOK 340 million for 2008.

At the start of the year the company took steps to stabilise and improve the solvency margin. The solvency margin increased strongly during the first months of the year as interest rates rose and the difference between mortgages rates and the base rate increased. The financial result fell in the same period due to the rising interest rates and a reduced difference between the swap and base rate.

Improved solvency meant the company could reduce its hedging portfolio for the rest of the year and increase the exposure to equities in the managed portfolios. These measures, combined with the better credit and equity markets, resulted in an improved financial result.

The good total return on assets in the investment portfolios resulted in profit sharing totalling NOK 160 million in 2009.

SPP adopted new mortality assumptions in the calculation of life insurance reserves in Q4. Reserves were set aside for the calculated effect of the transition to the new assumptions in connection with the acquisition of SPP. The reserves were higher than

Profit and loss - Life and Pensions Sweden

NOK million	2009	2008
Administration result	-101	-103
Risk result	253	287
Financial result	260	340
Other	74	293
Currency effect		14
Result before amortisation and write-downs	487	831
Amortisation intangible assets	-340	-476
Write-downs intangible assets		-2,500
Pre-tax profit/loss	147	-2,145

JON ARNT JACOBSEN (52), EVP Manufacturing & Marketing Statoil ASA
Board Member Storebrand ASA since 2009

1983 MBA University of Wisconsin • 1981 MA Business & Economics Norwegian School of Management (BI)

Previous positions: 1998-2004 SVP Group Finance Statoil ASA • 1985-1998 Various positions in Den norske Bank ASA: Head of Oil & Gas Business Unit, Head of Industry Section Corporate Division, Head of Industry & International Financial Institutions Section Corporate Division, General Manager Singapore Branch with responsibility for DnB Group's activities in ASEAN
Positions of trust: 2005,- Chairman of the Board Statoil North America

the actual effect of the transition, which has resulted in a positive net effect of NOK 82 million.

Other result
The other result amounted to NOK 74 million for 2009 and NOK 293 million for 2008. The result was primarily due to the return on the equity portfolio. The portfolio has been entirely invested in interest-bearing mutual funds, and the change from the year before was due to interest rate differences. The result also includes interest expenses on subordinated loans.

Positive new sales and focus on streamlining
SPP experienced a positive trend within new sales measured in APE throughout the year, with an increase totalling 6 percent compared with the year before. This strong increase primarily came through broker channels and within unit-linked insurance and option-centred products.

SPP implemented a necessary savings and streamlining programme during the year. Continued streamlining of the business will be a top priority in the future as well.

Asset management
The asset management business' result before amortisation amounted to NOK 240 million for 2009 compared to NOK 218 million for 2008. The result consists of NOK 139 million from Storebrand Investments, NOK 35 million from Storebrand Fondene, NOK 45 million from the management company Storebrand Eiendom AS, and NOK 21 million from SPP Fonder.

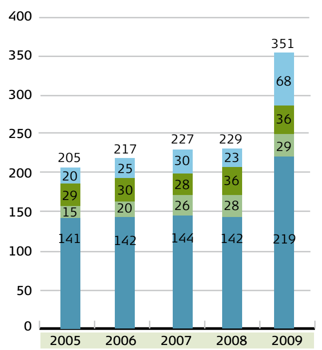
Storebrand Investments
Fixed and volume-based income amounted to NOK 359 million for 2009 compared to NOK 309 million for 2008. The increase was primarily due to the takeover of the management in SPP Livförsäkring AB, which alone represents an annual increase in income of around NOK 90 million. The market falls in 2008 and the customers' allocation from equities to fixed income were the reasons why the growth in income is not fully reflected in the income from SPP.

NOK 148 million was recognised as income in 2009 compared to NOK 52 million in 2008. The actively managed portfolios achieved good results. Total operating income amounted to NOK 508 million for 2009 compared to NOK 363 million for 2008. Costs were higher in 2009 than in 2008. Total operating costs amounted to NOK 374 million for 2009 compared to NOK 246 million in 2008. This was primarily driven by higher personnel costs due to the increased complexity of operations due to the new insurance act, one-time investments in the area of IT, and the takeover of SPP's portfolio. The good investment results also resulted in an increase in performance-based pay.

On 1 January 2009, Storebrand Investments took over management of SPP Livförsäkring AB's customer assets and equity. At the end of March 2009, the company also took over the management of SPP Fonder AB's 14 funds. This resulted in a more than NOK 100 billion increase in assets under management for Storebrand Investments. At year-end 2009, Storebrand Investments was managing NOK 351 billion in mutual funds, fund-in-funds, and individual portfolios for fund management companies, insurance companies, pension funds, local authorities, institutional investors, and investment companies. On 31 December 2008, the assets under management amounted to NOK 229 billion.

Storebrand Investments manages a full range of savings and investment products for the group's product companies. Storebrand Investments also offers active management to a broad group of larger investors. In consultation with the customer it designs bespoke investment strategies suited to the customer's financial goals, investment horizon, and risk profile.

Total asset under management
NOK billion



- Group internal
- Real estate (group internal)
- External discretionary
- Mutual funds

Storebrand Fondene
Income from the management of mutual funds in 2009 amounted to NOK 183 million compared to NOK 185 million in 2008. Lower fee income due to the winding up of five mutual funds in 2008 was compensated for by an increase in management fees due to higher volumes under management. Performance-based fees from mutual funds amounted to NOK 7 million due to good return results. At year-end 2009, the costs amounted to NOK 172 million compared to NOK 185 million in 2008. The company has good control over costs and thus has a good basis for continued profitable operations. Storebrand Fondene AS offers a range of equity and bond funds for individual savings and advanced specialist funds for professional investors. Storebrand's management environment is respected and home to managers with long experience. The absolute return was very good in 2009, especially for equities. No less than 87 percent of the actively managed equity funds outperformed their benchmark index. All of the combination and allocation products outperformed their benchmark index and 87 percent of the bond funds delivered a better result than their benchmark index.

Responsible investments
Storebrand sets strict corporate responsibility criteria for the management of the customers' capital. We believe it is important we utilise the influence our ownership affords us to promote sustainable development, and are one of few the European asset managers with a dedicated team of professionals in this area. More than 3,000 companies around the world are monitored and analysed, and Storebrand Investments is an active owner. The company is in contact with several hundred companies each year. If this dialogue does not result in improvements, the company is excluded from investments. As per 31 December 2009, 93 companies were excluded for participation in violating human rights, corruption, or serious environmental harm, the production of landmines, cluster munitions, or nuclear weapons, or tobacco production. Companies that operate in high risk industries or whose risk management has severe deficiencies, as well as those companies that score the poorest on climate, are also excluded. The best companies within each industry grouping are assigned "Best in Class" status as a means of supporting their positive contributions. As per 31 December 2009, 149 companies had attained "Best in Class" status.

Banking
The Storebrand Bank Group's result before losses amounted to NOK 144 million compared to NOK 190 million for 2008. Net recognised costs linked to losses from lending, guarantees, including taken over commitments, etc, amounted to NOK 81 million compared to NOK 122 million for 2008. Low net interest margins due to high funding costs during parts of the year and poor development of Ring Eiendomsmegling's result pulled the group result down. The banking group's result before losses and amortisation amounted to NOK 63 million compared to NOK 68 million for 2008.

Net interest income amounted to NOK 423 million, a reduction of 17 percent compared to 2008. Net interest income as a percentage of average total assets was 0.95 percent in 2009 compared to 1.17 percent in 2008. Net interest income was affected by the banking group's high funding costs in 2009. These were due to bond issues towards the end of 2008 and 2009 with relatively high credit spreads. Further work on the structure of the balance sheet will be a priority for the bank to ensure better profitability.

Net commission income amounted to NOK 76 million for 2009 compared to NOK 62 million for 2008. Other income amounted to NOK 148 million for 2009 compared to NOK 89 million for 2008.

The banking operation's[1] operating costs amounted to NOK 391 million, equivalent to 71 percent of total operating income for 2009 compared to 63 percent for 2008. The increase was due to lower income. The streamlining work continued in 2009 and Storebrand Bank's goal is to reduce operating costs by NOK 50 million by year-end 2011.

Despite a normalisation of the global credit markets in 2009, the development of the result in Storebrand Bank was affected by weak economic conditions and a demanding market situation. This resulted in lending losses in excess of normal levels, low direct returns on equity, squeezed deposit margins, and high costs associated with maintaining liquidity buffers above a normal level for the banking industry and Storebrand Bank. A number of steps were taken in 2009 to ensure the bank has strong core (tier 1) capital, a robust funding structure, good liquidity, and a high quality lending portfolio.

1 Consists of Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS.

ERIK HAUG HANSEN (55), Sales Manager Corporate Market Storebrand Livsforsikring AS
Employee Representative Board Member Storebrand ASA since 2004

The Insurance Academy

Previous positions: 1979–1985 Consultant Ajungilak AS • 1977–1979 Consultant Fred. Olsen Spedisjon AS

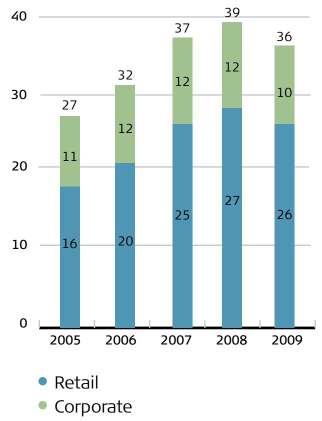
CAMILLA M. GRIEG (45), CEO Grieg Shipping Group AS
Board Member Storebrand ASA since 2007

Authorised Financial Analyst (AFA) NHHK/NFF • 1989 MBA University of San Francisco • 1986 Cand. Mag. University of Bergen

Previous positions: 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.
Positions of trust: 2009-, Board Member Grieg Star Shipping AS • 2006,- Board Member GC Rieber AS • 1995-, Board Member Grieg Shipping Group AS

Gross lending

NOK billion



At year-end 2009, the banking group had assets under management of NOK 43 billion and the total lending portfolio had decreased from NOK 39 billion in 2008 to NOK 36 billion in 2009. The bank prioritised growing deposits rather than lending in 2009 and maintained a deposit-to-loan ratio of more than 50 percent throughout the year.

The bank has some of the most satisfied and loyal customers in the retail market, and its ambition is to establish the bank as Norway's best direct bank. The bank's role in the group is to contribute to customer growth and ensure cross-sales of savings and insurance products to banking customers. The bank launched several new services in its online bank throughout the year as part of achieving its ambition in the retail market. The next milestone in the process will be the launch of Storebrand Bank's new online bank during H1 2010. Cross-sales of the bank's and the group's products to their own customer base is an important success factor with respect to increasing earnings in the bank's retail segment and ensuring continued high satisfaction and loyalty. The competition situation in the retail segment is characterised by price continuing to be an important factor in the recruitment of new banking customers.

In the corporate customer segment, Storebrand Bank holds a strong position in the professional real estate market. Our ambition is to be a leading provider of advice, transaction services, and financing for cooperate customers within commercial real estate. The bank's competitive edges include its competence, comprehensive solutions, and good service. Activities within this segment include real estate agency, lease brokering, valuations, corporate finance, and financing services. These services are gathered under the brand name "Eiendomshuset Storebrand Bank".

The bank established a subsidiary, Storebrand Eiendomskreditt AS, in Q3 2009. The company holds a concession to issue covered bonds secured by mortgages in commercial property. Its sister company, Storebrand Boligkreditt AS, was established in 2008 and holds a concession to issue covered bonds secured by mortgages in residential property.

P&C Insurance

The P&C insurance company Storebrand Skadeforsikring AS was re-established in autumn 2006. The new company provides standard P&C insurance products in the Norwegian retail market, and some corporate insurance products in the SMB market. Besides its new business, Storebrand P&C Insurance bears fronting liability for the risk associated with policies signed before the transfer of P&C business to If in 2000. This run-off business is 100 percent reinsured in If. Oslo Reinsurance Company's main activity is winding up its own reinsurance business, and this will for all practical purposes be completed during 2010. The P&C insurance business also consists of a 50 percent ownership interest in Storebrand Health, which offers treatment insurance in the corporate and retail markets.

The P&C insurance business experienced a deficit of minus NOK 18 million in 2009. Storebrand's share of the positive result in Storebrand Health amounted to NOK 6 million, which was double the year before and primarily due to streamlining measures. The rest of the P&C insurance business experienced a deficit of NOK 24 million. A deficit was expected because P&C insurance is still in an early phase. Gross premiums due increased by 51 percent to NOK 339 million over the year. The claims ratio increased by 2 percentage points in relation to 2008 and ended the year at 81 percent.

Storebrand Skadeforsikring AS' strong growth continued throughout 2009 and the annual premium grew by 54 percent. At year-end 2009, Storebrand Skadeforsikring AS had around 40,000 customers, more than 123,600 policies, and an annual premium of NOK 346 million. Online sales continued to be the company's most important sales

HALVOR STENSTADVOLD (65), Independent Advisor
Board Member Storebrand ASA since 2000

MSc Political Science, University of Oslo

Previous positions: Member of Orkla's executive management • 1988-2006 various management positions within Orkla's industrial activities and corporate staff functions • 1979-1988 Senior VP Christiania Bank • 1981-1984 Deputy Government Minister

Positions of trust: 2008-, Chairman of the Board, Norwegian Microfinance Initiative (NMI) • 2008-, Board Member Navamedic ASA • 2002–, Board Member Statkraft SF and Statskraft AS

channel in 2009 with 43 percent of the portfolio being bought via the online sales solution. The telephone-based sales and service centre was also one of the most important sales channels for Storebrand P&C Insurance. Together the telephone and online solutions accounted for more than 80 percent of total sales. Sales via external channels also increased in 2009, but from a low level. The retail insurance market in Norway is still considered profitable, but there was an increase in both the number of claims and the average claim in 2009. The arrival of a number of new market players has also further increased pressure from competition in the market. In addition to the new companies, the major players are helping to squeeze margins further by actively using rescue discounts to retain customers.

Insurance-related operating costs in relation to premium income for own account (costs ratio) were 40 percent in 2009 compared to 53 percent in 2008. The costs ratio's positive trend is expected to continue into 2010 as premium income increases.

Other activities

The result from other activities amounted to minus NOK 255 million compared to minus NOK 155 million in 2008. The result essentially consists of Storebrand ASA and eliminations. Storebrand ASA's result before group contributions amounted to minus NOK 256 million for 2009 compared to minus NOK 160 million for 2008.

Storebrand ASA's official financial statements, which are prepared pursuant to Norwegian accounting law, show a result before tax of NOK 568 million compared to minus NOK 14 million in 2008. Group contributions from investments in subsidiaries amounted to NOK 835 million, an increase of NOK 688 million compared to 2008. Net income from financial instruments fell by NOK 162 million to NOK 38 million. The decrease was due to lower liquid assets throughout the year and lower interest rates on interest-bearing paper. Group projects contributed a NOK 52 million increase to operating costs. The profit of NOK 568 million was recognised against other equity as per 31 December 2009.

Risks

Storebrand's income depends on external factors with which some uncertainty is associated. The most important of these is the development of the capital markets and changes in life expectancy in the Norwegian and Swedish populations. Certain internal operational factors can also result in losses, e.g. poor quality management of the customers' assets.

The continuous monitoring and active management of risk forms an integral core area of the group's activities and organisation. Managing operational risk forms an integral part of management responsibility and the management team annually assesses risk which results in a risk summary and improvement measures. The risk assessment is presented to and considered by the Board.

Dynamic risk management

Storebrand Life Insurance and SPP exercise dynamic risk management. These methods are intended to ensure the companies maintain good risk-bearing capacity by continuously adapting asset allocations and the financial risk to the company's solvency and risk capital. Daily calculations using a specific modelling tool provides, on the basis of market and portfolio developments in the last 24 hour period, a basis for making decisions about possible asset adjustments pursuant to predefined limits. By exercising this type of risk management, the company excepts to create good returns each and every year and over time.

Life and Pensions Norway

A significant proportion of savings-related life insurance products incorporate a guaranteed minimum annual return, currently just over 3.5 percent on average. The average guaranteed return will fall over time since the annual guarantee for new policies cannot exceed 2.75 percent. The life insurance company's financial risk principally relates to its ability to meet the guaranteed return, which for the majority of the products applies for one year at a time. This places particular demands on how the capital is invested and how the risk is managed.

Equities have risen significantly more in 2009 than would be expected in a single year. Market interest rates rose in 2009, while the credit mark-up for credit bonds fell. Market movements in 2009 have significantly strengthened risk-bearing capacity since year-end 2008. Relatively high interest

ANN-MARI GJØSTEIN (47), Senior Union Representative for Employees in Storebrand
Employee Representative Board Member Storebrand ASA since 2007

Market Economist Norwegian School of Management (BI)

Previous positions: 2001–2007 Training Manager and Professional Consultant Storebrand Bank ASA • 1982-2001 DnB and DnB Investor

Solidity capital

NOK million	2005	2006	2007	2008	2009
Equity	4,604	5,361	14,304	15,247	14,000
Subordinated loans	2,967	2,962	8,814	9,833	6,637
Risk equalisation reserve			197	153	225
Market value adjustment reserve	2,767	5,918	3,889		31
Additional statutory reserves	3,706	5,551	5,757	3,437	4,646
Conditional bonus			13,699	7,499	8,689
Reserves on bonds held to maturity/at amortised cost	4,213	1,097	40	-313	140
Profit carried forward	2,458	4,175	1,340		952
Total	**20,715**	**25,063**	**48,041**	**35,856**	**35,321**
Insurance reserves excl. additional statutory reserves and conditional bonus	117,360	140,588	222,522	232,588	232,076
Solidity capital in %	**17.7%**	**17.8%**	**21.6%**	**15.4%**	**15.2%**

rate levels are preferable for the Norwegian life company since this means guaranteed returns can be achieved more easily. The company has invested a proportion of the financial assets in bonds in the loans and receivables category. These bonds are not recognised at current market value, but will provide a regularly booked return substantially above the guaranteed interest rate. This helps to reduce sensitivity to interest rate changes.

The composition of the financial assets is determined by the company's investment strategy. The investment strategy establishes guidelines and limits for the company's risk management, credit exposure, counterparty exposure, currency risk, and use of derivative instruments, and criteria regarding the liquidity in the asset portfolio.

In total the life group's solvency capital decreased by NOK 0.5 billion in 2009 due to the redemption of subordinated loans, among other things. Additional statutory reserves increased by NOK 1.2 billion, while the market value adjustment reserve amounted to NOK 31 million as per 31 December 2009. Life insurance policies are long-term commitments, and there are risks associated with the assumptions made about life expectancy and disability. Life and Pensions Norway follows tariffs reported to the authorities that build on statistical historical material. The tariffs that can be used are regulated by the law and regulations.

In 2009, Storebrand Life Insurance carried out solvency-based risk management and thus increased the proportion of equities in the customers' investment portfolios. Allocations to the loans and receivables category in the bond portfolio increased throughout 2009, which on its own is helping to reduce financial risk.

Life and Pensions Sweden

SPP is exposed to the same type of risks as the Norwegian part of Storebrand Life Insurance, but the terms and conditions for the insurance products differ somewhat. SPP has insurance products with interest guarantees on paid premiums and unit-linked insurance in which the customers bears the financial risk. SPP's benefits-based products include adjustments for inflation and thus parts of the portfolio are exposed to inflation risk. Given that the Swedish framework for life insurance has largely been tailored to the European Solvency II code of regulations, where the level of interest rates affects the magnitude of the insurance obligation, SPP's financial risk associated with movements in interest rates is different. This affects the

KNUT DYRE HAUG (53), Special Adviser Storebrand Livsforsikring AS
Employee Representative Board Member Storebrand ASA since 2006

Officer's Training School, Authorised Insurance Advisor

Previous positions: 1998–1999 Marketing Director Sparebank1 Livsforsikring • 1978–1998 Various positions Storebrand Livsforsikring AS • 1990–2006 Lecturer and author BI Centre for Financial Training and the Insurance Academy
Positions of trust: 2007-, Chairman of the Board Housing Foundation Youth Housing in Asker • 2007,- Board Member Asker and Bærum Housing Cooperative • 2007-, Member Council for Banking, Insurance and Finance Studies • 2002-, Manager Project Board for Authorisation, The Norwegian Financial Services Association (FNH)

assets on the balance sheet as well as their risk management.

A net deferred capital contribution can also arise for some customers in SPP if the accumulated return on assets is lower than the size of the insurance liabilities. The company makes provisions in the accounts to meet this and continuously monitors risk using tools such as Value at Risk measurements. A net deferred capital contribution can be reversed by a good return on a portfolio and/or increased market interest rates. Risk management in SPP is designed and optimised for these regulations.

The investment strategies of Storebrand Life Insurance and SPP set limits for allocations to risky assets with the pertinent continuous risk management. The risk management is carried out by making adjustments to asset allocations in both the customer portfolio and the company portfolio. This can be done by changing allocations to risky assets or through the use of derivatives. Liquidity risk is managed by parts of the company's financial investments being invested in listed securities with good liquidity.

The financial supervisory authorities, Finansinspektionen in Sweden and Finanstilsynet in Norway, demand that insurance business be stress tested pursuant to predefined templates in order to ensure that the insurance companies have adequate capital to service their liabilities. The stress tests cover both the asset and liability sides of the balance sheet. This is referred to as "traffic light reporting" in Sweden and as "risk-based supervision" in Norway. These were developed in line with the coming European regulations for life insurance, Solvency II, and future development of these regulations is expected to be reflected in the Norwegian and Swedish frameworks.

Asset management

Storebrand Investments offers active management and management of fund-in fund structures for the customer's account and risk, and bears no risks above normal commercial and operational risk for this type of activity.

Credit risk is regarded as low, since fees are largely deducted directly from customer portfolios. The company experienced very few losses on receivables. The company's excess liquidity is invested in Norwegian government paper and this is not deemed to present any credit risk. Operational risk will be the company's most significant risk. Operational risk in the management business refers to the risk of direct or indirect losses due to inadequate/failing internal processes, personal competence, or systems. The most common types of operational risk are errors that arise in the trading and settlement process, incorrect pricing, breaches of investment mandates, and incorrect reporting, as well as IS/IT risk.

Banking

The financial risk in Storebrand Bank ASA and its subsidiaries Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS principally consists of credit, liquidity, interest and currency risk. Credit risk is regarded as the most important. Storebrand Bank 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. The bank has in its ICAAP process assessed the total capital requirement for the banking group. Apart from credit, market and operational risk as calculated in pillar 1, the calculated capital requirement also takes into account extra capital requirements linked to concentration, liquidity, residual, market, and reputation risk, etc. The bank is regarded as being well capitalised in relation to its risk profile.

The financial crisis turned very serious in autumn 2008 and in the first-half of 2009. The economic downturn did not become as serious as feared in Norway. Housing prices fell at the beginning of 2009, but have increased since. No significant increase in the volume of non-performing and loss exposed loans was registered in the retail portfolio. Storebrand Bank has been relatively conservative in its lending practices in relation to calculating the customers' ability to pay. The collateral is still regarded as good since many loans were granted within 60 percent of the mortgage value and very few loans exceed an 80 percent loan-to-collateral value ratio. The risk in the mortgages portfolio is therefore regarded as low, while more losses than normal were experienced in credit portfolios without collateral and in relation to credit cards in 2009. These portfolios constitute approximately 1 percent of the lending volume in the retail market.

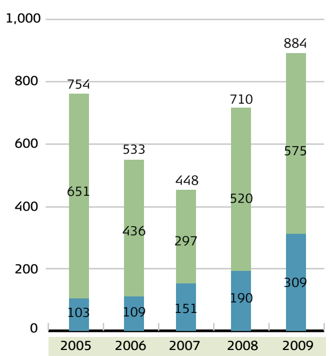
ANNIKA LUNDIUS (58), Deputy CEO Svenskt Näringsliv
Board Member Storebrand ASA since 2008

1975 University of Lund LLB Law School • 1979 Reporting Clerk Svea Court of Appeal • 1987 Associate Appellate Judge Svea Court of Appeal • 1976-1978 District Court Service Gothenburg District Court

Previous positions: 2002–2007 CEO Sveriges Försäkringsförbund and Försäkringsbranschens Arbetsgivarorganisation • 1996–2002 Legal Director Financial Council and Head of Financial Market Department, Ministry of Finance • 1994 Legal Director Swedish Ministry of Finance • 1993 Assistant Undersecretary Swedish Ministry of Finance • 1988 Legal Consultant Swedish Ministry of Justice • 1987 Research Secretary Swedish Department of Labour

Development in non-performing loans[1]

NOK million



- Non-performing loans without evidence of impairment
- Non-performing loans with evidence of impaiment

1 New and stricter definition of non-performing and loss-exposed loans introduced from 2009.

The classification of collateral in the corporate portfolio was poorer at year-end 2009 than at year-end 2008. This was primarily due to lower market values for the collateral and the debtors' poorer liquidity and earnings. The market liquidity of larger commercial properties was poorer for large parts of 2009. This meant that valuations were made on the basis of yield considerations and not actual transactions. A large proportion of the mortgages in the corporate market portfolio was assessed by external consultants in autumn 2009 in connection with the establishment of Storebrand Eiendomskreditt AS. These valuations were also made on the basis of yield considerations. Actual transactions towards year-end 2009 show that the values of the furnished collateral registered in the depository system are conservative. The bank's loan-to-collateral value ratio and collateral classifications therefore appear conservative.

The liquidity indicators in Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS are within the internally set limits. The Storebrand Bank Group increased the average borrowing term in 2009 and will continue this work in 2010. One important funding source has been the government's swap scheme in which the bank swapped covered bonds issued by Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS for government paper.

The bank has established good liquidity buffers, 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 ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS manage their exposure in the interest rate market to ensure that their interest rate sensitivity is as low as possible. This means Storebrand Bank has very narrow limits for interest risk. Interest risk is monitored continuously and there are defined risk limits that are reported monthly to the bank's board of directors. Financial hedging must be structured such that it has minimal accounting consequences.

Storebrand Bank ASA's policy is to fully hedge its foreign currency exposure. The purpose of this is to minimise the foreign currency risk associated with investments, lending and borrowing in foreign currency.

P&C Insurance

The risk in the P&C business is mostly due to the fact that it has a small portfolio with which to absorb claims. This means that single, large claims may have a disproportionate impact on profit. The largest claims will typically be in liability insurance and motor vehicle insurance. Special reinsurance agreements have been concluded to reduce this risk.

Oslo Reinsurance Company AS has been undergoing a winding up process since 1994. The risk was significantly reduced during the period. Provisions are made on the basis of actuarial principles.

In 2000, all the land-based Norwegian P&C insurance and all direct marine insurance in Storebrand Skadeforsikring AS was transferred to If through a 100 percent reinsurance arrangement.

Storebrand P&C Insurance Group has a securities portfolio primarily consisting of low risk interest-bearing papers. Assessments of exchange risk, interest risk, credit risk, and currency risk are important to the risk management of the securities portfolio in Storebrand P&C Insurance, and its exposure is monitored against set limits.

Capital situation

Storebrand pays particular attention to the active management of equity and loans in the group. This management is tailored to the business-related 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's goals are to achieve a solvency margin in life and pensions of more than 150 percent and core (tier 1) capital ratio in the bank of more than 10 percent over time. In addition, Storebrand Livsforsikring AS' goal is to attain an A level rating. The goal of the group's parent company is to achieve a net debt-equity ratio of zero over time.

Rating	Storebrand Livsforsikring AS	Storebrand ASA	Storebrand Bank ASA
Moody's	A3 (S)	Baa3 (S)	A3 (N)
Standard & Poor's	A- (S)	BBB (S)	BBB+ (S)
P = positive outlook	S = stable outlook	N = negative outlook	

The solvency margin in Storebrand Life Insurance Group was 170 percent as per 31 December 2009. The solvency margin increased in 2009 due to the positive result and increased additional statutory reserves. SPP's solvency margin was 194 percent at year-end 2009. Storebrand Bank's capital adequacy was 13.5 percent and its core (tier 1) capital ratio was 10.4 percent. The Storebrand Group's capital adequacy was 13.9 percent and core (tier 1) capital ratio was 10 percent as per 31 December 2009. The authorities' capital adequacy requirement is 8 percent.

The group's capital base, which consists of equity and subordinated loan capital, as well as the market value adjustment reserve, additional statutory reserves, conditional bonus, and other solvency capital in life and pensions, amounted to NOK 38.5 billion as per 31 December 2009 compared to NOK 37.8 billion at year-end 2008.

Storebrand ASA had total liquid assets of NOK 1.3 billion at year-end 2009 and also has an undrawn credit facility of EUR 115 million. Total interest-bearing liabilities in Storebrand ASA amounted to NOK 3.2 billion at year-end 2009. Storebrand ASA's EUR 225 million drawing facility matures in December 2010. At year-end 2009, EUR 110 million of this had been drawn. Storebrand ASA normally refinances its debt well in advance of it maturing. If the loan market is not functioning, the amount due in 2010 will be able to be covered by Storebrand ASA's liquidity holdings. The first bond debt falls due in September 2011.

At year-end 2009, Storebrand Livsforsikring AS had A3 and A- ratings from Moody's and Standard & Poor's respectively. Storebrand ASA had ratings of Baaa3 and BBB. Storebrand Bank's ratings were A3 from Moody's and BBB+ from Standard & Poor's.

Corporate responsibility

Storebrand's ambition is to be the Nordic region's leading financial group when it comes to corporate responsibility and socially responsible investments. As a key market player in the financial industry this involves, for example, setting strict requirements for investments with respect to the environment and social responsibility, helping to uncover and prevent financial crime, and developing pensions products that help cooperate customers reduce sick leave.

Storebrand qualified for the Dow Jones Sustainability Index, the leading global sustainability index, for the 11th time in a row. Only the top 10 percent in the world within their industry qualify. Storebrand is one of the few Norwegian companies that has managed this every year since the index was established in 1999. The group was also named the best financial group with respect to climate reporting by the Carbon Disclosure Project and therefore qualified for CPS' Carbon Disclosure Project's Leadership Index.

Storebrand has been involved in various international groups working for more sustainable development in business through its corporate responsibility work. Storebrand is active in and supports the work of the World Business Council for Sustainable Development (www.wbcsd.org), the UNEP Finance Initiative (www.unep.org) and the UN's Global Compact (www.globalcompact.org). The group has also contributed to the development of and is a signatory to the UN's principles for responsible investments (UNPRI).

The three most important areas for the group's corporate responsibility work in 2009 were the climate, environment, and ethics, and well as the integration of corporate responsibility in SPP.

Ethics regulations

The group wants a transparent corporate culture. Transparency is a prerequisite for motivation, trust and security. All of our employees should feel able to bring up both minor and major issues with their manager or others in the group.

From 2009, the corporate responsibility unit took over overall responsibility for the rules and guidelines for ethics, whistle blowing, anti-corruption, and non-performance. The group's ethics rules were revised and at the same time new guidelines for arrangements organised by the Storebrand Group were drawn up. The guidelines for whistle-blowing, anti-money laundering and terrorism funding

measures, combating corruption, and internal fraud were also revised during the year.

Ethics are a standard feature of seminars for all new employees and are integrated into all managerial training modules. An ethics eLearnig programme was also developed in 2009. This will be launched in March 2010 and all employees will take it during the course of the year. The eLearnig is intended to function as preparation for the practical dilemma training every department will undergo at least once a year. In this way we can ensure that all employees are both familiar with the group's ethical rules and, through practical training and discussion, take ownership of the rules and ethics as analysis tools.

A special question and answer service where staff can ask questions anonymously about ethical issues was relaunched on Storebrand's intranet in 2009. If staff want to ask questions of, or bring situations worthy of criticism up with, people outside the management team, we have established an external reporting channel to a law firm with long experience within this area.

In 2009, we conducted courses in ethics and handling ethical dilemmas for financial advisers as part of their authorisation schemes. The goal is to have 80 percent of the group's advisers certified by year-end 2010 and the rest in 2011.

It is important to measure the results of this work in order to improve. The group therefore developed special ethics indicators which, from 2010 onwards, will form part of the executive vice presidents' scorecard, the group's scorecard, and corporate responsibility reporting.

Environment
Storebrand systematically strives to reduce the business operations' impact on the environment in relation to its own operations, investments, procurement, and property management. In December 2009, the group moved into a new head office, Lysaker Park, which is an eco-friendly, low emissions building. The benefits this affords include halving the energy consumed by the head office and the use of eco-friendly energy sources such as solar energy and heat pumps that utilise seawater. In 2009, the group implemented new guidelines for purchasing that establish clear criteria regarding the environment and corporate responsibility. These criteria were also applied to the major purchases made in connection with the rehabilitation of Lysaker Park. The new head office therefore incorporates eco-labelled building materials and furnishings throughout.

The head office was environmentally certified in November 2009. The group therefore satisfies the requirements regarding energy reducing measures, proper waste management, good HSE routines, environmental criteria for purchasing, and focusing on the environment with respect to transport stipulated for such certification. Environmental certification of the head office means that the company stipulates strict criteria for itself with respect to its suppliers and in relation to the companies in which it invests.

It is important that Storebrand, which itself stipulates strict climate criteria for its investments, can show that we too have high standards with respect to our own climate reporting.

Even though the group actively works to reduce emissions, it is currently impossible to reduce CO2 emissions to zero. To compensate for this, Storebrand purchases UN certified climate quotas, certified emissions reductions (CER), which cover its emissions from flights, energy consumption, and company cars. I 2008, the group became Norway's first climate neutral financial market player.

Procurement
Storebrand spends around NOK 1.5 billion on goods and services in Norway alone. This gives the company a real opportunity to influence companies to make improvements within corporate responsibility. New purchasing guidelines were implemented in 2009. The guidelines afford the environment and corporate responsibility a minimum weighting of 20 percent in all types of purchases. Suppliers that are excluded from investments pursuant to Storebrand's group standard for responsible investments are not allowed to submit bids. In 2009, Storebrand received the Swan eco-label award for best purchaser.

Corporate responsibility work in SPP
SPP implemented a number of measures within the area of corporate responsibility in 2009. These are important building blocks in the job of repositioning the company in the Swedish market. The most important areas have been the work on corporate responsibility in sales and sales training, external communication, corporate responsibility in customer communications, and processes that ensure we keep our own house in order. All of the sales staff in SPP underwent corporate responsibility and responsible investments training in 2009. SPP has been active in the area of corporate responsibility through its participation in several projects and initiatives, including Sustainable Value Creation and Global Compact's Nordic Networks meeting in Stockholm. By participating in panel debates and seminars, SPP has made its mark as a leader in responsible investments. Other measures to improve external communications included producing printed materials about corporate responsibility, a newsletter, and promoting SRI on the internet-based Pensionsskolan ("Pensions School").

As far as keeping its own house in order is concerned, SPP has focused on implementing new purchasing rules, which emphasise stipulating criteria regarding environmental and corporate responsibility. Ethics work has also been a priority.

Human resources and organisation

At year-end 2009, the group had 2,280 employees, compared to 2,516 at the start of the year. Of these, 51 percent were women. The average age is 44 and the average length of service is 11 years. Storebrand uses the following statement in all its recruitment advertising in Norway: "We are committed to diversity, and encourage applications from all qualified candidates regardless of age, gender, disability, cultural background or sexual orientation."

Equality/diversity
The Storebrand Group's equal opportunities and diversity work is carried out through the work of the Diversity Committee. This is important with respect to reflecting the market and society we work in, securing the most competent candidates, and viewing decisions from various perspectives, and is well-embedded in the management team.

Storebrand is fully committed to increasing the number of women in senior management. 40 percent of the members of the Board of Storebrand ASA are women, as are 20 percent of the group's executive management. At year-end 2009, 39 percent of those with management responsibilities in the group were women. Storebrand actively participates in an external mentor programme in which the majority of participants are women.

Storebrand contributes management services, candidates and mentors to Futura, the financial industry's management training programme for women. The company requires that its partner recruitment agencies present final candidates of both genders for managerial positions. The company has its own talent programme, and employee benefits such as flexible working hours and full pay if an employee, his or her child, or his or her parents are sick and during maternity leave form natural parts of its equal opportunities work. Salary statistics are produced at specified management levels in order to facilitate comparisons of salaries between male and female employees.

In addition to the equal opportunities perspective, diversity work forms part of the systematic job of including people from groups who are under-represented in the labour market, including people with disabilities and people from various ethnic backgrounds. The latter group represented 5 percent of new employees in 2009. In order to attract qualified staff from the first group, Storebrand explicitly encourages people with disabilities and those on disability pensions or receiving rehabilitation benefits to apply for positions in its job adverts. Storebrand's desire to lay the groundwork that enables applicants with impaired functional ability or immigrant backgrounds to gain employment and access to the workplace on a level playing field with other applicants has resulted in the applicable groups being able to choose whether they want to register these details or not.

Senior policy
Storebrand is aware of how important resource seniors are for the group. 250 employees with more than 20 years' service are thus members of the Veterans Club. A good senior policy makes good business sense. Therefore, the company has, for a number of years, systematically worked to raise the awareness of employees aged 50 or over of the value of staying in work for longer. In 2009, 35 employees were over the pension age of 65, compared to 43 in 2008. There are no employees over the age of 65 in SPP. In Norway, we hired 9 people over the age of 45. A large majority of those employees approaching retirement age want to continue working (more than 50 percent).

Sick leave
Storebrand focuses heavily on sick leave and sickness presence. The figures for 2009 show an increase in all absence in Norway, with a sick leave rate of 4.9 percent where long-term absences have increased the most, while short-term absences have been stable. The group's sick leave rate was 4.2 percent, which is just above the target of 4.0 percent. SPP had a sick leave rate of 2.5 percent and Storebrand Baltic 2.7 percent.

Storebrand became an "inclusive workplace" company in 2002. Storebrand's employees can use self-certificates for up to 24 days per calendar year due to this agreement with the National Insurance Service. The statistics for 2009 concerning the use of self-certification show there is no abuse of the system with respect to taking the 24 days, but the "inclusive workplace" initiative is being made greater use of than before. No employees lost the right to submit self-certificates in 2009. The activities that form part of the follow-up of long-term sick leave are defined in Storebrand's Personnel Handbook. The follow-up is continuous and both managers and employees are equally responsible for the follow-up and its documentation.

The company is pioneering measures within health, management, interdepartmental interaction, and individual follow-up and mastering to reduce the sick leave rate further. Storebrand has an in-house health clinic, with a holistic and interdisciplinary treatment concept, including psychology and mastering services. Employees are offered quit smoking courses, their own sports hall, and the company runs activity campaigns such a cycling to work. Storebrand also has its own company chaplain. No injuries to people, property damage, or accidents of significance were reported in Storebrand in 2009.

Skills and training

Training is fundamental to good managerial and staff development. Training takes place in a number of arenas in Storebrand. The most important arena is "on the job" training in which managers and staff continuously have to develop and share skills. The second important form of training takes place in one-to-one relationships between managers and staff together with human resources managers and navigators in the LEAN efficiency programme. These arenas are especially utilised for managerial skills training. The third important form of training is standardised training course targeted at larger groups. The three most important forms of such courses are eLearnig, independent study, and more traditional classroom tuition.

Storebrand's training provision focuses on three different learning paths: managerial skills, specialist skills, and project skills.

Storebrand implemented a number of new initiatives in order to enhance its training provision in 2009. It largely focused on expanding and improving the specialist and professional training courses, in close cooperation with the business areas. Storebrand also focused heavily on managerial development in 2009. The company's managers undergo mandatory managerial training modules.

A lot of resources have been invested in making eLearnig a group tool and this is starting to produce good results. eLearnig is a very cost-effective learning tool which the whole Storebrand Group will use. The use of eLearnig has broadened and more courses are being offered. It is also important that SPP has introduced eLearning and is developing new eLearning courses.

The cooperation between the training development environments in SPP and Storebrand has strengthened due to this work. This work also forms an important part of Storebrand Leader, a joint project with the LEAN department, which is a fruitful, interdisciplinary joint project in Storebrand.

Corporate governance

Storebrand established its policy on corporate governance in 1998. The Board reviews these principles every year. In December of 2004 a recommendation for a national standard for good corporate governance was presented. This was last revised on 21 October 2009. Storebrand's principles for corporate governance correspond in all material respects with the Norwegian Code of Practice. Further information about Storebrand's corporate governance policies and procedures can be found in a separate article on page 31 of the annual report.

The Board carried out an evaluation of its work in 2009 in which the Storebrand's administration also participated. In 2009, the Board held 15 meetings and one Board conference. The work of the Board is subject to a specific mandate. The Board has established advisory committees on remuneration and internal auditing.

The following changes to the membership of Storebrand's corporate bodies took place in 2009:

The Board of Directors: Birger Magnus was elected the new Chairman of the Board to succeed Leiv L. Nergaard who had served as the Chairman of the Board since 2000 and as a board member since 1997. Jon Arnt Jacobsen and John S. Dueholm were also elected board members to succeed Sigurdur Einarsson and Barbara Rose Milian Thoralfsson.

Board of Representatives: Vibeke Hammer Madsen was elected Deputy Chair for a term of 1 year. Inger Lise Gjørv, Trond Bjørgan and Lydur Gudmundsson retired from the Board of Representatives. Henrik Madsen and Trond Berger were promoted from substitute members to permanent members. Marianne Lie and Kristian Vibe were elected as new members. Marius Steen switched from being a permanent member to being a substitute member. Tuss Benum and Morten Fon were elected as new substitute members.

Control Committee: No changes in 2009.

The Board wishes to thank the retiring members of the boards and committees for the valuable contributions they have made to the company.

Outlook

The turbulent financial markets that characterised 2008 continued into 2009. Storebrand's active risk management and dialogue with its customers ensured it continued solid profitability and a strong market position within long-term savings and insurance. Storebrand will ensure continued good profitability through active risk management, streamlining operations, satisfying its customers, and actively adjusting to the prevailing conditions.

Storebrand has long experience of adjusting to changing market conditions through dynamic risk management. This has functioned well during the financial turbulence in the last two years and will be continued in 2010. The company's active risk and portfolio management reduces its vulnerability to continued turbulence in the financial markets and provides Storebrand with a solid, financial foundation for further development.

Storebrand has implemented a number of streamlining measures in recent years aimed at reducing the relative costs level in both the Norwegian and Swedish businesses. It has focused on improving its processes, which has enabled it to manage a larger customer base with greater assets under management at a lower cost. In 2009, Storebrand moved into new premises in Lysaker Park, which are designed to facilitate further streamlining processes in the company. The work on streamlining operations and reducing costs will continue at full strength, and will benefit both customers and owners.

Major changes will take place in the general conditions Storebrand works under in the coming years due to both the Pensions Reform in Norway and new solvency rules, Solvency II. Storebrand has an active dialogue with the regulators with the aim of establishing good product solutions and a framework that facilitates effective long-term management of customers' assets.

The Pensions Reform in Norway, which is expected to be introduced from 1 January 2011, will generate greater flexibility in the pensions market and provide customers with more options. Storebrand's goal is to increase its competitiveness through the pensions reform by ensuring good, flexible solutions for our customers.

New rules for calculating solvency, Solvency II, are expected to come into force towards the end of 2012. Storebrand is supporting this project which aims to create uniform regulations for calculating solvency for European insurance companies. Storebrand has therefore chosen to play an active role in understanding, researching, and establishing the regulatory framework necessary to meet the challenges the Solvency II regulations will present in Norway and Sweden. Their introduction increases the need for a reassessment of the regulations for Norwegian life insurance. The financial crisis has shed light on the regulations' requirements regarding short-term adaptations in an industry that manages long-term customer assets. The effect of these is that the industry reinforces fluctuations in the financial market through its portfolio adjustments.

SPP has experienced increased sales in Sweden after its merger with Storebrand. A broader, more complex selection of funds improved relative returns and a new distribution strategy also made a contribution. Storebrand is experiencing a positive transfer balance with competitors in Norway for the fifth year in a row, which confirms the company's strong market position. Storebrand actively uses its wide-ranging network in the corporate market to develop good solutions for both the retail market and employees in companies with a pensions agreement with Storebrand. It is also focusing on direct distribution to customers, and has already experienced success with this approach, including in Storebrand P&C Insurance.

Storebrand is well prepared for continued turbulent financial markets through its risk management, and the group's financial goals stand. Storebrand's vision is to be the leading and most respected Nordic partner in long-term savings and insurance.

Application of the profit for the year

Storebrand ASA recorded a profit for the year of NOK 568 million for 2009. 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 percent 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."

The Board will propose to the annual general meeting that no dividend be paid to shareholders for 2009. The Board wants to prioritise strengthening buffer capital in the life insurance business and reducing the debt-equity ratio in Storebrand ASA. NOK 1.3 billion was allocated to additional statutory reserves in Storebrand Life Insurance in 2009. The debt-equity ratio in Storebrand ASA is currently above the target level and group contributions from subsidiaries will be used to repay debt.

Application of the year's result:
(NOK million)
Total other equity: 568

Distributable reserves amounted to NOK 4,313 million as per 31 December 2009.

Lysaker, 16 February 2010
Translation – not to be signed

Birger Magnus
Chairman of the Board

Halvor Stenstadvold	John S. Dueholm	Camilla M. Grieg	Jon Arnt Jacobsen	Birgitte Nielsen
Erik Haug Hansen	Knut Dyre Haug	Ann-Mari Gjøstein	Annika Lundius	Idar Kreutzer Chief Executive Officer

SHAREHOLDER MATTERS

The share capital, rights issues 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 2009 was NOK 2,249.5 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 company had 449,909,891 shares each with a par value of NOK 5.

As of 31 December 2009, the company held 4,059,843 of its own shares, equivalent to 0.90 percent of the total share capital. The company has not issued any options that could dilute share capital.

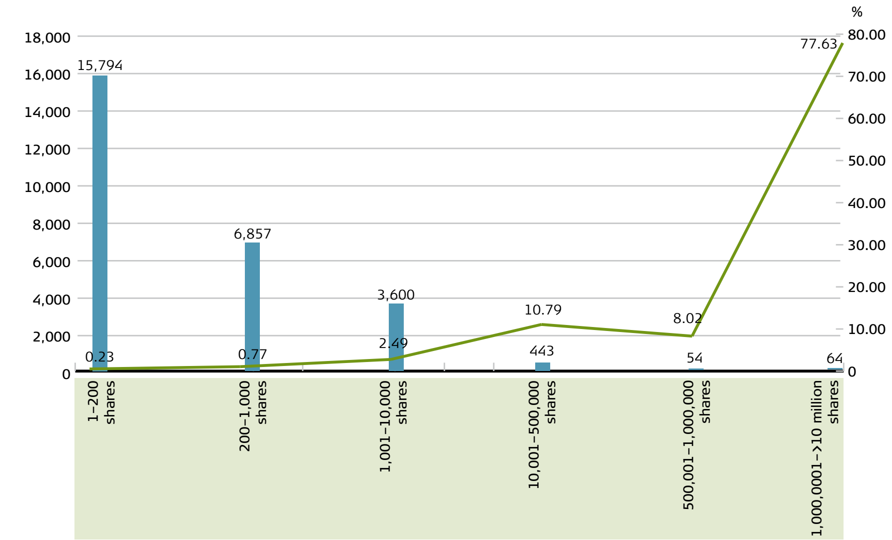
Shareholders

Storebrand ASA is one of the largest companies listed on the OSE measured by number of shareholders. The company has shareholders from almost all municipalities in Norway and from 41 countries. In terms of market capitalisation, Storebrand was the 13th largest company listed on the OSE at the close of 2009.

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 2009. In June 2009, each employee was offered the opportunity to buy between 300 and 1,595 shares at NOK 20.08 per share. 24 percent of employees participated and purchased a total of 517,397 shares.

Shareholders by number of shares and ownership as of 31 December 2009



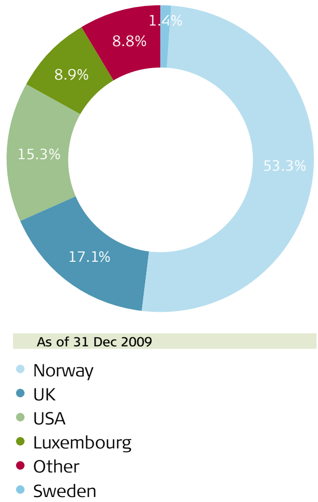
• Number of shareholders
• Ownership

20 largest shareholders as of 31 December 2009

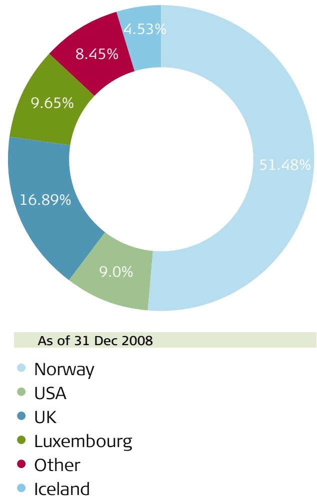
Shareholders	A/C type [1]	Number of shares	%	Country
Gjensidige Forsikring JP Morgan Chase Bank	ORD	109,458,254	24.33	NOR
Fidelity Funds-Europ	ORD	20,971,352	4.66	LUX
Folketrygdfondet JP Morgan Chase Bank	ORD	20,103,891	4.47	NOR
Bank of New York Mel S/A st of New Jersey	ORD	15,000,000	3.33	USA
JP Morgan Chase Bank Nordea Treaty Account	NOM	14,482,922	3.22	GBR
State Street Bank & A/C Client Fund Numb	NOM	14,418,778	3.2	USA
The Northern Trust C Treaty Account	NOM	8,900,990	1.98	GBR
JP Morgan Chase Bank Omnibus Lending ACCO	NOM	8,044,328	1.79	GBR
Bank of New York Mel S/A Mellon Nominee [1]	NOM	7,580,371	1.68	USA
Clearstream Banking Cid Dept, Frankfurt	NOM	5,936,458	1.32	LUX
State Street Bank An A/C Client Omnibus F	NOM	5,123,289	1.14	USA
DnB Nor Bank ASA Egenhandelskonto	ORD	5,046,215	1.12	NOR
CitiBank N.A. (London A/C 400 Series Funds)	NOM	4,672,700	1.04	KWT
Goldman Sachs & Co - Security Client Segr	NOM	4,606,710	1.02	USA
Storebrand ASA P 190 AN	ORD	4,059,843	0.90	NOR
Oslo Pensjonsforsikring	ORD	3,700,000	0.82	NOR
State Street Bank AN A/C Client Omnibus D	NOM	3,593,257	0.80	USA
CitibBank N.A. (London A/C SLI Treaty)	NOM	3,585,305	0.80	GBR
Societe Generale Glo C/O Svenska Handelsbanken	ORD	3,559,535	0.79	FRA
The Northern Trust C Usl Treaty Account	NOM	3,322,717	0.74	GBR

1 NOM is a client account
Foreign ownership 51.5%

Shares by country 2009



Shares by country 2008



Foreign ownership

As of 31 December 2009, total foreign ownership amounted to 51.5 percent, compared to 48.5 percent at the close of 2008.

Trading in the Storebrand share

Almost 511 million Storebrand shares were traded in 2009, 32 percent less than in 2008. The value of shares traded in 2009 was NOK 14,157 million, down from NOK 25,138 million in 2008. This made Storebrand the 21st most traded share on the OSE in 2009 in terms of monetary value. In relation to the average total number of shares, the turnover rate for Storebrand's share was 113 percent.

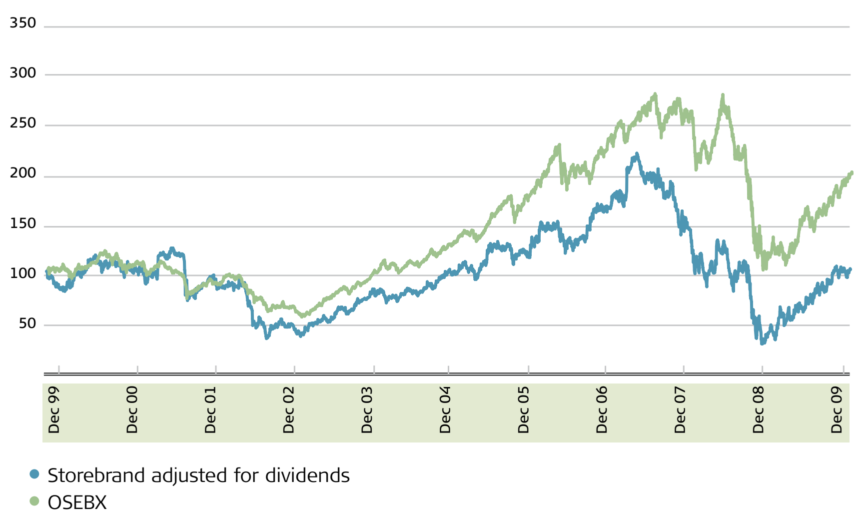
Share price development

The Storebrand share produced a total return of plus 136.20 percent over the course of 2009. The OSE benchmark index (OSEBX) rose by 64.78 percent over the same period. Over the last three years, the Storebrand share has produced a total return (including dividend) of plus 37.71 percent, while the OSEBX index has shown a return of 15.62 percent for the same period.

Dividend policy

Storebrand's 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 percent 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. Given the development of the financial markets in recent years, the building up of financial strength and flexibility has been prioritised. On this basis, the Board of Storebrand ASA recommends to the annual general meeting that no dividend be paid for 2009.

Share price development



Financial calendar 2010

17 february:	Interim results Q4 2009
3 March:	Embedded Value for 2009
21 April:	Annual General Meeting
5 May:	Interim results Q1 2010
15 July:	Interim results Q2 2010
27 October:	Interim results Q3 2010
25 November:	Capital Markets Day
February 2011:	Interim results Q4 2010

Capital gains taxation

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 replaced 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 percent. If shares are sold, any unused standard deduction can be deducted from the gain on the 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 a risk-free rate of interest. The interest rate for calculating deductions in 2009 is set at 1.3 percent.

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 connection with this, the company has produced internal guidelines on insider trading and own account trading 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 special 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 the general meeting must notify the company no later than 16:00 three business days before the general meeting. Shareholders who do not give notice of attendance before the deadline expires will be able to participate in the general meeting, 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).

Storebrand share (NOK)	2009	2008	2007	2006	2005	2004	2003
Highest closing price	40.80	57.10	87.37	68.30	48.94	49.15	36.63
Lowest closing price	12.15	10.55	54.60	48.10	39.49	33.94	17.22
Closing price on 31.12.	39.56	16.75	56.70	66.62	55.87	49.15	36.38
Market cap 31.12. (NOK million)	17,798	7,536	25,510	19,811	15,059	16,274	12,040
Dividend for the accounting year	0.00	0.00	1.20	1.80	4.00	7.00	0.80
Annual turnover (1,000 shares)	510,873	749,261	540,207	564,195	516,323	471,331	372,970
Average daily turnover (1,000 shares)	2,035	2,973	2,161	2,248	2,041	1,863	1,492
Annual turnover (NOK million)	14,157	25,138	39,338	39,825	30,318	22,149	12,842
Rate of turnover (%)	114	167	186	222	187	169	134
Number of ordinary shares at 31.12 (1,000 shares)	449,910	449,910	449,910	249,819	258,526	278,181	278,070
Earnings per ordinary share	2.08	-5,01	7.95	6.03	5.41	8.49	2.67
Total return (%)	136	-70	-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.

CORPORATE GOVERNANCE

The management and board of directors conduct an annual review of Storebrand's corporate governance principles and how they function in the group. Storebrand complies with the Norwegian Code of Practice for Corporate Governance of 21 October 2009[1]. The following article describes how the code of practice's 15 points are followed up by Storebrand. Storebrand has no deviations from the code of practice.

1. Implementation and reporting on corporate governance

Storebrand launched its own principles for corporate governance as early as 1998, and views the Norwegian Code of Practice as a natural extension of these. The board of directors (the board) has decided that the company will adhere to the Norwegian Code of Practice, and its statement on adherence to the code of practice can be found on page 26.

Storebrand's corporate values are described by its vision, core values and corporate principles. Together these provide the group with common goals and direction. The vision describes the group's goals and ambitions. The four core values characterise what Storebrand as a company and its employees stand for. The six corporate principles provide guidance and support for the choices taken at all levels in the organisation, and are intended to influence decisions and behaviour. Further discussion and clarification of the group's corporate values can be found on the group's website.

The group has drawn up its own set of ethical rules; a new, revised version of which is now available. Regular eLearning courses are held and dilemma training provided in the organisation, including for the group management and board, to improve awareness of the rules.

Storebrand keeps the market informed of its goals and strategies through investor presentations held in connection with presentations of interim and annual reports and other specialised presentations, such as the capital market days that are held every second year, most recently on 12 November 2008. You can read more about the company's goals and main strategies on page 39.

2. Business

Storebrand ASA's articles of association stipulate that it is the holding company of a financial group and its objective is to manage its equity interests in the group in compliance with the relevant legislation. The group's main business areas encompass pensions and life insurance, asset management, banking and P&C insurance. The articles of association are available from the group's website: www.storebrand.no.

3. Equity and dividends

The board continually monitors the company's capital adequacy in light of its goals, strategy and risk profile. You can read more about Storebrand's solvency capital and capital situation on page 22 of the board's annual report. The board has adopted a dividend policy that states that the dividend paid to shareholders will normally amount to more than 35 percent of the profit for the year after tax, but before amortisation costs. The dividend is set by the annual general meeting (AGM), based on a proposal put forward by the board. You can read more about Storebrand's dividend policy on page 27.

The board does not have a mandate to increase Storebrand ASA's share capital.

4. Equal treatment of shareholders and transactions with close associates

Storebrand ASA has only one class of shares, and Norwegian legislation does not permit shareholders to accumulate votes from one case in order to cast additional votes for another (cumulative voting). Storebrand has no specific restrictions on the ownership of shares or voting rights in the company other than the restrictions imposed by the Financial Institutions Act.

The general competence rules for board members and senior employees are apparent from the board of Storebrand ASA's mandate, as well as the group's ethical rules.

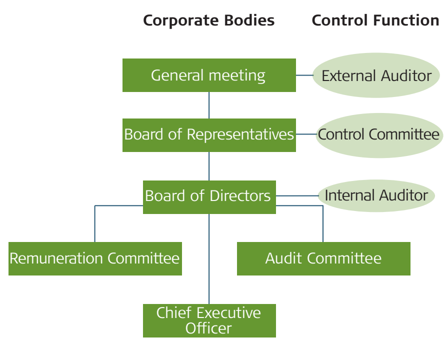
Board members must tell the company if they have substantial direct or indirect interests in an agreement concluded by one of the group's companies. Transactions with close associates involving the group's employees and other officers of the group are regulated by the group's ethical rules. The board shall ensure that an independent third party assesses the value of transactions that are not insubstantial in nature.

For a complete report on shareholder matters, please see page 29.

5. Freely negotiable shares

All shares have equal rights, and are freely negotiable. The articles of association do not impose any limitations on the negotiability of Storebrand shares.

6. General meeting and control committee



Storebrand ASA holds its AGM before the end of June each year. The 2009 AGM was held on 22 April. All shareholders with a known address receive written notice of the AGM by post, sent out no later than 21 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. The board will present a proposal to amend the articles of association to the 2010 AGM proposing that the notice with supporting papers need only be made available on the company's website, unless shareholders ask for them to be sent to them. All shareholders are entitled to attend general meetings, and arrangements are also made for proxy voting. Individual proxy votes can be attached to each individual item on the agenda. The voting rules for the AGM allow separate votes for each member of the various bodies.

Storebrand's articles of association stipulate that the chairman of the board of representatives shall chair the AGM. The chairman of the board and at least one representative of the election committee and the external auditor must attend the AGM. The CEO and the group's management team also attend. AGM minutes are available on the group's website.

Storebrand is legally required to have a control committee. Storebrand ASA, Storebrand Livsforsikring AS and Storebrand Skadeforsikring AS share a common control committee, which consists of five members elected by the AGM. The committee is independent of the board and management. Members are elected for terms of two years. The control committee is responsible for ensuring the group conducts its activities in a prudent and proper manner. Particular attention is paid to good cooperation with the control committee. The committee ensures that the group complies with 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 corporate bodies. The committee held 10 meetings in 2009 and reported on the committee's work to the board of representatives on 5 March 2009. Storebrand Bank and its subsidiaries have their own control committee.

7. Nomination committee

Storebrand ASA's articles of association regulate the company's nomination committee, called the election committee, which has four, or up to five, members. The chairman of the election committee and other members are elected by the AGM. 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, if the person concerned has not already been elected by the AGM. The company's employees elect an observer to the committee, who participates as a full member in making recommendations regarding the election of the chairman of the board. The election committee is independent of the board and management, and its composition aims to ensure broad representation of shareholders' interests. More information about the members is published on the group's website. The election committee reviews the annual appraisal of the work of the board, and is responsible for proposing candidates to the board of representatives, board, control committees and election committee, and the remuneration of the members of these bodies. The election committee proposes candidates on the basis of specific criteria and its own mandate. The members of Storebrand ASA's election committee are also members of the election committees of Storebrand Livsforsikring AS and Storebrand Bank ASA.

8. Corporate assembly and board of directors: composition and independence

The board of representatives is the legally required corporate assembly in Storebrand ASA, and has 18 members, 12 of which 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 are up for election each year. It is a statutory requirement that the members elected by the AGM shall reflect the company's stakeholders, customer structure and its function in society. The company's shareholders are broadly represented through the elections that are held.

The duties of the board of representatives include making recommendations to the AGM regarding the board's proposed annual report and financial statements, electing the six, or up to seven, shareholder elected members, including the chairman of the board, setting the remuneration paid to board members, issuing mandates for the control committees' work, and considering reports from the control committees. The board of representatives is entitled to make recommendations to the board on any matter.

The articles of association stipulate that the board can consist of nine or ten members. The board's members are elected for one year. Two new board members and a new chairman of the board were elected by the 2009 AGM. In 2009, the board consisted of 10 members. Six, or up to seven, members are elected by the board of representatives after considering recommendations made by the election committee. Three members are elected by and from among the employees. Storebrand ASA'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. The CVs and qualifications of board members are provided in brief on pages 12–21, and in their entirety on the group's website. The board of Storebrand ASA satisfies the requirements regarding the independence of the board stipulated in the Norwegian Code of Practice. The board's assessment of each board member's independence is commented on in the overview of corporate bodies on page 64. An overview of the number of shares in the Storebrand group owned by the members of corporate bodies as per 31 December 2009 accompanies the notes to the financial statements for Storebrand ASA (Information about close associates) on page 145.

9. The work of the board of directors

The board meets at least 11 times a year. 15 board meetings and board seminars about board work in general and financial risk management in Storebrand were held in 2009. The board's annual strategy meeting discusses the group's future strategy, which provides the guidelines for the management's drawing up of plans and budgets in connection with the annual planning process which is approved by the board. The attend-

[1] The Norwegian Code of Practice for Corporate Governance, issued by the Norwegian Corporate Governance Board (NUES), is available from www.nues.no

ance records of individual board members are provided in the overview of corporate bodies on page 64. The work of the board is subject to a specific mandate. In order to ensure sound and well-considered decisions, meetings of the board are well prepared so that all members can participate in the decision-making process. The board prepares an annual schedule for its meetings and the issues to be considered. The agenda for the next board meeting is normally presented to the board based on the approved schedule for the year and a list of matters carried forward from previous meetings. The final agenda is fixed in consultation with the chairman of the board. Time is set aside in each board meeting to evaluate the meeting without the management present. The board is entitled to appoint external advisers to help it with its work whenever it deems 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.

The board has established a remuneration committee and an audit committee. Both committees consist of two shareholder elected and one employee elected board member. This helps to ensure thorough and independent consideration of matters such as internal control, 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 assists the board with all matters concerning the CEO's remuneration. The committee monitors the remuneration of the group's senior employees, and proposes guidelines for the setting of senior employees' remuneration and the board's declaration concerning the setting of the executive management's remuneration, which is presented to the AGM each year. The remuneration committee held seven meetings in 2009.

The audit committee assists the board by reviewing, evaluating and, where necessary, proposing appropriate measures with respect to the group's overall controls, financial and operational reporting, risk management and internal and external auditing. The audit committee held six meetings in 2009. External and internal auditors participate in these meetings. The majority of the committee's members are independent of the group.

10. Risk management and internal control

The board of Storebrand has adopted guidelines for overall management and control. The risk management and internal audit function in Storebrand is based 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 management system is central to the internal audit function and is intended to ensure a correlation between goals and actions at all levels of the group and the overall objective of value creation for Storebrand's interested parties. 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 implements an annual strategy and planning process, which are used to produce a rolling three-year plan for the group that includes detailed targets, strategies and budgets. The board of Storebrand ASA is involved throughout the strategy and planning process.

The board of Storebrand has also adopted guidelines for risk management and internal control.

Risk evaluation and internal control reporting form an integral part of the strategy and planning process. The management teams in the various business areas actively work to identify areas of risk and measures to promote the company's goals and strategy. The position of Chief Risk Officer has also been established. The CRO bears overall responsibility for the risk control function and reports to the Chief Financial Officer. The work is summed up in an annual risk assessment as part of the group's planning process and internal control reporting - both of which are dealt with by the audit committee and the boards.

Storebrand's strategy and planning process provides a basis for continuous management reporting and identifies key measurement parameters within finance, customers, internal processes and skills/growth. Storebrand Compass is the company's monitoring tool and reports financial and operational target figures, along with trends and measures based on balanced scorecard management, to the management and the board. The Compass can provide an early warning if parameters are not being satisfactorily met, allowing corrective measures to be implemented quickly.

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.

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.

Annual plans 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. The internal audit function produces quarterly reports for the boards. Reports from special investigations initiated by the internal audit function or management with respect to 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. The Internal audit function has a mandate in accordance with current legislation, regulations and international standards. The control committees are entitled to use the resources of the internal audit function as required.

The board of Storebrand ASA has appointed KPMG as the company's internal auditor. The other companies in the group use the same internal auditors as Storebrand ASA.

In addition to its own supervisory bodies and external auditor, the group is subject to statutory supervision by Finanstilsynet (The Financial Supervisory Authority of Norway). Finanstilsynet is responsible for supervising financial institutions to ensure they operate in a prudent and proper manner in accordance with legislation and the institution's raison d'être, its goals, and articles of association. Finanstilsynet supervises all of Storebrand's activities.

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.

The Storebrand group's Intranet also publishes both rules and practical guidance on the security of information, contingency planning, money laundering and financial criminality. It also publishes the group's policies on own account trading, handling and reporting inside information, and the rules regulating the primary insider's own account trading.

11. Remuneration of the board of directors

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 scheme's or similar arrangements. The members of the board do not receive incentive-based remuneration, instead they receive a fixed annual fee. 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 board members can be found in notes 15 (Group) and 5 (ASA) of the notes to the accounts. Board members are encouraged to hold shares in the company.

12. Remuneration of executive personnel

The board's declaration concerning the setting of the senior employees' pay and other remuneration has been presented to the AGM for mandatory consideration since 2007. The declaration is 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 senior employees can be found in notes 15 (Group) and 5 (ASA) of the notes to the accounts. Senior employees are encouraged to hold shares in the company.

13. Information and communications

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 transparency 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 page 29.

14. Take-overs

The articles of association do not impose any restrictions on the purchase of shares in Storebrand. The board has set 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 shareholder value.

15. Auditor

The external auditor is elected by the AGM, and is responsible for the financial auditing of the group. The external auditor issues the auditor's report in connection with the annual financial statements, and conducts a limited audit of the interim financial statements. The external auditor attends the board meetings that approve the quarterly interim accounts, all meetings of the control committees, and all meetings of the audit committee, unless the items on the agenda do not require the presence of the auditor. 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. Deloitte has been elected by Storebrand ASA's AGM as the company's external auditor. The other companies in the group use the same auditor as Storebrand ASA.

Other

As one of the largest investors in the Norwegian stock market, Storebrand has considerable potential influence over the development of listed companies. Storebrand 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. Storebrand has had a corporate governance committee since 2006. The committee is responsible for ensuring good corporate governance practice across the Storebrand group. Storebrand has issued guidelines with respect to employees holding non-executive appointments in companies outside the group.

Further information on Storebrand's corporate governance can be found on www.storebrand.no › About Storebrand, 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.

Storebrand's Executive Management

1. **IDAR KREUTZER** (47), **CEO.** Master's degree in economics and business administration, Norwegian School of Economics and Business Administration (NHH). 1995-2000 CFO, Storebrand ASA. Deputy Chair of Corporate Assembly and member of Nomination Committee, Orkla ASA, Deputy Chair of Corporate Assembly, Statoil ASA, Member of Corporate Assembly, Norsk Hydro ASA, Council Member, World Business Council for Sustainable Development (WBCSD).

2. **ODD ARILD GREFSTAD** (44), **Executive Vice President, Chief Financial Officer and Group Legal.** State Authorised Public Accountant and Authorised Financial Analyst (AFA), Norwegian School of Economics and Business Administration (NHH). 1998-2002 CFO Storebrand Group/Head of Business Control, Storebrand ASA, 1997-1998 Group Controller, Storebrand ASA, 1994-1997 Vice President, Internal Audit, Storebrand ASA, 1989-1994 auditing, Arthur Andersen & Co.

3. **LARS AA. LØDDESØL** (45), **Executive Vice President, Life and Pensions Norway and Managing Director, Storebrand Livsforsikring AS.** Master's degree in economics and business administration, Norwegian School of Management (BI), MBA, Thunderbird (AGSIM), 2004-2007 Executive Vice President, Corporate Market, Storebrand Livsforsikring AS, 2001-2004 Finance Director, Storebrand ASA, 1994-2001 Vice President, Citibank International plc, 1990-1994 Asst. Treasurer, Scandinavian Airlines Systems.

4. **SARAH MCPHEE** (55), **Executive Vice President, Life and Pensions Sweden and Managing Director, SPP.** MA Latin American studies, Stanford University, Master's degree in economics and business administration, Handelshögskolan Stockholm, BA Modern European History, Wesleyan University, CEP, L'Institut d'Etudes Politiques Paris. 2004-2008 Executive Vice President and CIO, AMF Pension, 2001-2004 Head of ALM and Risk Management, Fourth AP-Fund, 1998-2001 Director of Credit and Risk, GE Capital Nordic, 1992-1998 Chief Group Risk Controller, Svenska Handelsbanken AB, 1986-1992, Director, Financial Services, PricewaterhouseCoopers.

5. **HANS AASNÆS** (46), **Executive Vice President, Asset Management and Managing Director, Storebrand Kapitalforvaltning AS.** Agronomist, Agricultural University of Norway, Advanced Studies Business Analysis, Norwegian School of Economics and Business Administration (NHH) and Authorised Financial Analyst (AFA) (NHH), Programme for Executive Development (PED), IMD Lausanne. 2001-2005 Investment Director, Storebrand Kapitalforvatning AS, 1994-2001 Head of Norwegian and International Equities, Storebrand Kapitalforvatning AS, 1990-1994 Derivatives Specialist, Orkla Finans.

6. **KLAUS-ANDERS NYSTEEN** (44), **Managing Director, Storebrand Bank ASA.** MBA, Norwegian School of Economics and Business Administration (NHH), Solstrand Leadership Programme, Management Programme in Logistics, Norwegian School of Management (BI), Royal Norwegian Naval Academy, 1st and 2nd Section. 2001-2006 EVP/CFO, Norway Post, 1999-2000 CFO, Hydro Seafood AS, 1998-1999 Acting CEO/CFO, Hydro Seafood GSP Ltd, Scotland, 1997-1998 CFO, Hydro Seafood Norway AS, 1993-1997 Lecturer in Logistics and Management, BI Bergen.

7. **GUNNAR ROGSTAD** (53), **Executive Vice President, Storebrand Direkte.** Cand.jur, University of Oslo. 2006-2009 CEO, Storebrand Skadeforsikring AS, 2005 Executive Vice President, Sampo, 2002-2005 Executive Vice President, Head of Business Area Private Nordic, If Skadeforsikring, 1999-2002 Nordic Head of Corporate Claims, If, 1984-1999 National and Regional Sales Manager, corporate life and non-life, UNI Storebrand, 1984 Product Manager, UNI Forsikring, 1982-1984 Product Manager/Claims Handler, Norges Brannkasse.

8. **EGIL THOMPSON** (45), **Executive Vice President, Corporate Communications and Marketing.** Cand.polit, 2000-2009. Executive Vice President, Corporate Communications and Business Policy, Storebrand ASA, 1999-2000 Deputy Director, Corporate Communications, Storebrand ASA, 1994-1999 journalist and head of editorial staff, Aftenposten AS, 1990-1994 journalist, NTB AS.

9. **ROAR THORESEN** (52), **Executive Vice President, Operative Processes.** 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/CEO, PA Consulting AS, 1986-1989 Vice President, Mandator AS (now Bouvet ASA), 1982-1985 Consultant, Arthur Andersen & Co (now Accenture).

10. **ELIN M. MYRMEL-JOHANSEN** (36), **Executive Vice President, Corporate Responsibility.** Cand. polit, University of Bergen, Master of Science in Comparative Politics, LSE. 2005–2007 Manager, Corporate Responsibility, Storebrand ASA, 2004 Internal Brand Manager, Storebrand ASA, 2002-2003 Acting Manager, Corporate Responsibility, Storebrand ASA.

This report describes the Storebrand Group's financial performance and business development in 2009. It covers the group's historical development and the trends apparent at the start of 2010.

This report should be read in conjunction with the information provided in the Report of the Board of Directors, the consolidated accounts and the 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

(All amounts in NOK million unless otherwise stated)		2009	2008	2007	2006	2005
Group	Pre-tax Group profit [1]	887	-1,716	2,029	1,585	1,463
	Earnings per ordinary share (NOK)	2.08	-5.01	7.95	6.03	5.41
	Return on equity [2]	8%	-9%	24%	19%	17%
	Ordinary dividend per share (NOK)	0.00	0.00	1.20	1.80	1.50
	Extraordinary dividend per share (NOK)					2.50
	Average number of shares (million)	445.7	445.1	251.5	248.0	258.6
	Capital ratio	13.9%	14.3%	9.2%	10.6%	11.2%
Storebrand Livsforsikring AS	Premiums for own account	18,757	21,323	19,717	19,619	19,227
	Policyholder's funds included accrued profit	175,922	164,016	165,120	153,710	140,383
	- of which funds with guaranteed returns	162,641	155,417	150,433	146,346	134,664
	Booked investment return from customer funds with guarantees	4.6%	2.0%			
	Value-adjusted investment return on customer funds with guarantees	4.6%	-0.2%			
	Investment return on company portfolio	5.2%	3.0%			
	Booked investment return Storebrand Livsforsikring AS			8.86%	7.12%	6.89%
	Value-adjusted return (exclusive added value in "hold to maturity" portfolios) Storebrand Livsforsikring AS			7.26%	8.28%	7.55%
SPP Group [3]	Premiums for own account	7,467	7,281			
	Insurance customers' funds inclusive accrued profit (exclusive conditional bonuses) (traditional business)	102,526	98,971	95,824		
	Insurance customers' funds (Unit-Linked)	25,677	20,910			
	Return Defined Benefit	4.1%	0.6%			
	Return Defined Contribution	5.0%	2.9%			
	Conditional bonuses	8,689	7,499	13,699		
Storebrand Life Insurance Group [4]	Solvency capital [5]	35,309	35,856	48,041	25,620	22,176
	Capital adequacy	14.9%	17.4%	10.0%	9.7%	10.9%
	Solvency margin	170%	160%	136%	175%	176%
Bank	Net interest margin	0.95%	1.17%	1.07%	1.32%	1.59%
	Cost/income [6]	71%	63%	70%	76%	62%
	Deposits/loans	51%	47%	47%	43%	42%
	Gross lending	36,123	39,035	37,096	31,181	26,758
	Retail mortgages as proportion of total lending	67%	67%	64%	54%	55%
	Volume of non-performing and loss-exposed loans	884	710	448	533	754
	Loan loss provisions as % of non-performing and loss-exposed loans	33%	49%	68%	81%	64%
Asset Management	Total assets under management	351,160	228,671	227,356	216,900	204,800
	Of which assets under management for external clients	103,556	58,445	57,661	54,800	49,700
	Percentage of assets under management invested in equities		24%	23%	22%	23%
	Ratio of external funds under management retail/institutional clients (%)	7 / 93	13 / 87	14 / 86	19 / 81	20 / 80
	Total net new business	3,428	2,757	2,867	3,200	23,300
	Cost/income ratio [7]	74%	67%	78%	70%	96%

The figures are based on IFRS.

1 *The figures for 2005–2007 have not been converted to the new layouts used from 2008.*
2 *(Result after tax adjusted for amortisation expenses) / (opening equity - paid-out dividend - half of the shares bought back during the year).*
3 *SPP's figures are only started from the moment of acquisition.*
4 *Combined business - figures up to 2007 are Norwegian business before the acquisition of SPP.*
5 *Consists of equity, subordinated loans, market value adjustment reserve, risk equalisation fund, unrealised capital gains and losses, bonds at amoritsed cost additional statutory reserves, conditional bonuses and accrued profit.*
6 *Consists of Bank Group in 2005–2007 and the Banking business from 2008.*
7 *Excluding financial income.*

The group's strategic development

Main strategy will be continued

Storebrand intends to maintain and develop its position as a leading provider of long-term savings and insurance in the Nordic region. Ever since the acquisition of SPP in autumn 2007 effective integration has been a high priority. This work has been very successful and today SPP is integrated into the group's operational platform and communicated synergies have been realised before plan. The group has established a solid platform for further growth in the years ahead.

Storebrand will continue to implement operational improvements and realise ambitious cost-effectiveness targets, while continuing to grow its business. Storebrand aims to be a customer-oriented organisation that focuses on profitable, organic growth within established customer segments, distribution channels and product platforms. Meanwhile, we believe technological progress will create new opportunities for efficient, customer-friendly solutions. Further opportunities for growth will be created in the future by changing general conditions and the harmonisation of European regulations, though at the same time we are expecting a trend towards less capital intensive products.

Strategic priorities

Storebrand is in a market that has experienced annual top line growth of almost 10 percent during the last decade. A number of factors indicate this growth will continue. The Pensions Reform in Norway will move a larger proportion of pension liabilities from the public sector into the private sector, while the boom in senior citizens and higher life expectancy will result in an increased need for pension savings.

A high level of customer satisfaction has been the key to our success in the occupational pensions market. This position will be maintained and strengthened with the coming Pensions Reform in Norway through continuous improvements to the customer experience. In the retail market Storebrand will meet the customers' need for financial services with the market's best online solution for efficient sales and service. Customers with particular needs will receive help with these from qualified advisers.

The introduction of the new insurance act in 2008 and the financial crisis raised the bar very high with respect to the cost-effectiveness of operations. Storebrand has substantially reduced its costs in the last few years and at the same time greatly increased its number of customers with the introduction of mandatory occupational pensions. This work will continue in the next few years in order to make the company more robust in times of weak returns and more profitable in times of high returns. There are still opportunities for increased cost-effectiveness though better process management, coordination across national boundaries and business areas, using cheaper labour outside the Nordic region, better management of purchasing, and through the automation of operations, which in turn will increase the scalability of the business.

The products within pensions and life insurance can be divided up into there different groups. These product groups are traditional profit sharing, fee-based guarantee business, and finally fee-based unit linked and risk products. In order to satisfy the new solvency rules from 2012 and onwards, a large part of the growth will take place within the less capital intensive products. Another clear trend in the market is that employers are moving their occupational pension schemes from defined benefits schemes to defined contribution schemes in order to attain more predictable costs. This is resulting in a trend towards pensions products without guaranteed benefits, resulting in greater capital efficiency for the pensions provider.

To summarise, the long-term value creation will be generated through:

- Top line growth through general market growth and increased market share.
- Improved profitability through reduced costs, increased productivity, and better capital efficiency.

Storebrand in an important player in society

Through all of its work Storebrand aims not just to create value for our owners, but also for society as a whole. For us, corporate responsibility is first and foremost about acting responsibly and making a contribution to society through the products and services we deliver. New rules for retirement pensions in the National Insurance Scheme will be introduced in 2011. As the Nordic region's leading financial group our responsibilities include providing good advice to entities and employees on how to adapt to the new National Insurance Scheme and how their occupational pension plans will be affected.

Storebrand's core values are:

- Reliable
- Forward-looking
- Enabling
- Easy to work with

Proactive adaptation to changing conditions

In the years ahead, extensive changes to the financial and insurance industry's general conditions will be of major significance to Storebrand. The two changes that will have the greatest effect on Storebrand's activities are the Pensions Reform in Norway and Solvency II. Maintaining an ongoing dialogue with the authorities and good internal processes are key success criteria and will be priorities for Storebrand in 2010 as well.

Norwegian pensions reform

The pensions reform will come into force on 1 January 2011. The regulations governing the National Insurance Scheme's new retirement pension were adopted by the Storting (Norwegian parliament) in spring 2009. The parties in the public sector also reached agreement concerning the adaptation of occupational pensions and contractual early retirement plans (AFP) in the public sector to the National Insurance Scheme's new retirement pension. In June 2009, the Banking Law Commission was asked by the Ministry of Finance to report on amendments to the regulations governing occupational pension plans in the private sector. The Banking Law Commission will submit its recommendations by 30 April 2010. New regulations for private sector occupational pension plans will probably be adopted by the Storting in autumn 2010.

The most important change to the National Insurance Scheme's retirement pension is the introduction of a new earnings model which moves away from the "best years" rule and introduces an "every year's earnings" rule. The ability to draw a pension flexibly from the age of 62 years old and full freedom to combine work and a pension without reductions are also being introduced. The authorities are expected to lay the groundwork for a similar ability to draw occupational pension plans flexibly. Current pension products are based on the National Insurance Scheme and as this changes we must expect these products to be adapted to the new earnings model and flexible drawing ability in the National Insurance Scheme. The Banking Law Commission will also report on a new occupational pension product, a so-called hybrid of today's defined benefit and defined contribution plans. Storebrand is closely monitoring the regulatory processes in this area.

The pensions reform will involve significant changes for Storebrand. New products and systems solutions must be put in place, and all enterprises and employees with occupational pension plans will have to relate to the new opportunities to choose pension products and flexible retirement ages. The final regulations governing occupational pension plans will arrive very late. This necessitates a good, ongoing dialogue with customers until it is implemented and Storebrand is actively working to keep enterprises and employees up to date.

Despite the fact that the regulations have not yet been finalised, Storebrand has been working on the pensions reform for quite a long time in the following main areas: information for customers and their employees, the implementation of product, system and process changes due to the reform, and understanding and influencing the legislative work. A project was established in 2008 to address these activities.

Solvency II

Solvency II is a common set of European regulatory requirements for the insurance industry. The framework directive was approved by the EU parliament on 22 April 2009. According to the timetable, supplementary provisions and integration with national legislation should be completed by 31 October 2012, after which the Solvency II regulations will formally come into force. Both Storebrand and SPP are actively working with the authorities in Norway and Sweden, and with European bodies, with a view to influencing the final framework.

Group financial objectives

	Target	Status as of 31.12.09
Return on equity after tax [1]	15%	8%
Annual dividend as % of group profit after tax	>35%	0%
Core capital ratio Storebrand Bank	>10%	10.4%
Solvency margin Life Group	>150%	170 %
Rating Storebrand Life Insurance	A-nivå	A3/A-
Administation result Life and Pensions Norway	>0	-169
Administration result Life and Pensions Sweden	MSEK 300 [2]	MSEK -101
Cost/Income (C/I) Asset Management	<50%	65%
Cost/Income (C/I) Banking	60%	71%

1 (Result after tax adjusted for amortisation expenses) / (opening equity - paid-out dividend - half of the shares bought back during the year).
2 Wihtin 2011.

Under Solvency II, the size of the capital requirement will be determined by the amount of risk the company is exposed to. Market risk, insurance risk, counterparty risk and operational risk must all be taken into account. Solvency II will therefore impose strict requirements concerning good risk measurement and management. The valuation of insurance liabilities at market value will also be new for the Norwegian business. It will be possible to apply to the supervisory authorities to use a so-called internal model, which can fully or partly replace the standard model when calculating capital requirements. Storebrand has started a project aimed at satisfying the approval criteria for an internal model for some risks.

Storebrand put a lot of work in 2009 into a project responsible for ensuring the proper implementation of Solvency II throughout the group. Thorough analyses have been conducted in order to understand the regulations and their expected consequences. The project has also started the work of preparing the group for the new calculation model and ensuring that Solvency II becomes an integral part of Storebrand's activities. One important milestone in 2010 will be participation in a quantitative study of the consequences of the provisional regulations (QIS5).

Financial targets

Storebrand's financial targets were adjusted in February 2008 due to the acquisition of SPP and confirmed on Capital Market Day in November the same year. The targets were mainly maintained and communicated to the market also in 2009. In order to accommodate the market's focus on capital strength in banks during 2009, Storebrand Bank's financial target was changed to a core capital ratio target of 10 percent. In October 2009, it was decided to carry out a NOK 200 million capital injection in Storebrand Bank ASA in order to satisfy the new core capital ratio target. The updated targets and target attainment as per 31 December 2009 can be found in the table on the left.

GROUP

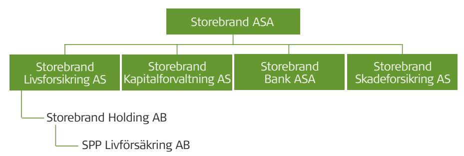
Group profit and loss

NOK million	2009	2008	2007	2006	2005
Life and Pensions Norway	759	348	1,622	1,191	1,224
Life and Pensions Sweden (SPP)	487	831			
Asset Management	240	218	138	156	24
Banking	63	68	235	190	241
P&C and Health Insurance	-18		-5	28	24
Other activities	-255	-155	30	20	-60
Result before amortisation and write-downs [1]	1,276	1,310	2,020	1,585	1,453
Write-downs of intangible assets		-2,507			
Amortisation of intangible assets	-390	-519			
Change in P&C security reserves etc. [1]			9		10
Pre-tax profit/loss	887	-1,716	2,029	1,585	1,463
Tax	47	-505	-20	-79	-41
Profit loss for the year	934	-2,221	-2,009	1,506	1,422

1 The figures for 2005 -2007 have not been restructured according to new layout used from 2008.

Group structure and financial reporting

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



A more detailed overview of the company structure can be found on page 152.

In addition to the presentation of consolidated financial statements on page 66, the group result can also be analysed by business area. This is shown in the table above. Storebrand Livsforsikring AS is categorised as Life and Pensions Norway. In this context Storebrand Holding AB reports as a separate group that encompasses SPP Livförsäkring AB and its subsidiaries involved in insurance activities. This segment is named Life and Pensions Sweden. Asset management comprise of Storebrand Kapitalforvaltning AS, Storebrand Fondene AS, SPP Fonder AB and Storebrand Eiendom AS. Banking activities comprise of Storebrand Bank ASA and its subsidiaries, while P&C insurance encompasses Storebrand Skadeforsikring AS and its subsidiary Oslo Reinsurance Company AS as well as Storebrand Helseforsikring AS. Other activities in the group analysis mainly comprise Storebrand ASA (the holding company).

Positive financial performance

The group's pre-tax result amounted to NOK 887 million in 2009 compared to minus NOK 1,716 million in 2008. Earnings per share amounted to NOK 2.08 in 2009 and minus NOK 5.01 in 2008, calculated on average outstanding shares. The various business areas' financial performance is discussed in the following pages.

Corporate responsibility

Storebrand wants to be a responsible company. For the group, responsibility is about having a long-term strategy and a willingness to adhere to it in times of both prosperity and recession. Storebrand stipulates strict corporate responsibility criteria – both when it comes to keeping its own house in order and in relation to partners. The group's strategy has established clear guidelines with respect to what Storebrand will invest money in. The group can have the greatest impact by the way it invests its customers' savings. The role of owner gives the company an opportunity to encourage other companies to systematically improve. Storebrand believes that sustainability and corporate responsibility will be two of the most important strategic drivers for business in the future.

The group strengthened its corporate responsibility work in several areas in 2009. The most important of these were ethics and climate and environmental work. Storebrand believes it is vital to create an inclusive working environment characterised by a high level of ethical awareness among its employees. The 2008 employee survey showed that this ethical awareness was sinking. In parallel with this, changes have also occurred in the area of ethics in the last few years, both on the legislative and regulatory side and in relation to society's expectations of the financial industry. During 2009, Storebrand focused on enhancing skills, training and development, as well as revising its ethical rules and establishing external warning channels. A special ethics indicator was also established for the group's directors which forms part of the group's scorecard and corporate responsibility reporting. These processes took place simultaneously in Storebrand and its Swedish subsidiary, SPP.

The new head office at Lysaker, which was finished in November 2009, has boosted

Storebrand's environmental efforts. The head office is a sustainable building with low energy consumption which incorporates renewable energy sources such as solar power and seawater heat pumps. The new guidelines for responsible procurement now provide a basis for all purchases and investments relating to the new building. The operation of the head office has also been environmentally certified. Storebrand also distinguished itself as the best Nordic financial group in climate reporting and was included in the Carbon Disclosure Leadership Index 2009.

Storebrand has long been involved in various international sustainable development groups. An increasing number of society's challenges are global in nature meaning solutions require cooperation within industries and between industries, authorities and the general public. The group bases its corporate responsibility work on the UN's 10 Global Compact principles for good business practice, and the OECD's guidelines for multinational companies. The group is actively involved in the international work of the World Business Council for Sustainable Development (WBCSD), the United Nations Environment Programme Finance Initiative (UNEP FI) and the Norwegian network, Global Compact.

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

Storebrand's strategic planning process combines targets, action plans, reporting, and employee follow-up, as described in the article on corporate governance on page 32.

Storebrand monitors business development via defined value drivers in addition to financial and accounting results. This allows the board and management to identify trends at an early stage, implement measures and focus on long-term value creation.

Storebrand Compass is produced every month. This report monitors the business areas' targets as specified in value drivers and key figures. 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 below 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 2009.

Performance of selected value drivers

	2009	2008	2007	2006	Assessment 2009
Finance					
Administration result to owner Storebrand Life Insurance	-176	-154	-669	-601	Potential for improvement
Administration result SPP (SEK million)	-122	-120			Potential for improvement
Cost/Income Asset Management	65%	56%	65%	64%	Potential for improvement
Cost/Income Banking	71%	66%	70%	71%	Potential for improvement
Ranking of Storebrand Life Insurance's return in Norway relative to selected competitors (1-5) [1]	5	2	3	2	Potential for improvement
Ranking of SPP's total return relative to selected competitors (1-6) [2]	4	2			Potential for improvement
Customers					
Market share (new business) [3]					
- occupational pensions (benefit/contribution) excluding transfers	27%	19%	37%	32%	Very good
- corporate group life	47%	29%	18%	23%	Very good
- long-term pensions savings and mutual funds [4]	13%	15%	8%	7%	Satisfactory
- retail risk products	13%	10%	9%	10%	Potential for improvement
Tranfer balance (NOK million) [5]	55	2,834	1,056	5,260	Poential for improvement
Growth in new business in SPP measured in APE	6%	16%			Satisfactory
Customer satisfaction – Norwegian Customer Barometer Survey [6]	68	68	70	70	Satisfactory
Quality - Swedish Quality Index (SKI) [7]	62	61			Satisfactory
Number of products per retail customer	2.8	2.6	1.8	1.5	Potential for improvement
Number of new bank customers (gross) [8]	4,170	10,610	11,556	9,631	Potential for improvement

1 Storebrand's ranking in terms of value adjusted investment return versus SpareBank 1, Nordea, Vital and KLP as per Q4 2009.
2 SPP's total return for P250 as per Q4 measured against Alecta, AMF, Handelsbanken Liv, LF and Skandia.
3 Statistics from Norwegian Financial Services Association (FNH) and Norwegian Mutual Fund Association (VFF) as per Q3 2009.
4 Equity/combination funds, Unit Linked and Annuity/IPA weighted by total market sales volumes. As per Q3 2009.
5 Reported sales in Q4 2009 was NOK 2.4 bn. Most of the transfers will be booked in Q1 2010.
6 Scale from 0–100 showing whether our corporate customers are satisfied with product delivery, whether we meet their expectations, and their experience of Storebrand relative to our competitors.
7 Scale from 0-100. Average customer satisfaction in the categories "Pensions/life insurance retail customers" and "Occupational pensions - corporate customers".
8 Both retail and corporate customers. Measures number of new customers.

EV – Market Consistent Embedded Value

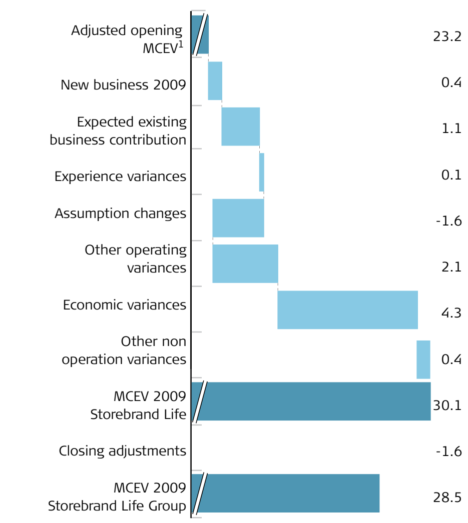
This section provides information on the disclosure of the embedded value (EV) 2009 for Storebrand Life Group. It includes business written in Storebrand Livsforsikring AS (SBL) and SPP Livförsäkring AB (including Euroben Ltd.).

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 specific EV report containing more detailed information. Storebrand's EV report has been prepared using a market consistent approach (MCEV).

Result

The total EV as at 31 December 2009 for the life insurance business of Storebrand Life Group after capital movements is NOK 28,484 million. The value of in-force (VIF) at year-end 2009 is NOK 19,588 million while shareholder surplus is NOK 8,896 million. The EV has increased by 6.9 billion including opening adjustments of 135 million, but excluding dividends and other capital transfers. This represents a return on EV of 30 percent.

EV earnings of NOK 6.9 bn / 30 % RoEV



1 Opening MCEV adjusted for new holding structure for BenCo of 135 million.

The MCEV result is negatively affected by assumptions changes caused by introduction of more conservative mortality tables in Storebrand Life Insurance and a reduction in replacement rates and increased transition to paid up policies in SPP.

Other operating variances have contributed positively to the MCEV result, driven by management action to changing terms and conditions for the Defined Benefit product as well as the Unit Linked product in SPP. In Storebrand Life Insurance improved margins in the fee based Defined Benefit portfolio also contributes positively.

After a turbulent 2008, the financial markets stabilized in 2009, contributing to an increase in EV of NOK 4.3 billion. Good investment returns in 2009, has led to higher reserves in the Unit Linked products and management decision to build buffer capital, have both contributed positively. Increased interest rates also have a positive effect on the EV result.

Value of New Business

The value of new business written in 2009 is NOK 421 million. Sales have been positive in both the Norwegian and Swedish life business with new sales of NOK 1,026 million and NOK 670 million respectively measured as APE[1]. For the Norwegian business the value of new business is NOK 348 million.

The Swedish business has seen a shift in the value of new business in 2009, and it now has a positive effect on EV. This is mainly due to increased sales volumes, changes in terms and an improved model for cost allocation.

Unit linked products represent an increasing share of new business, and represented 65 percent of the value of new business in 2009. Unit linked products now represent 34 percent of the total value of in-force at the close of 2009, up from 22 percent last year.

	31.12.09	31.12. 08
NOK million	Group	Group
Shareholder surplus	8,896	8,431
PVFP [1]	30,405	23,893
Cost of holding capital	-162	-236
Cost of volatility	-6,847	-5,183
Cost of residual non hedgeable risks	-3,808	-3,864
Total MCEV Storebrand Life Group	28,484	23,041
IFRS equity other businesses [2]	1,914	1,319
Storebrand Group Embedded value	30,398	24,361
Embedded value per share [3]	NOK 68.2	NOK 54.7

1 PVFP including look-through in 2008 and 2009 of 4,022 and 3,495 respectively.
2 IFRS shareholder's equity for businesses not included in the MCEV analysis.
3 Based on 443.3 million shares for 2008, 445.9 million shares for 2009.

NOK million	VNB
Value of New Business	
Comprising	
Present value of future profits (PVFP)	679
Time value of financial options and gurantees (TVOG)	-141
Frictional costs of required capital (FCRC)	-3
Cost of residual non hedgeable risks (CNHR)	-114
Total value of new business	421
Look through value included in the PVFP	97

1 APE - Annual Premium Equivalent (running premiums + 10% of single premiums).

Sensitivities
As the EV builds on a number of assumptions, it sensitivities are calculated and presented. In overall, the sensitivities to financial market movements have been reduced through 2009, the main reason being increased buffer capital and higher interest rates.

The largest sensitivity is to changes in the interest rate levels, where a 100 bp decrease in interest rates would lead to a 20 percent reduction in the EV. This is a reduction of 3 percentage-points from last year, when the sensitivity was 23 percent. At the same time sensitivities to a 10 percent drop in the equity/property market has been reduced from 16 percent in 2008 to 10 percent in the 2009 EV.

NOK million	MCEV 2009	MCEV 2008
Base	**28,484**	**23,041**
100 basis points increase in the interest rate	7%	13%
100 basis points decrease in the interest rate	-20%	-23%
10% decrease in equities/property capital	-10%	-16%
10% decrease in equities	-4%	-6%
25% increase in equity/property implied volatilities	-7%	-6%
25% increase in swaption implied volatilities	-6%	-8%
10% decrease in maintenance expenses	8%	8%
10% proportionate decrease in lapse rates	3%	2%
Mortality rates -5% - annuity business	-4%	-4%
Mortality rates -5% - life business	0%	0%
Salary and expense inflation + 0.5%	1%	1%
Required capital equal to minimum level of solvency capital	0%	0%

In 2009, Storebrand Life Insurance consolidated its position as the leading pensions provider with the most satisfied customers and positive transfer balance with its competitors. Storebrand's competitiveness and profitability were improved by extensive cost reductions. The Pensions Reform will be introduced on 1 January 2011 and will encourage growth in the market through an increased need for private savings when National Insurance Scheme pensions are reduced.

LARS AA. LØDDESØL (45), Executive Vice President, Life and Pensions Norway and Managing Director, Storebrand Livsforsikring AS

« Storebrand Life Insurance strengthened its position in the Norwegian pensions market in 2009 and is well prepared for the Pensions Reform that will arrive next year.

Strategy and market

Main features
Storebrand's vision is to be the leading and most respected Nordic partner in long-term savings and insurance. For Storebrand Life Insurance this means that the company aims to be Norway's most respected, customer-oriented life insurance company. Such a position can only be attained and maintained by providing the best quality advice, customer service, and product range in the market. Storebrand Life Insurance has an advantage in Norway in that the Storebrand Group is the only major player in the market with long-term savings and life insurance as its primary business areas.

The operating conditions for Storebrand Life Insurance's business areas have changed in a number of areas in recent years, including through the introduction of new business rules for life insurance in 2008. Future changes to the general conditions that will be of significant importance for the company include the Pensions Reform, which will be implemented in 2011, and Solvency II, which will be implemented in Norwegian law from October 2012.

Storebrand's adaptation to these changes includes products changes, portfolio changes, customer dialogue, changed risk management and systems modification.

Sales
Following the introduction of mandatory occupational pensions in 2006, the market for occupational pensions became to a large degree a transfer market. Storebrand is extremely competitive in this market. Storebrand achieved a net transfer from competitors in the corporate market (group pensions) of NOK 2.4 billion (reported sales) in 2009. The trend of transitioning from defined benefits pensions to defined contribution pensions continued in 2009. A number of companies considering converting from defined benefits pensions have postponed the process while they await the new hybrid product the authorities are examining in connection with the Pensions Reform.

The municipal market was demanding in 2009. Storebrand gained no new municipal customers, and lost three. Nonetheless, the net transfer balance to Storebrand in the public sector occupational pensions market was NOK 440 million, due to large public enterprises moving their occupational pensions plans to Storebrand. Storebrand also took over the administration and management of pension funds from a number of large public pension funds.

Storebrand's sales of its guarantee account product in the retail market were very good with net sales of NOK 1.6 billion.

Premium development
Total premium income decreased by 1 ercent compared with the year before. The development of the occupational pensions market was characterised by lower wages growth this year than in the same period last year.

Profit and loss - Life and Pensions Norway

NOK million	2009	2008
Administration result	-169	-177
Risk result	229	475
Financial result [1]	201	-316
Profit from risk and interest guarantee	478	398
Other	20	-31
Pre-tax profit/loss	**759**	**348**

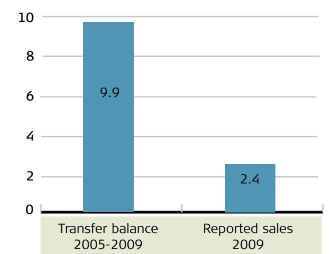
1 Investment result and profit sharing.

Premium income excl. transferred reserves

NOK million	2009	2008
Group Defined Benefit	8,286	9,948
Paid-up policies	101	97
Group with investment choice	2,624	2,260
Individual endowment insurance and pensions	1,506	1,638
Individual with investment choice	2,073	1,023
Risk products without profit sharing	1,484	1,338
Total	16,073	16,304

Transfer balance and reported sales

NOK bn



New subscriptions

Total new premiums (APE) worth NOK 1,035 million (NOK 1,583 million) were signed in 2009. The fall since 2008 is primarily due to the reduced APE for group occupational pensions. The assets under management in the guarantee account and link products increased well during 2009. New group pensions premiums (APE) increased by NOK 127 million (NOK 37 million) in the public sector in 2009. The fall in APE being experienced in the individual sectors continued in 2009. The company won a number of large tender competitions towards year-end 2009, which will first appear in the financial statements in 2010.

Streamlining

The job of increasing the efficiency of solutions for sales, customer service, other service, and settlement continued in 2009 and contributed to significant efficiency gains. Storebrand's teams of advisers in the corporate and retail markets were merged. The goals are to achieve an even stronger sales culture, better local cooperation, increased sales, and better profitability in the group's physical distribution. The new joint sales organisation across the corporate and retail markets was established on 1 March 2009.

Storebrand Life Insurance's branch in Sweden

Storebrand Life Insurance opened a branch in Sweden in autumn 2005. The acquisition and integration of SPP has removed the premises for this venture, and in 2009 it was decided to collate all new sales in Sweden in SPP. Storebrand Life Sweden will no longer sign new contracts, but existing customer relationships will be continued.

One important goal of this change is to make it easier for Swedish customers to deal with SPP and the Storebrand Group

Corporate responsibility and sustainable employment

Storebrand wants to inspire and motivate its customers to develop healthy, inclusive working environments. The goal is for as many of our customers as possible to see how important and beneficial a stronger focus on HSE is for employees, for companies, and for society. As a pensions provider we can help ensure that the health of employees improves, attendance increases, and sick leave decreases. Satisfied, motivated staff produce profitability and better quality work. We are participating in and supporting a number of projects at our customers aimed at creating sustainable employment in which employees can stay healthy and live a balanced life, both at work and in their leisure time. Examples of projects that have resulted in a permanent low sick leave rate are the testing of a new working hours model which has less impact on the staff and good routines for preventing and managing threats and violence in the workplace. An ongoing seniors project has resulted in seniors being able to stay in work instead of opting for early retirement plans. We offer training in health promotion measures that are either scientifically documented and developed at recognised research institutions, or which have been tried out in the industry over many years. In 2009, 15 local authorities and five public enterprises were among those that received training in the Long-term Healthy Method, and many are in the process of producing action plans in order to become long-term healthy organisations.

Outlook

A large majority of employees in the private sector are now covered by defined contribution-based occupational pensions schemes. The last few years have been characterised by an increasing transition from defined benefits-based to defined contribution-based schemes. The most important goal for enterprises that undergo such a conversion is achieving more predictable costs.

However, when one looks at the amount of capital involved in schemes, the reserves associated with defined benefits schemes will remain dominant for the foreseeable future.

Due to the introduction of mandatory occupational pensions and increased conversion from defined benefits to defined contribution agreements, the market for paid-up policies will grow substantially in the coming years. Competition in this market is increasing, and new market players have arrived. Storebrand will meet this competition aggressively based on its competitive products and long experience of managing pension assets, which reassure the customer.

Growth

Storebrand Life Insurance expects its balance sheet to grow by between 6 percent and 9 percent per year in the corporate market. The market for long-term savings is developing positively. The Pensions Reform which will be introduced in 2011 will increase the importance of occupational pensions schemes and supplementary individual saving. Employees in enterprises with occupational pensions in Storebrand are an important target group with respect to sales of private policies and additional private savings.

Financial performance

Administration result

The administration result for 2009 amounted to minus NOK 169 million compared to minus NOK 177 million for 2008. The result was weaker than desired, but the effects of the underlying reduction in costs due to lower staffing levels in a number of areas is beginning to produce results. Costs will be reduced and will result in improved administration results in the future. The operational goals is for the administration result allocated to owners to be positive from 2010.

Risk result

The risk result amounted to NOK 229 million for 2009 compared to NOK 475 million for 2008. The underlying development was somewhat weaker than expected in 2009 in relation to 2008. The reduction in the result for 2009 was due to one-time effects that had a positive effect in 2008.

Up to 50 percent of the risk result for group pensions can be set aside in the risk equalisation fund to cover any future negative risk result. NOK 70 million was set aside in the risk equalisation fund for group retail in 2009. The risk equalisation fund for group amounted to NOK 181 million at year-end 2009. The risk equalisation fund for paid-up policies amounted to NOK 42 million at year-end 2009. There was no change in 2009.

Financial result

The financial result for 2009 amounted to NOK 201 million compared to minus NOK 316 million in 2008.

All customer portfolios with interest guarantees achieved good returns. The returns achieved exceeded the average interest guarantee in every portfolio.

Market return group portolios

Portfolio	2009	2008
Total	4.6%	-0.2%
Group standard	4.8%	-0.2%
Paid-up policies	4.5%	-1.3%
Individual	4.3%	-0.1%

The returns on recommended investment choices for defined contribution pensions were 11 percent (minus 6 percent) for careful profile, 21 percent (minus 22 percent) for balanced profile, and 30 percent (minus 36 percent) for bold profile, respectively. All the profiles achieved better returns than their benchmark return.

Real estate values were written down by NOK 1,180 million in 2009: NOK 287 million of which involved the directly owned portfolio in Norway and NOK 893 million indirect exposure, primarily in foreign real estate funds. The valuation of the real estate portfolio is supported by a broad range of external valuations.

Total outperformance for the full year amounted to NOK 977 million. NOK 102 million came from internal equity-linked mandates, NOK 759 million from internal interest and credit mandates, and NOK 116 million from external mandates.

The company portfolio delivered a result of NOK 52 million in 2009. The return on invested assets was 5 percent in 2009 compared to 3 percent in 2008. The company portfolio is principally invested in low risk assets classes. The money market accounts for less than 80 percent of the investment portfolio, which has contributed a good return. Storebrand Life Insurance's loan interest costs will amount to around a net NOK 130 million per quarter for the next 12 months. Total interest-bearing liabilities amounted to NOK 6.6 billion at year-end 2009.

Profit sharing

Returns for individual products with profit sharing for 2009 exceeded the average interest guarantee. The return for paid-up policies was also better in 2009 than the average interest guarantee in the portfolio of 3.8 percent.

There was no profit sharing in paid-up policies and individual endowment insurance in 2009, since the company has built up buffers in the form of additional statutory reserves amounting to NOK 242 million. As far as individual pension insurance is concerned, a deficit of NOK 22 million was charged in 2009 due to the negative risk and administration results.

Profit from risk and interest guarantee

The profit allocated to the owner pursuant to the new insurance act is less dependent on the return recognised in the customer portfolios due to upfront pricing of the interest guarantee and profit from risk. NOK 478 million was recognised as income in 2009, compared to NOK 398 million in 2008. The implemented price increases will have effect from 2010.

Other result

The other result amounted to NOK 20 million for 2009 and minus NOK 31 million for 2008. The other result primarily consists of the results from subsidiaries.

On 1 July 2009, Storebrand acquired 14 percent of the shares in the consultants company Formuesforvaltning AS through a transfer of some individual customer portfolios. Storebrand has an option to increase its ownership interest to around 21 percent. Formuesforvaltning AS provides advice to the high income segment. The transaction had a positive effect on the result amounting to NOK 51 million in 2009.

Balance sheet

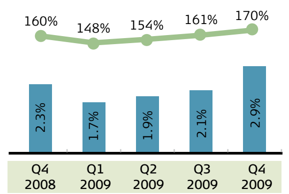
The diagrams below show the risk-adjusted allocations (including derivatives). The proportion of equities in portfolios with guarantee was between 4 percent and 30 percent. The average proportion of equities is 11 percent, compared to 5 percent at the start of the year. As far as allocations to loans and receivables are concerned, the allocation changed from 15 percent to 27 percent on average for portfolios with a guarantee.

The increase in equities and loans and receivables corresponds to an equivalent reduction in short-term bonds and the money market. The equity share in the company portfolio's was reduced from 3 percent to zero percent in 2009.

Since the start of 2010, the paid-up policies portfolio has been spilt into three sub-portfolios based on the contracts' customer buffers. This means that the proportion of equities for paid-up policies with high additional statutory reserves is now 20 percent. This helps to increase the expected return for both customers and owner.

Total assets under management increased by around NOK 5 billion in 2009 and amounted to NOK 204 billion at year-end 2009.

Solidity

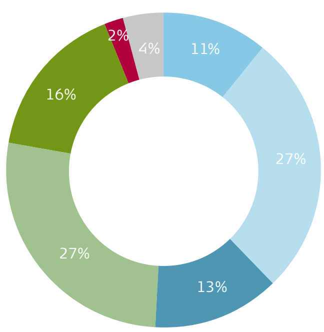


The NOK 35 billion solvency capital was reduced due to the redemption of subordinated loans, among other things. The result has also developed well and customer buffers increased. Additional statutory reserves amounted to NOK 4.6 billion at year-end 2009, an increase of NOK 1.2 billion since year-end 2008.

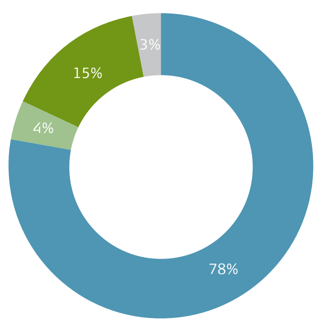
Storebrand Life Insurance Group's capital adequacy was 14.9 percent, a reduction in 2009 from 17.4 percent due to the net redemption of subordinated loans amounting to NOK 1 billion and provisions for the group contribution to Storebrand ASA of NOK 610 million. Storebrand Life Insurance Group's solvency margin was 170 percent, an improvement of 10 percentage points due to the positive development of the result and increased additional statutory reserves.

Assets profile

Customer portfolios with guarantee



Company portfolio



SPP did impressively by improving its position in the Swedish market throughout the year. With its continued focus on its core activities SPP achieved a positive result, which together with a solid return has placed SPP among the best pensions companies in the industry. The successful integration with Storebrand means that SPP is now well equipped for further growth and value creation.

SARAH MCPHEE (55), Executive Vice President, Life and Pensions Sweden and Managing Director, SPP

> The winners of the future will be companies that react to changes and quickly adapt to new conditions. We have done well this year, but we intend to do even better in the future.

Strategy and market

The competitive pensions market has grown in recent years and there is still room for further growth. Meanwhile, the premium volume in the Swedish market for occupational pensions is estimated at NOK 92 billion (NOK 88 billion). At the same time the competition has got tougher and has changed character somewhat.

The market for occupational pensions can be divided into two segments: Policies taken out by individuals (both group and individual), and other pension solutions targeted at employers such as advice, pension insurance with deductions in bonuses, risk insurance, pension insurance with deductions in pay, calculation services, coordination and insurance pools. SPP operates in both markets.

The large tender competitions have become more important, which makes great demands on the companies that want to participate in them. The labour market partners (SN, LO and PTK) have markedly changed views with respect to which costs enterprises are expected to cover. Some types of charges have been abolished. Instead of greater diversity and better insight, the tender market is characterised by restricted competition and reduced options for individuals. This development could lead to a monopoly situation in which dynamic product development is hindered, which primarily impacts customers.

Stricter insight criteria have put the pensions companies under pressure in the form of supervision and inspections. This is a positive trend for SPP, which is totally transparent in its presentations and promotes openness.

Society's interest in sustainable and ethical products is increasing. This interest is also increasing in the funds and pensions markets. SPP has adopted Storebrand's group standard for responsible investments.

Information and advice are increasingly being provided in ways other than in face to face meetings, e.g. online. Both individuals and corporate customers expect steadily improving functionality, which requires rapid development and means companies have to communicate and interact with their customers in new ways.

Positive sales development

SPP has in the last three years experienced very positive development with current premiums for non-group occupational pensions such as, for example, employer plans, manager plans, pensions with deductions from pay, and foreign plans. Current premiums increased by around 22 percent. This increase solely came through unit-linked insurance and BenCo, and was to a large degree due to new subscriptions.

Premium income in 2009 amounted to NOK 7,354 million (NOK 7,334 million). SPP experienced a positive development within

Profit and loss - SPP Group

NOK million	2009	2008
Administration result	-101	-103
Risk result	253	287
Financial result	260	340
Other	74	293
Currency result		14
Result before amortisation and write-downs	487	831
Amortisation intangible assets	-340	-476
Write-downs intangible assets		-2,500
Pre-tax profit/loss	147	-2,145

new sales measured in APE throughout the year, with an increase totalling 6 percent measured in local currency compared with the year before. This strong increase primarily came through broker channels and within unit-linked insurance and option centred products.

Premium income

NOK million	2009	2008
Guaranteed products	3,529	3,729
of which annual premiums	2,892	3,035
of which single premiums	637	694
Unit Link	3,081	3,010
of which annual premiums	2,535	2,467
of which single premiums	546	543
BenCo	744	596
of which annual premiums	476	274
of which single premiums	268	322
Total	7,354	7,334

Restructuring to meet new market conditions better
During the year SPP implemented a much needed programme of savings and streamlining which included the review and improvement of work processes in order to improve the efficiency of the business. This process of adapting to current market conditions meant that the labour force was reduced by 80 people, 30 of whom were consultants. The reduction in staff primarily affected IT, sales and administration. Some administration was transferred to Storebrand's subsidiary in the Baltic region as part of the restructuring. SPP also signed an outsourcing agreement with the IT company Logica. The partnership means that 30 of SPP's employees will be transferred to Logica.

Continued streamlining of the business will be a top priority in the future as well.

Full steam ahead towards our vision
The year was generally characterised by change, and SPP implemented major changes during the year. The integration with Storebrand is complete and the opportunities for synergy and knowledge sharing between the companies are now starting to become apparent in the activities. The full force of the staff's competence and commitment can now be focused on achieving the goal of becoming Sweden's leading and most respected pensions company.

SPP's ambition is to be a modern insurance and asset management company offering a range of attractive financial solutions. SPP will compete with a large portfolio of competitive and long-term savings solutions, adapted to both transferable and lifestyle products within the corporate, retail and municipal markets.

SPP will continue to react to changes and create an efficient organisation that can quickly adapt to new conditions. The provision will be improved and made clearer, and SPP intends to be the first to win the customers' trust.

Financial performance

Administration result
The administration result in SPP amounted to minus NOK 101 million (minus NOK 103 million). Administration income was affected by a lower fees base at the beginning of the year due to the falls in the capital and equity markets. Assets under management climbed strongly during the year and the administration income is back where it was prior to the financial crisis. In total the administrative income developed positively in relation to the previous year. Administration costs were high in relation to 2008. This was primarily due to one-time costs linked with restructuring. SPP's result also includes BenCo Insurance Holding B.V. from June 2009.

Risk result
The risk result amounted to NOK 253 million (NOK 287 million) in 2009. During the year the dissolution of sickness reserves due to fit for work reports made a positive contribution. The survival and mortality result made an overall small, positive contribution to the result. The sickness result was more volatile because it was strongly affected by stricter rules for sick notes in the event of longer periods of sickness.

Financial result
The financial result amounted to NOK 260 million (NOK 340 million) in 2009.

At the start of the year the company took steps to stabilise and improve the solvency margin. The solvency margin increased strongly during the first months of the year as interest rates rose and the difference between mortgages rates and the base rate increased. The financial result fell in the same period due to the rising interest rates and a reduced difference between the swap and base rate.

The improving solvency meant that SPP could reduce the hedging portfolio for the rest of the year and increase the exposure to equities in the management portfolios. These measures, combined with the improving of the credit and equity markets, resulted in an improved financial result.

The good total return on assets in the investment portfolios resulted in profit sharing within DC totalling NOK 160 million in 2009.

SPP adopted new mortality assumptions in the calculation of life insurance reserves in Q4. Reserves were set aside for the calculated effect of the transition to the new assumptions in connection with the acquisition of SPP. The reserves were higher than the actual effect of the transition, which has resulted in a positive net effect of NOK 82 million.

Other result
The other result amounted to NOK 74 million (NOK 293 million) in 2009. The result was primarily due to the return on the equity portfolio. The portfolio has been entirely invested in interest-bearing mutual funds, and the change from the year before was due to interest rate differences. The result also includes interest expenses on subordinated loans.

Balance sheet

Financial return

	2009	2008
Defined Benefit (DB)	4.1%	0.6%
Defined Contribution (DC)	5.0%	2.9%
P250 [1]	9.6%	-5.9%
P300 [1]	4.8%	1.2%
P 520 [1]	2.9%	9.6%
RP (Retirement Pension)	1.3%	

1 Maximum interest rate guarantee in the portfolios P250, P300 and P520 is 2.5%, 4.0% and 5.2% respectively.

The year started with negative returns in the investment portfolios due to rising interest rates and falling equity markets. In Q2, the equity and credit markets improved. Together with the increased exposure to equities, this resulted in a positive return in every portfolio in 2009.

On 1 February 2009, the guaranteed interest rate for new premiums in DC was reduced from 2.5 percent to 1.25 percent due to the prevailing interest rate climate. A new management portfolio (AP) consisting of retirement pensions was added in March 2009.

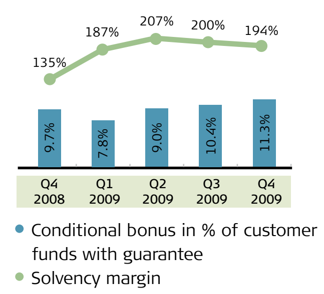
SPP practises dynamic risk management. This means that SPP adjusts its exposure to equities in line with the development of the market. During the year the proportion of equities climbed from 3 percent to 26 percent in the DB portfolio, and of all the DC portfolios the greatest increase took place in P250 in which the proportion of equities climbed from 11 percent to 42 percent.

Conditional bonus
The conditional bonus (the policyholders' buffer capital) has recovered after the strong fall in Q1 2009 and had increased by 16 percent at year-end 2009 compared to year-end 2008.

Assets under management amounted to NOK 112 billion (NOK 103 billion) at year-end 2009. A strong net cash flow within unit-linked insurance, together with a positive return in the portfolios, contributed to the capital increasing strongly during the year.

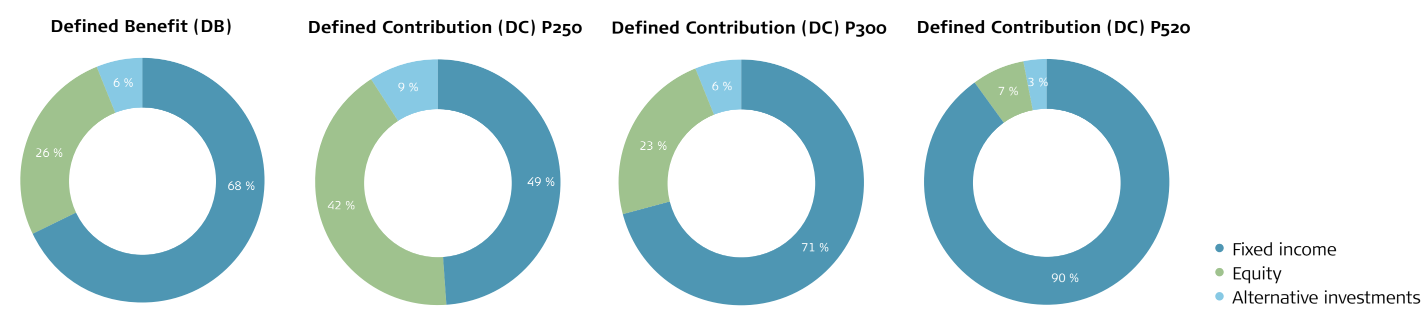
The solvency margin rose from 135 percent to 194 percent at year-end 2009.

Solidity



New contract terms for the DB portfolio
New contract terms for the DB portfolio were introduced in Q4 which provide better conditions for long-term management. Profit sharing was replaced by an indexing fee, which means 0.4 percent of the capital is taken out if the pensions being paid can be indexed by the change in the CPI (consumer price index), and a further 0.4 percent if earned pension rights (paid-up policies) are also adjusted by the CPI.

Asset profile customer portfolios with a guaranteed return



ASSET MANAGEMENT

HANS AASNÆS (46), Executive Vice President, Asset Management and Managing Director, Storebrand Kapitalforvaltning AS

« A good result in 2009 driven up by high return-based fees.

The asset management business delivered a good result in 2009 despite a demanding starting point after the financial crisis in 2008. The result was driven up by high performance-based results due to good value creation. Income in underlying operations was however somewhat weaker in 2009 due to reduced volume-based fees and higher costs for one-time investments. Overall the development in 2009 was good with increased assets under management, a number of new institutional customers, quarterly increases in volume-based customers, and stabilised development in the costs base.

Strategy and market

Ambition

Today, Storebrand Investments is Norway's largest private assets manager. Storebrand Investments' ambition is to become the preferred manager of long-term savings and pensions capital. Storebrand Investments utilises its competence from the management of the life insurance companies' assets to produce investment solutions within traditional funds, guarantee products, and alternative products such as private equity and infrastructure, and offer these as standalone products to external customers. At year-end 2009 the company had NOK 351 billion under management.

Broad product range

Storebrand Investments manages the entire range of savings and investment products, including actively and passively managed equities and bond funds, real estate funds, infrastructure funds, funds of fund structures within private equity and hedge funds, guaranteed live products and standalone hedge funds. The breadth of products means the company can offer attractive products under any market conditions.

Satisfied customers

Storebrand Investments has a dedicated institutional customer unit with highly qualified investment advisers which serves institutional customers. The institutional customer unit serves management customers in the institutional market such as pension funds, local authorities, entities, and foundations, as well as so-called family offices and investment firms.

In 2009, Storebrand Investments gained 23 new institutional customers. Both internal and external customer surveys show that Storebrand Investments' institutional customers are very satisfied. In the recognised Nordic Prospera survey that is conducted every second year, Storebrand Investments was ranked number one by the very largest customers. Customers with capital of less than NOK 800 million under management rank Storebrand somewhat lower, but still among the 3-4 best companies.

Storebrand Investments is also actively focusing on both the Norwegian retail market and the Swedish retail and institutional markets. In the Norwegian market the focus has been on developing simple, transparent savings products that can be sold both through direct channels and advice-based channels. The venture in the Swedish market is still in a start-up phase. In 2009, it took over the fund company SPP Fonder. Therefore, a great deal of the focus in 2009 was on the operation of the company. Therefore, in the period ahead the focus on sales will increase significantly through the appointment of an institutional salesperson, among other things. Individual projects targeting the Swedish market were also conducted with great success in 2009. The focus in the Swedish market will be on platform-based sales.

Profit and loss - Asset Management[1]

NOK million	2009	2008
Operating revenue	439	380
Operating cost	-339	-264
Operating result	100	155
Investment result	57	23
Net financial income/other[2]	83	80
Result before amortisation	240	218
Amortisation intangible assets	-7	-3
Pre-tax profit/loss	233	215

1 Encompasses the following companies: Storebrand Kapitalforvaltning AS, Storebrand Fondene AS, SPP Fonder AB and Storebrand Eiendom AS.
2 Includes profit/loss from SPP Fonder AB and Storebrand Eiendom AS.

Responsible investor

Responsible investments involve making concious decisions about how we make money. Storebrand has 15 years' experience of expecting the companies we invest in to meet certain criteria. Asset management has a long-term horizon and we believe systematic corporate responsibility pays off when it comes to reducing risk and creating business opportunities.

The most important contribution to sustainable development we can make is to be an active owner. We contact several hundred companies each year, and expect continuous improvement within the areas of environmental management, anti-corruption, human rights, and corporate governance. Storebrand refrains from investing in companies that contribute to unethical business practices. As per 31 December 2009, 93 companies were on the list of excluded companies Storebrand and SPP will not invest in. We also promote the best companies in order to reinforce positive behaviour. As per 31 December 2009, 149 companies had been assigned "Best in Class" status by Storebrand.

Recent research shows a positive correlation between corporate responsibility and financial returns. Our most important task is to earn money, but we are not indifferent to how we do this.

Financial performance

In 2009, the total result before tax from asset management activities amounted to NOK 233 million compared to a profit of NOK 215 million in 2008. Compared with 2008 the result was driven up by high performance-based fees. The volume-based income from internal customers also increased due to the takeover of management on behalf of SPP Livforsäkring and SPP Fonder. The costs in 2009 were higher than in 2008. This was primarily driven by higher personnel costs due to the increased complexity of operations due to the new insurance act, one-time investments in the area of IT, and the takeover of SPP's portfolio. In total, lower volume-based income without a significantly lower level of costs contributed to weakened margin development compared with 2008. Storebrand Eiendom contributed with a result of NOK 45 million and SPP Fonder with a result of NOK 17 million.

Positive income development

The company's income primarily comes from management fees, fixed and performance-based, as well as commission on sales and return-based fee income. The total income in the companies Storebrand Investments and Storebrand Fondene increased by 40 percent in relation to 2008. The increase was primarily driven by high performance-based fees due to good value creation results within most products areas in 2009.

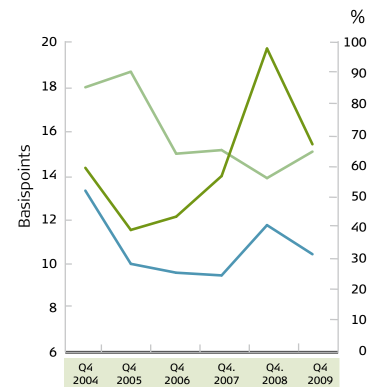
Performance-based fee income amounted to NOK 147 million in 2009 compared to NOK 39 million in 2008. Volume-based income also increased compared to 2008. Volume-based income in the companies Storebrand Investments and Storebrand Fondene amounted to NOK 439 million in 2009 compared to NOK 380 million in 2008. The increase is primarily due to income from SPP Livforsäkring and SPP Fonder where Storebrand Investments took over the asset management in 2009. Other volume-based income was somewhat lower than in 2008, due to lower management volumes at the start of the year and products with a lower margin after the financial crisis in 2008.

Bonuses and investments result in increased costs

Total costs increased by 53 percent, NOK 150 million, compared to 2008. Bonus costs in Storebrand Investments are directly linked to the value creation results and the performance-based income in the business: very good return results therefore entail an large proportion of performance-based bonuses. The company also took over the management of the portfolios of SPP Livforsäkring and SPP Fonder in 2009, which resulted in an increase in costs. A number of one-time investments in the area of IT were also made in 2009, including in connection with moving the head office. These contributed to an irregularly high level of costs. Finally, personnel costs in the business are somewhat higher, driven by factors such as the increased complexity of operations given the new insurance act.

The development of the operating margin has weakened compared with 2008. This was due to a weakened income margin driven by lower volume-based income. However, the costs of assets under management were lower than was the case at year-end 2008, and the trend in the income margin

Cost/Income ratio



- Rolling 12 months cost
- Rolling 12 months income[1]
- Rolling cost/income (%)

1 Includes net financial income and profit before tax from Storebrand Eiendom (12 months rolling).

was positive compared with the start of the year. Total costs as part of total income (rolling 12 months) increased from 58 percent in 2008 to 66 percent in 2009.

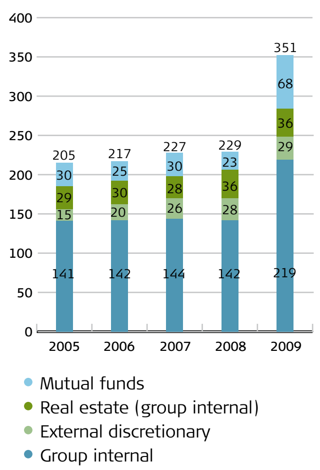
Balance sheet

Strong growth in assets under management

The total assets under management at year-end 2009 were NOK 351 billion. The assets under management increased by NOK 126 billion from 2008 to 2009. This massive increase was due to the takeover of the management of SPP Livforsäkring's portfolios and SPP Fonder. These two customers alone represented an increase of NOK 74 billion and NOK 40 billion respectively. Storebrand Life Insurance also increased its portfolio by around NOK 8 billion during the year. Storebrand Fondene increased its portfolio by NOK 5.6 billion during the year, while the assets under management in external discretionary portfolios fell by NOK 1.5 billion. In total this adds up to a net positive development in assets under management from external customers as well of around NOK 4 billion.

Assets under management

NOK billion



Positive net subscriptions in 2009

In 2009, Storebrand Investments experienced net positive subscriptions to mutual funds, excluding assets from group customers and assets linked to fund-based life and pensions savings of NOK 1.4 billion. The majority of new subscriptions came as discretionary mandates, but Storebrand Fondene also experienced positive net subscriptions. Storebrand Investments' market share of Norwegian registered mutual funds was 8.2 percent at year-end 2009, which is an increase of 0.3 percent on 2008. Assets under management in Norwegian registered Storebrand funds increased by NOK 8 billion in 2009 (+84 percent). This is the market player that achieved the fourth largest increase in a year of record subscriptions.

Good performance results

2009 was a very good year from a return perspective after a weak stock exchange year in 2008. Storebrand Investments achieved outperformance of NOK 977 million in the active management carried out for Storebrand Life Insurance. The return in the fund companies was also good in 2009. Storebrand Fondene created value of NOK 806 million after managements fees and SPP Fonder achieved outperformance of NOK 442 million after management fees.

Despite a normalisation of the global credit markets in 2009, the financial performance of Storebrand Bank is characterised by weak economic conditions and a demanding market situation. This resulted for the banking industry and Storebrand Bank in lending losses in excess of normal levels, low direct returns on equity, squeezed deposit margins, and high costs associated with maintaining high liquidity buffers. A number of steps were taken in 2009 to ensure the bank has strong core (tier 1) capital, a robust funding structure, good liquidity, and a high quality lending portfolio.

KLAUS-ANDERS NYSTEEN (44), Managing Director, Storebrand Bank ASA

> Storebrand Bank has coped well in a demanding period and will focus on developing existing positions and improving profitability in 2010.

Strategy and market

Storebrand Bank ASA's vision is to be the "smart choice for the modern customer". The bank should be easy to deal with and offer products that are in demand at competitive prices, both to the retail and the corporate markets.

New services for the retail market

Our ambition for the retail market is to establish Storebrand Bank as Norway's best direct bank. The bank aims to help grow the number of customers in the group and distribute the Storebrand Group's products to retail customers. The bank launched new services in its online bank throughout the whole of 2009 as part of achieving its ambition in the retail market. The bank has some of the market's most satisfied and loyal customers. The competitive situation in the retail sector is characterised by prices still being an important factor with respect to recruiting new banking customers, and price competition in residential mortgages increased throughout 2009.

Strong position in the corporate market

In the corporate client segment, Storebrand Bank holds a strong position in the professional real estate market. Our ambition is to be a leading provider of advice, transaction services, and financing for cooperate customers within commercial real estate. The bank´s competitive edges include its competence, comprehensive solutions, and good service. Activities within this segment include real estate agency, lease brokering, valuations, corporate finance, and financing services. These services are gathered under the brand name "Eiendomshuset Storebrand Bank". The bank has also established a targeted project aimed at wealthy private individuals and investors. The bank, together with other units in Storebrand, offers services to these and other selected segments.

A weak market for new housing in 2009 resulted in poorer profitability for a number of property developers. This was one important reason for the total write-downs of lending in the corporate customer segments amounting to NOK 45 million in 2009. The individual write-downs were primarily due to two individual projects involving the development of housing for the retail market. Ring Eiendomsmegling's results were affected by the fact that 2009 was a year of low activity in the property market, especially within sales of new housing.

Corporate responsibility in focus

Corporate responsibility is high on Storebrand Bank's agenda, especially with respect to ordinary banking operations. The most important activities involve raising awareness and compliance with ethical guidelines, other compliance work, and combating money laundering and financial crime.

Profit and loss - Bank Group

NOK million	2009	2008
Net interest income	423	512
Net commission income	76	62
Other income	148	89
Total income	647	663
Operating costs	-504	-473
Result before losses	144	190
Losses on lending/investment properties	-81	-122
Result before amortisation	63	68
Amortisation intangible assets	-29	-35
Pre-tax profit/loss	35	33

Financial performance

Storebrand Bank Group's result before losses and amortisation amounted to NOK 144 million, compared to NOK 190 million in 2008. The result was affected by low direct returns on equity, squeezed deposit margins and high costs associated with maintaining high liquidity buffers, as well as a weak result for Ring Eiendomsmegling. Net recognised costs linked to losses from lending, guarantees, including take over commitments, etc, amounted to NOK 81 million compared to NOK 122 million in 2008.

Net interest income in the banking group amounted to NOK 423 million compared to NOK 512 million in 2008. Net interest income as a percentage of average total assets was 0.95 percent (1.17 percent) in 2009. The reduction in net interest income in 2009 was primarily due to higher funding costs and lower direct returns on equity due to the lower interest rates.

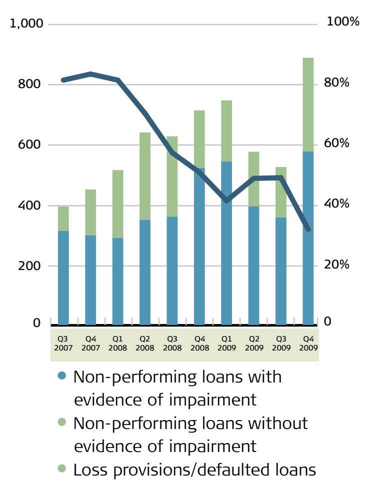
Operating costs for the banking operation[1] amounted to NOK 391 million (NOK 382 million), which correspond to a costs ratio of 70.5 percent (63.1 percent) for 2009. In 2008 and 2009 the bank has taken over several functions that were previously delivered by other group companies. These functions constitute 42 full-time equivalents and mainly include customer service and bank advisors. For a period of time the take-over will weaken the bank's results as the costs for previous years are amortised over net interest income whilst current costs are included in operating costs in full. Adjusted for this effect, there is an underlying reduction in costs in the bank operations. During the year several tasks/functions have been transferred to Storebrand Baltic, and the efficiency work in the bank continues in 2010. The cost cutting program will give an annual reduction of total NOK 50 million and full effect of the program is expected in 2011.

Balance sheet

The assets under management in Storebrand Bank Group amounted to NOK 43 billion as per 31 December 2009. The deposit-to-loan ratio at year-end 2009 was 50.7 percent, compared to 46.9 percent in 2008.

Non-performing and loss-exposed loans without impairment fell by NOK 5 million to NOK 309 million in 2009 pursuant to the new definition of non-performing and loss-exposed loans. The banking group's volume of non-performing and loss-exposed loans amounted to NOK 884 million, equivalent to 2.5 percent of gross lending as per 31 December 2009, an increase from 2.1 percent of gross lending at year-end 2008.

Development in non-performing loans[1]
NOK million



1 New and stricter definition of non-performing and loss-exposed loans introduced from 2009.

Access to long-term financing in the capital market is improving. Storebrand Bank has utilised the swap scheme administered by Norges Bank through its subsidiaries Storebrand Boligkreditt and Storebrand Eiendomskreditt in connection with the issuing of covered bonds. The bank has a balanced funding structure and bases its borrowing on customer deposits, issuing securities and financial institution bonds, both directly in the market and through the swap scheme with Norges Bank, as well as borrowing on the Norwegian and international capital markets. The maturity structure of the bank's debt improved in 2009.

In October 2009, a capital increase was conducted to strengthen the bank's core (tier 1) capital through a NOK 200 million private placement with Storebrand ASA. At year-end 2009, Storebrand Bank had net primary capital amounting to NOK 2.9 billion, corresponding to capital adequacy of 13.5 percent and a core (tier 1) capital ratio of 10.4 percent. Storebrand Bank´s core (tier 1) capital ratio target is 10 percent. Storebrand Bank Group had satisfactory solvency and very good liquidity as per 31 December 2009.

1 Consists of Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS.

Storebrand P&C Insurance is leading the way in Norway with respect to online distribution and continued its strong growth in 2009. Storebrand Health Insurance holds a leading market position within health insurance and also delivers confidence and high quality in its P&C processing.

GUNNAR ROGSTAD (53), Executive Vice President, Storebrand Direkte

> «A high quality, customer-friendly claims settlement process is our best reference in a competitive market.

The P&C business encompasses the companies Storebrand Skadeforsikring AS and Storebrand Helseforsikring AS.

P&C Insurance

Market and strategy

Future oriented P&C insurance company
Storebrand P&C Insurance delivers standard P&C insurance products in the Norwegian retail market, and selected corporate insurance products in the SMB market. Incoming telephone and online sales account for more than 80 percent of its total sales, 43 percent of which are online sales. The company is able to offer quality products at competitive prices by keeping distribution costs low and pricing risk right.

Continued strong growth
The P&C business continues to grow strongly. The annual premium increased by more than 50 percent during 2009. During the same period, the number of insurance policies in the portfolio increased by 40,200 to 123,600. Storebrand P&C Insurance further improved its online solution during 2009 with an expanded range of products and better interface.

Satisfied customers
Feedback from customer satisfaction surveys (total CSI for P&C settlements was 79.4) tells us that our customers remain very pleased that we deliver such fast, friendly and efficient claims settlements.

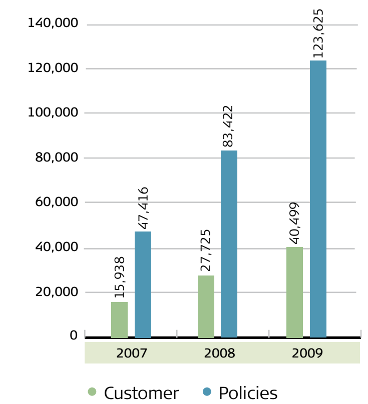
Award winners
During the last three years, Storebrand P&C Insurance has been named best company (alone or together with another company) in 11 of the 12 major media award tests.

Other activities
Storebrand Skadeforsikring AS owns 100 percent of Oslo Reinsurance Company, whose main activity is winding up its own reinsurance business. The company will finally be wound up during 2010. Besides the new business and Oslo Re, Storebrand Skadeforsikring AS' activities consist of winding up the gross insurance liability (fronting liability) reinsured in If Skadeforsikring.

Financial performance

Storebrand P&C Insurance, including Oslo Reinsurance Company ASA, achieved a result before amortisation of minus NOK 24 million in 2009, compared to minus NOK 3 million the year before. It is natural for the company to experience a negative result during its start-up phase, however the company is expected to generate a positive result in 2010. The claims ratio for the year ended up at 83 percent, including P&C settlement costs.

Development in number of customers/policies
NOK



Profit and loss - P&C and Health Insurance

NOK million	2009	2008
Premiums earned, net	278	172
Claims incurred, net	-230	-142
Operating costs excl. amortisation	-94	-77
Investment result	2	12
Operating result before amortisation Storebrand Skadeforsikring AS	-45	-34
Oslo Reinsurance Company AS (run-off)	25	19
Changes in security reserves	-4	11
Result Storebrand Skadeforsikring Group before amortisation	-24	-3
Result Storebrand Helseforsikring AS before amortisation	6	3
Result P&C business before amortisation	-18	
Amortisation intangible assets	-13	-12
Pre-tax profit/loss	-31	-12

Outlook for 2010
The retail P&C insurance market in Norway is still regarded as profitable, but the establishment of a several new players in 2009 contributed to increased competition. We are seeing a general negative trend in the development of claims within travel, building and contents, which we are monitoring closely in relation to the need for general price increases.

The main challenge in 2010 will be to choose solutions that support the company's cost-effective operation and enable it to achieve its desired profitability and volume growth.

Health Insurance

Financial performance
Storebrand ASA owns 50 percent of Storebrand Health Insurance, but the comments regarding the result apply to the company as a whole. Storebrand Health Insurance achieved a result before amortisation of NOK 12 million for 2009, compared to NOK 7 million for 2008. The company offers treatment insurance in the retail and corporate markets in Norway and Sweden. Premium income from health insurance products increased from NOK 245 million in 2008 to NOK 264 million in 2009, which represents an increase of 7 percent.

Of the growth in premium income for own account, the percentagewise increase was greatest in Norway. The company is seeing heightened awareness in both business and the media in general of health insurance as a means of reducing sick leave, and the claims ratio for the year ended up at 53 percent (excluding P&C settlement costs) compared to 51 percent the year before. The business continued to grow its customer base in 2009 and by year-end the health insurance company had more than 81,900 customers and a total annual premium of NOK 276 million.

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Storebrand ASA

Financial performance
Storebrand ASA's pre-tax profit pursuant to IFRS is shown in the table below. Storebrand ASA's official financial statements are prepared pursuant to Norwegian accounting law (NGAAP). Information about these financial statements is disclosed on page 132. The pre-tax profit pursuant to IFRS amounted to NOK 109 million in 2009, compared to NOK 512 million in 2008.

Group contributions and dividends are direct returns on capital invested in subsidiaries and amounted in 2009 to NOK 147 million. According to IFRS group contributions and dividends are recognised as income in the year they are approved by the general meeting. This means that group contributions and dividends recognised as income in 2009 derive from the subsidiaries' results in 2008. No dividend has been recognised as income from Storebrand Life Insurance in 2009, but the amount in 2008 was NOK 268 million.

Storebrand ASA's operating costs in 2009 amounted to NOK 151 million, compared to NOK 111 million in 2008. The increase in costs was primarily due to project work during spring 2009.

Net financial items amounted to minus NOK 104 million in 2009, compared to minus NOK 50 million in 2008. The negative result was due to interest expenses and unrealised capital losses on equities the company owns in Oslo Børs VPS Holding ASA.

Profit and loss - Storebrand ASA

NOK million	2009	2008
Group contribution and dividend	147	672
Interest income	65	272
Interest expenses	-129	-272
Gains/losses securities	-31	-62
Other financial items	-9	13
Net financial items	-104	-50
Operating costs	-151	-111
Pre-tax profit/loss	-109	512

Capital situation

Storebrand emphasises tailoring the level of equity and borrowing in the group to the company's financial risk and capital requirements. The company's growth and the composition of business areas will be important driving forces behind its capital requirements. The aim of the capital management is to ensure an efficient capital structure and maintain an appropriate balance between internal goals in relation to regulatory and ratings based requirements.

The group's goals are to achieve a solvency margin in life insurance of more than 150 percent and core capital ratio in the bank of more than 10 percent over time. In addition, Storebrand Livsforsikring AS' goal is to attain an A level rating. The goal of the group's parent company is to achieve a net debt-equity ratio of zero over time.

The solvency margin in Storebrand Life Insurance Group at the close of 2009 was 170 percent and thus above the internal target. Life and Pensions' capital base was strengthened by a positive result and the building up of additional statutory reserves in 2009. Storebrand Bank's core capital ratio at the close of the year was 10.4 percent.

At the close of the year Storebrand ASA had a net debt-equity ratio of 11 percent. The decrease in relation to 2008 was primarily due to the redemption of a EUR 70 million internal subordinated loan provided to Storebrand Life Insurance. Storebrand ASA carried out three senior bond issues during the year worth a total of NOK 1.5 billion. The new bond issues in Storebrand ASA were used to repay a EUR 70 million bank loan, repay a EUR 40 million credit facility, and redeem a NOK 830 million bond issue. At the close of 2009, Storebrand ASA had total liquid assets of NOK 1.25 billion. The parent company also has an unused credit facility of EUR 115 million.

In 2009, the board focused on building customer buffers, strengthening the solvency margin, and reducing net debt ratio. The board of directors of Storebrand ASA recommends that no dividend be paid for 2009.

The company sold 517,397 shares for a total of NOK 10,389,332 in connection with the share purchase scheme for employees and an incentive scheme for group management and other senior employees. At the close of 2009 Storebrand ASA owned 4,059,843 of its own shares.

Tax

The normal tax rate for limited companies in Norway is 28 per cent, while the effective tax rate for the group is normally far lower. The tax rate for SPP in Sweden is around 26 percent on certain sources of income.

The Storebrand Group's tax cost 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 normally experiences large differences between the accounting results and taxable results linked to investments in equities within the EEA area. In line with the taxation exemption principle, total gains and dividends from such equities are taxed at a low rate of 3 percent. Losses on such equities are not tax deductible. Given the group's sizeable tax losses carried forward and the low tax rate expected for life insurance activities in normal financial market conditions, it is unlikely that the Norwegian business will pay tax in the next few years.

At year-end 2009, there was a basis for recognising a deferred tax asset in the balance sheet of around 4.6 billion, including temporary differences between the financial statements and tax, in the group. Tax losses carried forward and tax allowances amount to around 8.5 billion. See note 9 of the consolidated financial statements. Tax allowances can be carried forward for 10 years from the moment the tax allowance arises. Deferred tax assets are recognised in the balance sheet when it is likely that companies in the group will have a sufficient taxable surplus to utilise the tax asset in the future. No deferred tax asset has been recognised in the balance sheet due to uncertainty about whether the level of taxable income in the future will enable the utilisation of tax losses carried forward.

Storebrand has acquired a major business in Sweden with the acquisition of SPP. Losses carried forward cannot be utilised across national borders. The Swedish business will be assessed on an independent basis with respect to tax. SPP was purchased by a Swedish holding company financed by both equity and a subordinated loan. The tax cost and payable tax in the Swedish business will be affected by the interest costs on the holding company's loan, the organisation

Key capital figures for the Storebrand Group

NOK million	2009	2008	2007	2006	2005
Storebrand Group					
Capital adequacy	13.9%	14.3%	9.2%	10.6%	11.2%
Core capital adequacy	10.0%	9.5%	6.3%	7.7%	7.8%
Storebrand ASA					
Net debt ratio [1]	11.0%	13.0%	22.0%	-4.0%	-9.0%
Storebrand Life Insurance Group					
Capital adequacy	14.9%	17.4%	10.0%	9.7%	11.0%
Core capital adequacy	10.8%	11.5%	5.9%	6.5%	7.0%
Solvency margin	170%	160%	136%	175%	176%
SPP					
Solvency margin	194%	135%	178%	310%	140%
Storebrand Bank Group					
Capital adequacy	13.5%	10.8%	10.5%	11.0%	10.4%
Core capital adequacy	10.4%	8.1%	7.9%	8.8%	8.2%

1 Net debt ratio is debt minus liquid assets divided by assets minus liquid assets. Calculated in accordance with IFRS.

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of the asset management business and the amortisation of intangible assets. The Swedish business' long-term tax costs are expected to be limited.

The taxation rules for the Swedish business
Returns on equity and the results of risk insurance are taxed at the normal company tax rate of 26.3 percent (income tax). Otherwise a model-based tax is paid on the return on assets managed on the policyholders' account. The tax on the return is charged to the return allocated to the policyholders.

Financial risk management

The majority of Storebrand's products generate some financial risk. The company's management is intended to ensure the assets grow over time, while simultaneously being exposed to little risk of losses in the short and long-term. These objectives contradict each other since it is a fundamental principle in financial markets that returns are achieved through exposure to risk. Storebrand's income and competitiveness are based on an efficient, reliable balance between these factors, and the company therefore assumes some financial risk as part of its core activities. Good risk management and adjusting exposure to risk are essential to attaining the group's financial goals and ensuring the group has the financial strength to withstand adverse developments and limit the losses these may cause.

Storebrand's risk management
The Storebrand Group's subsidiaries contribute risk as well as income to the group. Storebrand has established a special department whose primary job is to manage group risk. This means weighing the potential income against the risk in the various parts of the company. Storebrand's equity, primary capital and external funding is intended to be made available for products and initiatives that over time provide good earnings in relation to the group's risk exposure. This function is intended to help the company establish good, cost-effective solutions that benefit both customers and owners.

Risk management: Life insurance

Storebrand's investment strategy provides guidelines for how the customers' pension capital should be managed up to the time of payment. The objective is to achieve the highest possible return for customers, pensioners and owners in the long-term at the same time as the risk of losses is limited in the short-term and long-term. Storebrand assumes risk in its life insurance business in the ordinary course of its business activities. Risk management is practised in order to achieve 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. In the Swedish business, the long-term pension liabilities are a key source of financial risk for Storebrand. The annual guaranteed interest rate and the long-term pension liabilities are important indicators of how the capital in Storebrand's customer and owner portfolios should be invested.

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 example, stress tests and "value at risk" are used as methods of calculating potential losses in the investment portfolio. These potential losses are assessed against the obligation Storebrand has to attain a return equal to the annual interest guarantee in Norway and the long-term pension liabilities in Sweden.

The expected return on the investment portfolio is calculated on the basis of the composition of the portfolios and the expected return on the various classes of asset. This is based on historic return, expected risk premiums for shares and other risky assets, as well as the market's expectations concerning future interest rates. Expected return on the portfolios for the next few years is calculated to be between 5 and 6 percent. Continuous active risk management, together with hedging transactions, reduce the likelihood of a low investment return. If the 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 increases more than assets, 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 percent and 1.25 percent, respectively. Storebrand manages the company's capital and the customers' capital in different portfolios, and the company capital in both the Norwegian and Swedish businesses are managed with low risk.

Rising equity markets and climbing interest rates in 2009 improved Storebrand´s risk-bearing capacity. Dynamic risk management increased the permissible proportion of equities throughout 2009. Increased allocations to bonds in the "loans and receivables" category in the Norwegian business in which current returns are significantly exceeding the interest guarantee, help to reduce the risk in the company.

The company pays great attention to carefully evaluating investment opportunities that offer high returns balanced against the risk of losses and falls in value. Storebrand continuously seeks to develop its investment portfolio such that it is exposed to assets expected to provide a good return relative to the risk and the capital requirements associated with the class of asset. Current and future regulations for life insurance, specially the European Solvency II regulation, provide guidelines for capital requirements. The tradeability of the assets is also taken into account in the company's investment decisions.

Norwegian business
Customer capital in the Norwegian business is divided into two main categories: group and investment choice, and these are in turn categorised into various profiles depending on the customers' risk capacity and risk aversion. The traditional guaranteed interest rate applies to all the customers in the collective portfolio, while the investment choice category includes both traditional defined benefits pensions, to which the guaranteed interest rate applies, and defined contribution pensions without a guaranteed interest rate. 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. The stress test complies with Finanstilsynet's (the Norwegian Financial Supervisory Authority) "Risk-based Supervision".

In case of the asset portfolio with 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, and customers can choose to pay in a special buffer provision. The risk management is designed to reflect these differences, including interest rate sensitivity and allocations to risky assets.

For Norwegian life insurance companies, the annual guaranteed interest rate included in long-term insurance contracts 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. However, in the longer term low 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 good enough pension savings.

Low 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 the measures available to counter this risk scenario against the short-term risk 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. The employer of the future pensioner bears the risk from increased inflation associated with the largest volume products in Storebrand because increased pay inflation results in increased premiums demands. Nonetheless, Storebrand´s investment strategy takes some account of this in the allocation of assets through allocation to real estate and other real assets which, to some extent, have returns linked to inflation.

Swedish business
In terms of the Swedish activities in SPP the portfolio is divided into defined benefits pensions, defined contribution pensions and unit-linked policies. Both the defined benefits pensions and the defined contribution pensions in SPP have associated guarantees. Given that the Swedish framework for life insurance has largely been tailored to the European Solvency II code of regulations, where the level of interest rates affects the magnitude of the insurance obligation, SPP's financial risk associated with movements in interest rates is different to that of the Norwegian business. This affects the assets on the balance sheet as well as their risk management. Financial risk in SPP largely derives from falling equity markets and falling interest rates, though for some contracts strongly rising interest rates also represent a risk. SPP´s benefits-based products include adjustments for inflation and thus parts of the portfolio are exposed to inflation risk. 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 its own hedging transactions in SPP's company portfolio. The investment strategy and risk management in SPP comprises of 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. Finansinspektionen (the Swedish Financial Supervisory Authority) has established stress tests that rely on "traffic light reporting" in line with the future regulations in Solvency II.

A net deferred capital contribution can also arise for some customers in SPP. The company makes provisions in the financial statements to meet these. A net deferred capital contribution can be reversed by a good return on a portfolio and/or increased market interest rates. SPP´s risk management is also designed and optimised in line with the regulations relating to the reclaiming of previously allocated equity.

Continuously adjusted risk position
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

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Directors. The risk is adjusted in a number of ways: Firstly, considerable importance is attached to building up sufficient risk capital, including customer buffers, 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.

Income

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 percent of the profit. Modified profit sharing has been introduced for paid-up policies. This limits the contribution to the owner to 20 percent of the result that exceeds the guaranteed interest. The advance pricing of the guaranteed interest premium has been introduced in active group contracts. A profit sharing model has been established for the Swedish business in SPP in which 10 percent of the entire return belongs to the owner, assuming that this exceeds the return guaranteed for the individual policy, for more than 55 percent of customer assets, and an income model with indexed fees applies for less than 45 percent of the customer assets.

Supervision

Finanstilsynet has established a framework, referred to as "Risk-based Supervision", for monitoring Norwegian life insurance companies and pension funds. This framework does not provide direct guidelines regarding 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. Storebrand has, in line with risk-based supervision, introduced the "Risk Utilisation Ratio" risk target as a central tool of its risk management. 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 the so-called "conditional bonus" can thus be utilised to reduce the capital requirement during the stress tests.

As part of the risk management, Storebrand continuously ensures that other statutory requirements, such as, for example, capital adequacy and solvency margins are met by a satisfactory margin. The board set limits for these and other risk measurements in the company through the adoption of the financial strategy and investment strategies. Monitoring, management reports and reporting the risk in the life insurance companies to the authorities takes place periodically.

Biometric risk

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

Adaptation to Solvency II

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 accompanying negative effects. Storebrand is therefore actively working to contribute to an appropriate formulation and introduction of Solvency II in both Norway and Sweden.

Risk management: Asset management

Storebrand actively manages a large portion of its assets. This means its fund managers are issued with investment mandates with a certain 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 that each concentrate on taking active advantage of investment opportunities in a specific area, subject to clearly defined investment criteria and risk limits. Each specialist group works within an assigned risk framework in which performance, risk exposure and investment profile are continuously monitored. In addition, the co-variance between the actively managed portfolios is monitored to ensure the greatest possible independence, in order to achieve the highest possible risk-adjusted return.

An operations team is responsible for the efficient management of market risk. This team's duties include currency hedging, programme trading, hedging transactions, SRI criteria, and liquidity transactions. This structure permits more efficient use of resources and greater control over active risk positions in the group's investment portfolio. The independent supervision of the management is performed by a separate department, SBK Operation.

Risk management: Banking

Credit risk

Storebrand Bank places great importance on maintaining close relationships with its corporate clients and monitoring credit risk in this portfolio. The bank has set routines for reviewing credit. A significant proportion of Storebrand Bank's corporate lending is linked to real estate in the greater Oslo area. Storebrand Bank monitors economic conditions and the real estate market closely. Lending to corporate customers over a certain limit requires the approval of either a credit committee chaired by the bank's managing director or the bank's board. Credit risk is monitored through a risk classification system that ranks each customer by ability to pay, financial strength, and collateral.

Storebrand Bank employs separate credit approval processes for retail lending based on credit scoring combined with case-by-case evaluation of the borrower's ability to repay. The risk in the mortgages portfolio is regarded as low, while more losses than normal were experienced in credit portfolios without collateral and the credit card portfolio in 2009. These portfolios constitute approximately 1 percent of the lending volume in the retail market.

The portfolios in the bank's credit institutions are of high quality. The risk in the portfolios of Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS is considered low. The development of the lending portfolios in the parent bank and credit institutions is monitored using tools such as non-performance reports and risk reports, and measures and focus areas are continuously assessed based on the development of the portfolios. The bank's and credit institutions' counterparty risk associated with investments and exposure to other institutions is managed on the basis of credit ratings and the size of the commitment. The bank, mortgage institution, and property credit institution have solid counterparties, and limit their exposure per counterparty in order to avoid losses and ensure high liquidity in their holdings of securities.

Liquidity risk

Liquidity risk refers to the risk of the bank and its subsidiaries not being able to meet all of their financial obligations as they fall due for payment. The liquidity in the bank and credit institutions shall be sufficient to support balance sheet growth and repay funding and deposits as they mature. The bank and credit institutions manage their liquidity positions based on a running liquidity gap, which shows the gap between expected and stress tested cash flows in and out on the date of the balance sheet, long-term funding proportions, and liquidity reserves.

The bank has established good liquidity buffers, and continuously monitors liquidity reserves against internal limits. Credit agreements have been established with other banks which the bank can use to obtain liquidity if necessary. Storebrand Bank ASA is rated by S&P and Moody's, and also emphasises having relationships with several international banks. This ensures access to the international capital market and broadens the bank group's sources of funding.

Market risk

Storebrand Bank ASA manages its exposure in the interest rate market to ensure that its interest rate sensitivity is as low as possible. This means Storebrand Bank has narrow limits for interest risk. The bank's policy is to fully hedge its foreign currency exposure. The purpose of this is to minimise the foreign currency risk associated with investments, lending and borrowing in foreign currency. Storebrand Bank does not carry out own account trading in foreign currencies. All instruments with an interest rate fixing period in excess of six months are subject to a specific hedging policy.

Operational risk

Operational risk management is an integral part of the management responsibilities in Storebrand Bank ASA's corporate governance structure, in which the risk is assessed against the organisation's ability to attain its goals. In 2009, the bank continued to adhere to the principles that follow from the group's risk assessment policy, introduced in 2005.

The bank's internal control activities in the form of risk assessments, monitoring and reporting satisfy the requirements of the Internal Control Regulations.

MEMBERS OF STOREBRAND'S CORPORATE BODIES

BOARD OF REPRESENTATIVES

Chairman:
Terje R. Venold

Deputy Chairman:
Vibeke Hammer Madsen

Members (elected by shareholders):
Arvid Grundekjøn
Johan H. Andresen jr.
Merete Egelund Valderhaug
Olaug Svarva
Karen Helene Ulltveit-Moe
Trond Berger
Roar Engeland
Henrik O. Madsen
Marianne Lie
Kristian Wibe

Members (elected by employees):
Rune Pedersen
Unn Kristin Johnsen
Tor Haugom
Per-Erik Hauge
Nina Hjellup
Paul Eggen jr.

Deputy members (elected by shareholders):
Lars Tronsgaard
Marius Steen
Elin Korvald
Tuss Benum
Morten Fon

Deputy members (elected by employees):
Arild Thoresen
Trond Thire

BOARD OF DIRECTORS OF STOREBRAND ASA

Chairman:
Birger Magnus (5*)

Board members:
Halvor Stenstadvold (13*)
Jon Arnt Jacobsen (5*)
John S. Dueholm (4*)
Annika Lundius (13*)
Birgitte Nielsen (11*)
Camilla M. Grieg (9*)

Board members (elected by employees):
Ann-Mari Gjøstein[1)] (14*)
Erik Haug Hansen[1)] (13*)
Knut Dyre Haug[1)] (14*)

REMUNERATION COMMITTEE

Chairman:
Birger Magnus

Members:
Birgitte Nielsen
Ann-Mari Gjøstein

AUDIT COMMITTEE

Chairman:
Halvor Stenstadvold

Members:
Camilla Grieg
Erik Haug Hansen

CONTROL COMMITTEE

Chairman:
Elisabeth Wille

Members:
Harald Moen
Ida Hjort Kraby
Ole Klette

Deputy member:
Erling Naper

ELECTION COMMITTEE

Chairman:
Terje R. Venold

Members (elected by shareholders):
Helge L. Baastad
Johan H. Andresen jr.
Olaug Svarva

Observer (elected by employees):
Rune Pedersen

[1] Not independent, see page 32 regarding corporate governance.
** Number of board meetings participated in 2009.*

Content - Accounts and Notes to the accounts – Storebrand Group

Content – Accounts and Notes to the accounts – Storebrand ASA

Other

PROFIT AND LOSS ACCOUNT STOREBRAND GROUP

1 January – 31 December

NOK million	Note	2009	2008
Net premium income	45	26,475	29,005
Net interest income - banking activities	25	423	513
Net income from financial assets and property for the company:			
- equities and other units at fair value	26	-121	137
- bonds and other fixed-income securities at fair value	26	816	274
- financial derivatives at fair value	26	129	-468
- net income from bonds at amortised cost	26	-21	11
- net income from real estate at fair value	22	57	113
- result from investments in associated companies	17	-2	-74
Net income from financial assets and real estate for the customers:			
- equities and other units at fair value	26	7,058	-22,987
- bonds and other fixed-income securities at fair value	26	6,668	12,852
- financial derivatives at fair value	26	2,988	-2,171
- to (from) market value adjustment reserve		-31	3,535
- net income from bonds at amortised cost	26	1,103	2,404
- net income from real estate at fair value	22	967	1,653
- net interest income lending		136	232
Other income incl. fixed income and currency bank	6	1,592	2,979
Total income		**48,236**	**28,005**
Insurance claims for own account	45	-18,643	-26,380
Change in insurance liabilities excl. guaranteed return	45	-13,743	12,548
To/from additional statutory reserves - life insurance	45	-1,205	2,386
Guaranteed return and allocation to insurance customers	45	-8,644	-9,119
Losses from lending/reversal of previous losses	27	-46	-122
Operating costs	7	-3,601	-3,538
Other costs incl. currency bank	8	-408	-1,555
Interest expenses	26	-670	-916
Total costs before amortisation and write-downs		**-46,959**	**-26,695**
Profit before amortisation and write-downs		**1,276**	**1,310**
Write-down of intangible assets			-2,507
Amortisation of intangible assets	10	-390	-519
Group pre-tax profit		**887**	**-1,716**
Tax cost	9	47	-505
Profit/loss for the year		**934**	**-2,221**
The period's result is due to			
Majority's share of profit		928	-2,228
Minority's share of profit		5	7
Total		**934**	**-2,221**
Earnings per ordinary share (NOK)		2.08	-5.01
Average number of shares as basis for calculation (million)		446	445
There is no dilution of the shares			

Consolidated statement of comprehensive income

1 January – 31 December

NOK million	2009	2008
Profit/loss for the year	934	-2,221
Other result elements		
Change in pension experience adjustments, net of tax	135	-495
Change in value of properties for own use, net of tax	-4	3
Translation differences, net of tax	-27	105
Gains/losses available-for-sale bonds	-1,377	1,779
Provisions for insurance liabilities re gains/losses available-for-sale	1,377	-1,779
Total other comprehensive income	**105**	**-387**
Total comprehensive income for the period	**1,038**	**-2,608**
Total comprehensive income is due to:		
Majority's share of profit	1,047	-2,619
Minority's share of profit	-8	12
Total	**1,038**	**-2,608**

STATEMENT OF FINANCIAL POSITION STOREBRAND GROUP

31 December

NOK million	Note	2009	2008
Assets company portfolio			
Deferred tax assets	9	213	201
Intangible assets	10	6,773	7,720
Pension assets	13	44	
Tangible fixed assets	11	209	124
Investments in associated companies	17	140	75
Bonds at amortised cost	29,30,35,36,41	325	384
Lending to financial institutions	29,30,41	425	334
Lending to customers	29,30,41	35,843	38,705
Reinsurers' share of technical reserves	45	1,229	1,361
Real estate at fair value	22,44	1,288	1,607
Properties for own use	11,22	336	375
Biological assets	19	552	523
Due from customers and other current receivables	20	2,041	1,002
Financial assets at fair value:			
- Equties and other units	29,30,37,44	365	1,078
- Bonds and other fixed-income securities	29,30,38,41,44	20,834	23,968
- Derivatives	29,30,39,41	1,250	2,678
Bank deposits	29,30,41	3,184	6,414
Total assets company		**75,053**	**86,548**
Assets customer portfolio			
Investments in associated companies	17	3	
Claims from associated companies	17	156	
Bonds at amortised cost	29,30,35,36,41	44,393	21,981
Lending to customers		3,658	3,815
Real estate at fair value	22,44	23,037	21,393
Properties for own use	11,22	1,382	1,593
Due from customers and other current receivables	20	1,902	3,727
Financial assets at fair value:			
- Equities and other units	29,30,37,44	72,462	52,760
- Bonds and other fixed-income securities	29,30,38,41,44	134,881	154,702
- Derivatives	29,30,39,41	2,752	12,427
Bank deposits	29,30,41	6,480	13,765
Total assets customers		291,106	286,165
Total assets		**366,159**	**372,712**

NOK million	Note	2009	2008
Equity and liabilities			
Paid in capital		11,714	11,711
Retained earnings		5,329	4,277
Minority interests		174	170
Total equity		**17,217**	**16,158**
Subordinated loan capital	29,30,40,42	7,869	10,431
Market value adjustment reserve	45	31	
Insurance reserves - life insurance	45	286,747	277,334
Insurance reserves - P&C insurance	45	1,830	1,859
Pension liabilities	13	1,179	1,340
Deferred tax	9	182	184
Financial liabilities:			
- Liabilities to financial institutions	29,30,40,42	11,126	8,677
- Deposits from banking customers	29,30,40,42	18,316	18,292
- Securities issued	29,30,40,42	12,408	18,411
- Derivatives company portfolio	29,30,39,41	435	2,193
- Derivatives customer portfolio	29,30,39,41	1,691	7,889
Other current liabilities	21	7,127	9,943
Total liabilities		**348,942**	**356,554**
Total equity and liabilities		**366,159**	**372,712**

Lysaker, 16 February 2010
The Board of Directors of Storebrand ASA
Translation – not to be signed

Birger Magnus
Chairman of the Board

Halvor Stenstadvold | John S. Dueholm | Camilla M. Grieg | Jon Arnt Jacobsen | Birgitte Nielsen

Erik Haug Hansen | Knut Dyre Haug | Ann-Mari Gjøstein | Annika Lundius | Idar Kreutzer, Chief Executive Officer

RECONCILIATION OF CHANGES IN EQUITY - STOREBRAND GROUP

	Majority's share of equity										
					Other equity						
NOK million	Share capital [1]	Own shares [2]	Share premium reserve	Total paid in equity	Revaluation reserve	Pension experience adjustments	Restatement differences	Other equity [3]	Total other equity	Minority interests	Total equity
Equity December 2007	**2,250**	**-26**	**9,489**	**11,712**	**45**	**-114**	**-50**	**7,526**	**7,407**	**122**	**19,241**
Profit/loss for the year								-2,228	-2,228	7	-2,221
Change in pension experience adjustments						-495			-495		-495
Change in value of properties for own use					3				3		3
Translation differences							101		101	4	105
Total other comprehensive income					**3**	**-495**	**101**		**-391**	**4**	**-387**
Total comprehensive income for the period					**3**	**-495**	**101**	**-2,228**	**-2,619**	**12**	**-2,608**
Equity transactions with owners											
Own shares		3		3				43	43		46
Share issue										35	35
Issue costs			-4	-4							-4
Dividend paid								-534	-534		-534
Purchase of minority interests								-1	-1	3	2
Other								-18	-18	-2	-20
Equity 31 December 2008	**2,250**	**-23**	**9,485**	**11,711**	**48**	**-608**	**51**	**4,787**	**4,277**	**170**	**16,158**
Profit/loss for the year								928	928	5	934
Change in pension experience adjustments						135			135		135
Change in value of properties for own use					-48			44	-3	0	-4
Translation differences							-13		-13	-13	-27
Total other comprehensive income					**-48**	**135**	**-13**	**44**	**119**	**-14**	**105**
Total comprehensive income for the period					**-48**	**135**	**-13**	**973**	**1 047**	**-8**	**1,038**
Equity transactions with owners											
Own shares		3		3				30	30		32
Share issue										10	10
Purchase of minority interests								-1	-1	3	2
Other								-23	-23		-23
Equity December 2009	**2,250**	**-20**	**9,485**	**11,714**	**0**	**-473**	**37**	**5,765**	**5,329**	**174**	**17,217**

1 449,909,891 shares with a nominal value of NOK 5.
2 4,059,843 own shares.
3 Includes risk equalisation fund which is undistributable funds of NOK 225 million.

Equity changes with the result for the individual period, equity transactions with the owners and items recognised in the total result. Share capital, the share premium fund and other equity are evaluated and managed together. The share premium fund may be used to cover a loss, and other equity may be used in accordance with the provisions of the Public Limited Liabilities Company Act.

The own shares column shows the nominal values of the holding of own shares. The amount paid in excess of the equity's nominal value is booked as a reduction in other equity, such that the entire cost price for own shares is deducted from the group's equity. A positive amount on the "own shares" line is due to own shares being used in the shares scheme for employees.

Storebrand pays particular attention to the active management of equity in the group. This management is tailored to the business-related 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. If there is a need for new equity, this is procured by the holding company Storebrand ASA, which is listed on the stock exchange and the group's-listed and the core of the group's parent company.

Storebrand is a financial group subject to statutory requirements regarding primary capital under both the capital adequacy regulations and the solvency margin regulations. Primary capital encompasses both equity and subordinated loan capital. For Storebrand, these legal requirements carry the greatest significance in its capital management.

The group's goals are to achieve a core (tier 1) capital ratio in the bank of more than 10 percent and a solvency margin in life and pensions of more than 150 percent over time. In general, the equity of the group can be managed without material restrictions if the capital requirements are met and the respective legal entities have adequate solidity. Capital can be transferred from foreign legal entities with the consent of local supervisory authorities.

For further information on the group's fulfilment of the capital requirements, see note 23.

CASH FLOW ANALYSIS STOREBRAND GROUP

1 January – 31 December

NOK million	2009	2008
Cash flow from operational activities		
Net receipts insurance premiums (incl. changes in insurance obligations)	13,609	27,339
Net payments compensation and insurance benefits	-15,179	-24,251
Net receipts/payments - transfers	-589	2,613
Receipts - interest, commission and fees from customers	2,031	3,382
Payments - interest, commission and fees to customers	-593	-1,071
Net receipts/payments - lending to customers	2,942	-2,819
Net receipts/payments - deposits bank customers	31	814
Net receipts/payments - financial assets	421	-5,208
Net receipts/payments - real estate investments	253	893
Net change in bank deposits insurance customers	7,306	3,024
Payment of income tax	-6	
Payments relating to operations	-6,100	-7,484
Net receipts/payments - other operational activities	-770	433
Net cash flow from operational activities	**3,356**	**-2,335**
Cash flow from investment activities		
Net receipts - sales of subsidiaries		11
Net payments - sale/capitalisation of subsidiaries and assosiated companies	-234	
Net receipts/payments - sale/purchase of fixed assets	-127	-106
Net cash flow from investment activities	**-361**	**-95**
Cash flow from financing activities		
Payments - repayments of loans	-7,785	-16,152
Receipts - new loans	1,757	11,706
Payments - interest on loans	-836	-1,642
Receipts - subordinated loan capital	981	5,518
Payments - repayment of subordinated loan capital	-3,408	-1,416
Payments - interest on subordinated loan capital	-642	-898
Net receipts/payments - deposits from Norges Bank and other financial institutions	3,790	3,437
Receipts - issuing of share capital	10	14
Payments - group contributions/dividends		-534
Net cash flow from financing activities	**-6,134**	**33**
Net cash flow for the period	**-3,138**	**-2,398**
Net movement in cash and cash equivalents	-3,138	-2,398
Cash and cash equivalents at start of the period for new companies	4	
Cash and cash equivalents at start of the period	6,744	9,145
Cash and cash equivalents at the end of the period [1]	**3,609**	**6,747**
[1] Consist of:		
Lending to financial institutions	425	334
Bank deposits	3,184	6,414
Total	**3,609**	**6,747**

The cash flow analysis shows the group's cash flows for operational, investment and financial activities pursuant to the direct method. The cash flows show the overall change in means of payment over the year.

Operational activities
A substantial part of the activities in a financial group will be classified as operational. Includes the life insurance companies' total receipts and payments in relation to insurance activities. These cash flows are invested in financial assets, which are defined as operational activities and presented as net receipts/payments. The life insurance companies' statements of financial position include substantial items linked to the insurance customers that are included on the individual lines in the cash flow analysis. Since the cash flow analysis is intended to show the change in cash flow for the company, the change in bank deposits for insurance customers is included on its own line in operating activities to neutralise the cash flows associated with the customer portfolio in life insurance.

Investment activities
Includes cash flows for holdings in group companies and tangible fixed assets.

Financing activities
Financing activities include cash flows for equity, subordinated loans and other borrowing that helps fund the group's activities. Payments of interest on borrowing and payments of share dividends to shareholders are financial activities.

Cash/cash equivalents
Cash/cash equivalents are defined as claims on central banks and claims on financial institutions without notice periods for the company portfolio. The amount does not include claims on financial institutions linked to the insurance customers portfolio, since these are liquid assets that not available for use by the group.

NOTES STOREBRAND GROUP

01 Accounting policies

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

Basic policies

- The consolidated financial statements 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 disclosure obligations pursuant to the law and regulations.

Use of estimates in preparing the annual financial statements
The preparation of the annual financial statements in accordance with IFRS requires the management to make valuations, estimates and assumptions that affect assets, liabilities, revenue, costs, the notes to the financial statements and information on potential liabilities. The final values realised may differ from these estimates. See note 2 for further information about this.

No changes to the accounting policies were made in 2009.

New and amended standards
The following accounting standard has been amended: IAS 1 Presentation of Financial Statements. The reconciliation of changes in equity was presented as a note to the financial statements in 2008, but is now presented as a table after the statement of financial position. A new result term has also been introduced: "total comprehensive income". "Total comprehensive income" includes, in addition to the result for the year, items that were previously recognised directly against equity, with the exception of transactions with owners.

IFRS 8 Operating Segments
IFRS 8 Operating Segments, which replaces IAS 14 Segment Reporting, is based to a greater degree on the management's internal monitoring. The segmentation within the life insurance activities has been changed, and is presented as Life and Pensions Norway and Life and Pensions Sweden. In addition to this P&C insurance is presented as a separate segment in the segments note. No changes have been made to the measurement of the segment results, which is based on principles used in IFRS financial statements.

The changes to IAS 1 and IFRS 8 came into force on 1 January 2009, but the changes have no effect on the measurement or periodising of the items in the financial statements for the accounting period.

New accounting standards and amendments and interpretations of standards exist that did not enter into force in the year ended on 31 December 2009. These have not been applied in the preparation of these consolidated financial statements. Their application is not expected to have a material effect on the consolidated financial statements.

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 percent 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. Investments in associated companies (normally investments of between 20 percent and 50 percent of the associated companies' equity) 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 financial statements.

Presentation currency and currency conversion for foreign companies
The group's presentation 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 statement of financial position at the exchange rate at close of the accounting year. Any translation differences are included in total comprehensive income.

Elimination of internal transactions
Internal receivables and payables, internal profits and losses, interest and dividends, etc between group companies are eliminated in the consolidated financial statements. Transactions between customer portfolios and the company portfolio in life and pensions and between the customer portfolios in life and pensions and other units in the group are not eliminated in the consolidated financial statements.

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 at 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 financial statements as goodwill. If the acquisition cost 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 percent of a company, 100 percent of the extra value or shortfall in market value is recognised in the statement of financial position, 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 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 5.

Tangible fixed assets

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

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

Properties used for the group's own activities are valued at fair value. The fair value of these properties is tested quarterly in the same way as described for real estate at fair value. The owner's share of the changes in value for buildings used for its own purposes is included in the revaluation reserve in total comprehensive income. A negative change in value is recognised in the profit and loss account if the impairment exceeds the revaluation reserve. The insurance customers' share of the changes in value is recognised in the profit and loss account.

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.

Assets are assessed for impairment if there are indications of a fall in its value. Any write-downs are recognised as the difference between the value recognised in the statement of financial position and the recoverable amount. The recoverable amount is the highest of fair value less deductions for selling expenses and the value in use. Whether or not any previous write-downs of non-financial assets can be reversed must be assessed on every reporting date.

Real estate at fair value
Properties leased to tenants outside the group are classified as real estate at fair value. 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 real estate at fair value.

Real estate at fair value are valued individually and at fair value.

Fair value is assessed on each reporting date. Changes in value are recognised in the profit and loss account.

When real estate at fair value is first capitalised it is valued at acquisition cost, i.e. the purchase price plus costs directly attributable to the purchase.

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

Intangible assets
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. When insurance contracts are purchased as part of the integration of an enterprise, the insurance obligations are recognised on the basis of the underlying company's accounting policies. Extra value linked to these obligations, which is often referred to as the value of business in force (VIF), is recognised as an asset. A sufficiency test must be conducted of the insurance obligation, including VIF, pursuant to IFRS 4 every time the financial statements are presented. The test conducted looks at the calculated present value of cash flows to the contract issuer - which is often referred to as embedded value. Any write-down of VIF will be reversed if the basis for the write-down no longer exists.

Straight-line depreciation is applied over the following periods:

Contractual customer relationships	5-7 years
Value of business in force – VIF	20 years
IT systems	3-8 years

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 statement of financial position. Goodwill is valued at its acquisition cost at the time of acquisition. Goodwill acquired by acquiring subsidiaries is classified as intangible assets. Goodwill acquired through interests in associated companies is included in the investment in the associated company and is tested for impairment as part of the value of the write-down recognised in the investment.

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 business in the group include the goodwill related to the business in question.

Goodwill is allocated to the relevant cash flow generating units that are expected to benefit from the acquisition so that it can subsequently be tested for impairment. Cash flow generating units are identified in relation to operational segments.

Pension liabilities for own employees
The 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.

Estimate deviations and the effect of changed assumptions are recognised in total comprehensive income in the period they occur. The effects 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 pension experience adjustments shown in equity.

Pension plans are both insured and uninsured. Insured plans are signed with Storebrand Life Insurance and SPP. 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. Tax is recognised in the profit and loss account, except when it is linked to items that are recognised directly in total comprehensive income or 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 statement of financial position 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.

Allocated dividend
Pursuant to IAS 10, which deals with events after the statement of financial position date, the proposed dividend shall be classified as equity until such time as it is approved by the general meeting.

Financial instruments

General policies and definitions
Recognition and derecognition
Financial assets and liabilities are included in the statement of financial position from such time 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 financial statements, 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 statement of financial position 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, 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, voluntary 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 statement of financial position 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. 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 statement of financial position 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 financial statements; 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)
- hold to maturity investments
- loans and receivables
- available for sale

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.

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

Held for sale financial assets are measured at fair value on the statement of financial position 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 as at fair value through profit and loss account 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.

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, and
- assets that are defined as loans and receivables.

Hold to maturity investments are recognised at amortised cost using the effective interest method. In 2008, all financial instruments included in the hold to maturity category were reclassified. The hold to maturity category cannot be used in Storebrand's consolidated financial statements in 2009 and 2010.

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.

Available for sale
Financial assets are classified as available for sale if they are non-derivative financial assets that are classified as available for sale or are not classified as a) loans and receivables, b) hold to maturity investments, or c) financial assets at fair value through profit or loss.

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 statement of financial position, and fees earned on stock lending are recognised as income as they are received. Reinvested collateral is recognised at its gross value in the statement of financial position under the individual asset.

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 Bank uses this type of hedge accounting. The method is also used for hedging fixed-rate subordinated loan capital for Storebrand Life Insurance. Due to of the unified policies for measuring hedged items and hedging instruments in the other parts of the group, this hedging reflects the group's ordinary valuation rules.

Hedging of net investments
Gains and losses with respect to the hedging instrument linked to the effective part of the hedging are recognised directly in total comprehensive income, while gains and losses linked to the ineffective part are recognised in the financial statements 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 with respect to the investments in SPP.

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
Management fees are recognised when the income is reliable and earned, fixed fees are recognised as income in line with the delivery of the service, and performance fees are recognised as income once the success criteria have been met.

Accounting for the insurance business
The accounting standard IFRS 4 addresses the accounting treatment of insurance contracts. The Storebrand Group's insurance contracts fall within the scope of the standard. In the consolidated financial statements the technical insurance reserves in the respective subsidiaries, calculated on the basis of the individual countries' particular laws, are carried forward. The accounting policies for the most important technical insurance reserves are explained below.

General - Life insurance
Premium income
Net premium income comprises of premium amounts that fall due (including savings elements) during the year, transfers of premium reserve and premiums on reinsurance ceded. Upfront pricing of guaranteed interest and the risk profit element are included in premium income. Accrual of premiums earned is made through allocations to the premium reserve in insurance reserves.

Claims paid
Claims for own account comprises of 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 reserves is reduced/increased on 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 receivables/liabilities until such time as the transfer takes place.

Life insurance - Norway
Profit allocated to insurance policyholders
The guaranteed yield on the premium reserve and on the premium fund, as well as the other return for customers is recognised in the profit and loss account as part of the item 'guaranteed yield and allocation to insurance 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 contracts, 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 percent of the guaranteed surrender/transfer value of insurance contracts 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 contracts, 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 allowed to make additional statutory allocations to the insurance fund in order to ensure the solvency of its life insurance business.

Finanstilsynet (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 allowed to apply a higher multiple of the basic interest rate than that defined by Finanstilsynet. 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 individual customer's guaranteed return. This is shown in the profit and loss account in the item 'to/ from additional statutory reserves'. The amount released cannot exceed the equivalent of one year's interest rate guarantee.

Premium fund, deposit reserve and pensioners' surplus 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 statement of financial position.

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.

Insurance obligations special investments portfolio
The insurance reserves allocated to cover obligations associated with the value of the special investments portfolio must always equal the value of the investments portfolio assigned to the contract. The proportion of profit in the risk result is included. The company is not exposed to investment risk versus customer assets since the customers are not guaranteed a minimum return. The only exception is in the event of death when the beneficiaries are paid back the amount originally paid-in for annuity insurance.

If a return guarantee is linked to a special investments portfolio, a supplementary provision is made to cover the guarantee obligation. The supplementary provision to cover the company's obligation pursuant to section 11-1, fourth paragraph, of the Companies Pension Act shall equal the difference between the capitalised value of the company's obligations vis-à-vis the insured, calculated pursuant to section 9-16 of the Insurance Act and the value of the investments portfolio.

Market value adjustment reserve
Net unrealised gains/losses for the current year on financial assets at fair value in the group portfolio in Storebrand Livsforsikring AS are applied to the market value adjustment reserve in the statement of financial position under the assumption that the portfolio has a net unrealised extra value. That part of the 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 account. 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. In accordance with the accounting standard for insurance contracts (IFRS 4) the market value adjustment reserve is shown as a liability.

Risk equalisation fund
Up to 50% of the risk result for group pensions and paid up policies can be set aside in the risk equalisation fund to cover any future negative risk result. The risk equalisation fund is included as part of equity.

Selling expenses
Selling expenses in the Norwegian life insurance business are recognised as costs, while in the Swedish subsidiaries selling expenses are recognised in the statement of financial position. Pursuant to IFRS 4 non-uniform accounting policies can be used for insurance contracts in subsidiaries.
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Life insurance - Sweden (SPP)

Life insurance reserves
Life insurance reserves are calculated on the basis of the expected payments for each individual insurance contract. Assumptions concerning interest rates, mortality, disability, tax, duties and other risk elements affect the value of the life insurance reserves. Changes in these elements can affect the reserves and thus also the company's accounting result.

In 2008, SPP introduced a cash flow model for use when discounting life insurance reserves.

The model employs a swap curve (monthly) for the term to maturity in those cases where it is assessed that there is sufficient liquidity in the Swedish market.

A normal rate is fixed for other cash flows. This is the sum of the long-term inflation assumptions, real interest rate and risk premium.

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.

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. In addition provisions are made for calculated claims that have been incurred but not reported (IBNR).

Conditional bonus
Conditional bonus reserves represent that part of the insurance capital which is not subject to guarantees. The conditional bonus is equal to the positive difference between the recognised insurance assets and pertinent recognised insurance liabilities. It also includes capital contributions (deferred capital contribution) the company has charged to equity and reserved to secure future guarantees.

P&C Insurance

Insurance premiums are recognised as income in pace with the period of insurance. Costs for insurance claims 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 financial statements 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 financial statements, which are prepared in accordance with IFRS, security reserves with high security margin natural disaster fund, administration reserves, and guarantee reserves are not treated as liabilities.

02 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 financial statements are produced.

Changes to estimates linked to insurance reserves, financial instruments, and real estate at fair value associated with life customers in the life business in Storebrand will not necessarily affect the owner›s result, though changes to estimates and judgements can affect the owner's result. One key factor will be whether the life customers' return otherwise exceeds the guaranteed interest.

Changes to estimates and judgements may result in reduced returns. In the Norwegian business, products with an interest guarantee will, given a low return, result in reduced income (paid-up policies and individual) at the cost of the buffer capital. In the event of particularly low returns and/or insufficient customer buffers, the company's equity will be used to provide the customer with the guaranteed interest.

In the Swedish business, a return lower than the interest rate the insurance liabilities are discounted at, will result in a reduction of buffer capital. If a contract has no buffer capital, the company's equity will have to be used to cover the difference between the development of the customers' assets and liabilities.

In general the following factors will often be key in the generation of the result for customers and/or the owner:

- Development of interest rate and equity markets, as well as commercial property
- Composition of assets and risk management, and changes to the assets' composition over the year
- Buffer capital level for various products
- Buffer capital related to the individual insurance contract
- Development of life expectancy, mortality and illness
- Development of costs

Important estimates and assumptions that can result in material adjustments to the recognised values are discussed below.

Real estate at fair value
Real estate at fair value are valued at fair value. The number of transactions in the market has been limited due to the financial instability in 2008 and 2009, which has increased the uncertainty associated with the information used in valuations. External valuations are obtained for a representative selection of the company›s properties to support its own valuations. See note 22 for further information about valuations and sensitivities linked to real estate investments.

Financial instruments
The situation in the financial markets in 2008 and 2009 meant that the proportion of financial instruments that can be valued on the basis of observable prices or assumptions decreased in relation to the past. At year-end 2009, this primarily applied to private equity investments and unlisted equities and bonds. The uncertainty in valuations is higher for the types of securities priced on the basis of non-observable assumptions. Any changes to the assumptions could affect the recognised values. The majority of such financial instruments are included in the customer portfolio.

Please also refer to note 4 and note 44 in which the valuation of financial instruments is described in more detail.

Financial instruments valued at amortised costs are assessed on the statement of financial position date to see whether or not there are objective indications that the financial asset or a group of financial assets have fallen in value. In the case of banking group lending, both individual and group write-downs are used. Group write-downs on lending are calculated separately for commercial and retail loans. Changes in the debtors' ability to pay, collateral/ loan-to-asset value ratio and other business-related risk factors can affect the recognised write-downs.

Technical insurance reserves
Technical insurance reserves in life insurance are based on assumptions concerning lifetimes, mortality, disability, interest rate levels, and future costs, etc. Changes in such assumptions will affect the size of the liabilities, which in turn can affect the owner's result.

SPP's liabilities are discounted using a yield curve in which parts of the yield curve are not liquid. Any changes in the discounting rate will affect the size of the liabilities.

See note 45 for further information about insurance risks.

Intangible assets
Goodwill and intangible assets with undefined usable lifetimes are tested for impairment annually. Goodwill is allocated to the group's cash flow generating units identified by the relevant country in which one is carrying out activities. The test's valuation involves estimating the cash flows that arise in the relevant cash flow generating units and applying a relevant discount rate. Fixed assets and other intangible assets are assessed annually to ensure the method and period being used correspond with economic realities.

The majority of the intangible assets recognised from the acquisition of SPP were linked to the existing life insurance contracts at the time of the acquisition. These recognised intangible assets are, together with the pertinent recognised insurance obligations, tested for impairment using a sufficiency test pursuant to IFRS 4 Insurance Contracts. A key element of this assessment involves calculating future profit margins using embedded value calculations. Embedded value calculations are affected by, among other things, volatility in the financial markets, interest rate expectations and the amount of buffer capital in SPP.

The major areas of risk and uncertainty in the rest of the life insurance business are associated with the incidence of death and disability. 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 could affect future expected payments and reserves. In the Norwegian life insurance business the majority of the calculated payments are discounted by the appropriate guaranteed interest rate, while in the Swedish business (SPP) market interest rates are used for discounting. Changes in the discount rate can have a significant effect on the recognised insurance obligations.

Pensions own employees
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 the sense that they should be based on uniform expectations of future economic conditions. The pension liabilities as per 31 December 2009 were calculated by actuaries. Any changes associated with the expected growth in pay and the discount rate, etc, could have a significant effect on the recognised pension obligations relating to own employees (IAS 19).

03 Further information on financial risk

Storebrand (excl. SPP)

General
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 derivatives. 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.

Market risk
Market risk is the risk of price changes in the financial markets, i.e. the interest rate, currency, equity, real estate or commodity markets, affecting the value of the company's financial instruments. Market risk is monitored continuously using a range of evaluation methods. The potential for losses in the investment portfolio on a one-year horizon for a given probability is calculated, and the portfolios are stress tested pursuant to the statutorily defined stress tests and internal models.

Storebrand Life Insurance is contractually committed to guarantee an annual return for around 92 percent of its savings customers, 3.5 percent on average. The guaranteed annual return places particular demands on how the capital is invested in different securities and assets. 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 and dynamic risk management strategy, the annual return for the majority of the portfolio will normally fluctuate between 3 percent and 8 percent. 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. Dynamic 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. Risk capital primarily consists of additional statutory reserves and unrealised gains. 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 percent. 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 interest rate swap agreements to minimise the effect of a change in interest rates on its deposits and lending. It is Storebrand's policy of hedging currency risks associated with international investments. Currency position limits are set for investment management to ensure effective practical implementation of currency hedging.

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. Storebrand has established liquidity buffers in the group, and continuously monitors liquidity reserves against internal limits. Committed credit lines from banks have also been established so that the companies can draw on if necessary.

Storebrand Life Insurance's liquidity strategy, in line with the regulations, specifies limits and measures for ensuring good liquidity in the customer portfolio. These specify a minimum allocation for assets that can be sold at short notice. Storebrand Life Insurance has money market investments, bonds, equities and other liquid investments that can be liquidated if required.

Storebrand Bank manages its liquidity position on the basis of a minimum liquidity holding, a continuous liquidity gap and long-term funding indicators. The liquidity gap measures liquidity in excess of the minimum requirement over the next 90 days. The calculation of the minimum requirement takes into account all deposit maturities and an exceptional outflow of customer deposits. Long-term funding indicators are calculated in accordance with Finanstilsynet's guidelines, and show the mismatch between expected future inward and outward cash flows. This is calculated for long-term funding over one year and over three years.

Credit risk
Credit risk is the risk that a counterparty is unable to meet his obligations. 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. Changes in the credit standing of debtors are monitored and followed up. 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 must be approved by either a credit committee chaired by the bank's managing director or the bank's board of directors. Credit risk is monitored through a risk classification system that ranks each customer by ability to pay, financial strength, 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. 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. Loans are primarily provided with collateral in residential property in the retail market and collateral in real estate in the commercial market.

SPP

General
In the case of SPP the portfolio is divided into defined benefit pensions, defined contribution pensions and unit-linked policies. Both the defined benefits pensions and the defined contribution pensions in SPP have associated guarantees. The company's financial risk is primarily linked to its ability to pay the guarantees, i.e. the risk of falling equity markets and falling fixed income. 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, risk is managed through derivative transactions in SPP's company portfolio. The investment strategy and risk management in SPP comprises of 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
- tailored hedging of certain selected insurance policies in the company's portfolio

Market risk
Dynamic risk management is practised which dampens the effect of market movements on the financial result in order 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. In traditional insurance with guaranteed interest, the insurance company bears the risk of the policyholder not achieving the guaranteed return on paid premiums. Profit sharing becomes relevant in SPP if the total return exceeds the guaranteed yield. In the case of some products a certain degree of consolidation, i.e. the assets are greater than the current value of the liabilities by a certain percentage, is required for profit sharing. For other products the contract's customer buffer must be intact in order for profit sharing to represent a net income for the owner. The company is exposed to market risk, liquidity risk, credit risk and operational risk. Falling equity markets and large interest rate movements in particular generate financial risk. These could result in a transfer of capital to the customers' contracts from the company's equity to customers' assets. 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. In the case of savings in unit-linked insurance, the policyholder accepts the entire financial risk.

Liquidity risk
Liquidity risk is limited by part of the company's financial instruments being invested in listed securities with good liquidity. The liquidity in the interest rate market has improved during 2009 compared with 2008, and is now at a near normalised level.

Credit risk
Creditworthiness is determined using both internal and external credit checks. It has been decided to avoid concentrating too much 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.

04 Valuation of financial instruments at fair value

The group categorises financial instruments valued at fair value on three different levels, which are described in more detail below. The levels express the differing degree of liquidity and different measuring methods.

Level 1: Financial instruments valued on the basis of quoted priced for identical assets in active markets
This category encompasses listed equities that over the previous six months have experienced a daily average turnover equivalent to approx. MNOK 20 or more. Based on this, the equities are regarded as sufficiently liquid to be encompassed by this level. Bonds, certificates or equivalent instruments issued by national governments are generally classified as level 1. In the case of derivatives, standardised equity-linked and interest rate futures will be encompassed by this level.

Level 2: Financial instruments valued on the basis of observable market information not covered by level 1
This category encompasses financial instruments that are valued on the basis of market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that prices can be derived from observable, related markets. Level 2 encompasses equities or equivalent equity instruments for which market prices are available, but where the turnover volume is too limited to meet the criteria in level 1. Equities on this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified as level 2. Interest rate and currency swaps, non-standardised interest rate and currency derivatives, and credit default swaps are also classified as level 2. Funds are generally classified as level 2, and encompass equity, interest rate, and hedge funds.

Level 3: Financial instruments valued on the basis of information that is not observable pursuant to level 2
Equities classified as level 3 encompass investments in primarily unlisted/private companies. These include investments in forestry, real estate and infrastructure. Private equity is generally classified as level 3 through direct investments or investments in funds. Asset backed securities (ABS), residential mortgage backed securities (RMBS) and commercial mortgage backed securities (CMBS) are classified as level 3 due to their generally limited liquidity and transparency in the market.

The types of mutual funds classified as level 3 are discussed in more detail below with a reference to the type of mutual fund and the valuation method. Storebrand is of the opinion that the valuation method used represents a best estimate of the mutual fund's market value.

Unlisted equities/forestry
Extensive external valuations were carried out of the largest forestry investments as per 31 December 2009, and these provided the basis for the valuation of the company's investment. The external valuations were based on models that included non-observable assumptions. Besides the external valuations that had been conducted as per 31 December 2009, the equity investments were valued on the basis of value adjusted equity reported by external sources.

Private Equity
The majority of Storebrand's private equity investments are investments in private equity funds. It also has a number of direct investments.

The investments in private equity funds are valued on the basis of the values reported by the funds. The private equity funds Storebrand has invested in value their own investments in accordance with pricing guidelines stipulated by, among others, EVCA (European Private Equity Venture Capital Association) in the "International Private Equity and Venture Capital Valuation Guidelines" (September edition) or pursuant to FASB 157. Most of the private equity funds report on a quarterly basis, while a few report less often. In those cases where Storebrand has not received an updated valuation with respect to an investment from a fund by the time the annual financial statements are closed, the last valuation received is used and adjusted for cash flows and any significant market effects during the period from the last valuation up to the reporting date. These market effects are estimated on the basis of the type of valuations made of the companies in the underlying funds; the financial performance of relevant indexes, adjusted for estimated correlation between the relevant company and the relevant index.

In the case of direct private equity investments, the valuation is based on either recently conducted transactions or a model in which a company that is in continuous operation is assessed by comparing the key figures with equivalent listed companies or groups of equivalent listed companies. In some cases the value is reduced by a liquidity discount, which can vary from investment to investment. Companies that are in a start up phase, have undergone previous expansions, or which are undergoing structural changes for some other reasons that make them harder to price in relation to a reference group will be valued at the lowest of costs and estimated value, where the estimated value is apparent from a variance analysis vis-à-vis its plans.

In the case of investments in which Storebrand participates as a co-investor together with a leading investor that conducts a valuation, and no recent transactions exist, this value will be used by Storebrand after being quality assured. In the case of investments for which Storebrand has not received an up-to-date valuation as per 31 December from a leading investor by the time the annual financial statements are closed, the previous valuation is used and adjusted for any market effects during the period from the last valuation up to the reporting date. In those cases where no valuation is available from a leading investor in the syndicate, a separate valuation will be made, as described above.

Asset backed securities
This category primarily encompasses asset backed securities (ABS), residential mortgage backed securities (RMBS) and commercial mortgage backed securities (CMBS). These are primarily valued on the basis of quoted prices from brokers or valuations obtained from international banks. The number of brokers who quote prices is very limited and the volume of transactions in the market relatively low.

Indirect real estate investments
Indirect real estate investments are primarily investments in funds with underlying real estate investments. No units in funds that confirm the market price of the units have been traded recently. Real estate funds are valued on the basis of information received from the individual fund manager.

Most managers report on a quarterly basis and the commonest method used by the individual fund managers is an external quarterly valuation of the fund's assets. This involves the manager calculating a net asset value (NAV). Funds often report NAV with a quarter's delay in relation to the preparation of Storebrand's financial statements. In order to take account of the changes in value in the last quarter, internal estimates are made of the changes in value based on the development of the market and by conferring with the respective managers.

Sensitivity assessments
Forestry investments are characterised by, among other things, very long cash flow periods. There can be some uncertainty associated with future cash flows due to future income and costs growth, even though these assumptions are based on recognised sources. Nonetheless, valuations of forestry investments will be particularly sensitive to the discounting rate used in the estimate. The company bases its valuation on external valuations. These utilise an estimated market-related required rate of return. As a reasonable alternative assumption to the required rate of return used, a change in the discounting rate of 0.25 percent would result in an estimated change of around 4 percent to 6 percent in value, depending on the maturity of the forest, among other things.

Valuations of asset backed securities will generally be sensitive to estimated loan repayment terms, probability of losses and discounting rate requirements. Key assumptions for these factors will also be based on the mutual fund's characteristics and quality. The specified composition of the ABS/RMBS/CMBS portfolio below is valued at fair value. The company's valuation of asset backed securities is based on external sources. Based on experience with procured tradeable prices from brokers, the company is of the opinion that reasonable alternative assumptions entail a valuation that could be 2-3 percent higher or lower than that indicated by fair value.

Composition of ABS/CMBS/RMBS portfolio primarily based on exposure to underlying collateral

Land	Asset Backed	Commercial Mortgage Backed	Residental Mortgage Backed	Total
Australia			2.1%	2.1%
Italy		4.2%		4.2%
Mixed	2.1%		15.6%	17.7%
Netherlands	1.2%		15.4%	16.6%
Portugal	1.0%		4.5%	5.5%
Spain	3.1%	8.9%		12.0%
United Kingdom			13.9%	13.9%
Germany			7.3%	7.3%
USA	20.0%		0.6%	20.7%
Total	**27.5%**	**13.2%**	**59.4%**	**100.0%**

Composition of ABS/CMBS/RMBS portfolio based on rating from Moody's, alternatively Fitch

Rating	Asset Backed	Commercial Mortgage Backed	Residental Mortgage Backed	Total
AAA	18.8%	9.2%	40.0%	68.0%
AA	8.3%	3.9%	9.8%	21.9%
A			7.4%	7.4%
BBB/BB	0.5%		0.3%	0.7%
Not rated			1.9%	1.9%
Total	**27.5%**	**13.2%**	**59.4%**	**100.0%**

Valuations of indirect real estate investments are particularly sensitive to changes in the required rate of return and assumed future cash flows. Indirect real estate investments are mortgaged structures. On average, 60 percent of the portfolio is mortgaged. A change of 0.25 percent in the required rate of return, where everything else remains the same, would result in a change in value in the real estate portfolio of approx. MNOK 200 which corresponds to 8.4 percent.

Equities and units

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	Total 2009	Total 2008
Equities	20,701	972	3,142	24,814	12,445
Fund units excluding hedge funds		37,866	1,612	39,478	25,909
Private equity fund investments		1,756	3,555	5,311	10,367
Indirect real estate fund			2,050	2,050	3,803
Hedge funds		1,174		1,174	1,314
Total	**20,701**	**41,767**	**10,359**	**72,828**	**53,839**

Lending to customers

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	Total 2009	Total 2008
Lending to customers		758		758	283
Total	**0**	**758**	**0**	**758**	**283**

Bonds and other fixed income securities

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	Total 2009	Total 2008
Asset backed securities		1,513	1,373	2,886	25,818
Corporate bonds		8,141	960	9,101	3,857
Finance, bank and insurance		32,897	13	32,910	38,019
Real estate		431		431	243
State and state guaranteed	52,169	19,936		72,106	89,297
Supranational organisations		1,610		1,610	1,459
Local authority, county		6,414	106	6,520	4,612
Covered bonds		20,189		20,189	4,797
Bond funds		9,962		9,962	10,569
Total	**52,169**	**101,093**	**2,452**	**155,715**	**178,671**

Derivatives

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	Total 2009	Total 2008
Equity options					2,580
Equity-linked futures					-47
Future interest rate agreements		-2		-2	-252
Interest rate swaps		1,497		1,497	5,575
Swaptions		359		359	
Interest rate options					812
Forward exchange contracts	-5	-108		-114	-4,459
Basis swaps		120		120	918
Credit derivatives		15		15	-103
Total	**-5**	**1,880**		**1,876**	**5,023**
Derivatives with a positive market value	59	3,942		4,002	15,105
Derivatives with a negative market value	-64	-2,062		-2,126	-10,082
Total				**1,876**	**5,023**

Specification of liabilities

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	Total 2009	Total 2008
Liabilities to financial institutions		6,841		6,841	1,978
Deposits from and debt to customers		173		173	168
Securities issued					934
Total		**7,014**		**7,014**	**3,080**

Specification of papers pursuant to valuation techniques (non-observable assumptions)

Equities and units

NOK million	Opening balance 01.01.09	Purchases	Sales	Result booked in 2009	Closing balance 31.12.09
Equities	3,175	321	-205	-149	3,142
Fund units excluding hedge funds	1,711	343	-17	-425	1,612
Private equity fund investments	4,062	149	-17	-638	3,555
Indirect real estate fund	3,214	142		-1,306	2,050
Total	**12,163**	**954**	**-239**	**-2,519**	**10,359**

Bonds and other fixed income securities

NOK million	Opening balance 01.01.09	Purchases	Sales	Result booked in 2009	Closing balance 31.12.09
Asset backed securities	1,703		-191	-140	1,373
Corporate bonds	305	790	-65	-70	960
Finance, bank and insurance	12	6		-4	13
Local authority, county		106			106
Bond funds	1		-1		
Total	**2,021**	**902**	**-256**	**-215**	**2,452**

The statement of movements over the year is based on the financial instruments that, as per 31 December 2009, were measured at fair value on the basis of valuation methods in which part of the input used in the methods is not observable in the market. The column "Purchases" presents the acquisition cost of purchases made during 2009 for these financial instruments. The column "Sales" presents the associated acquisition cost of sales made during 2009 of these financial instruments and the received repayments of the principal. The column "Booked in 2009" presents the realised gains and losses, earned interest income and dividends, as well as changes in unrealised gains and losses.

05 Segment reporting

Business segment

NOK million	Life and Pensions - Norway [1] 2009	Life and Pensions - Norway [1] 2008	Life and Pensions - Sweden [1] 2009	Life and Pensions - Sweden [1] 2008	Asset management 2009	Asset management 2008	Bank 2009	Bank 2008
Revenue from external customers	30,318	21,592	16,637	5,258	247	248	606	658
Revenue from other group companies [2]	30	41			347	201	6	6
Group result before amortisation and write-downs of intangible assets	759	348	487	831	240	218	63	68
Amortisation and write-downs of intangible assets			-340	-2,976	-7	-3	-29	-35
Group pre-tax profit	**759**	**348**	**147**	**-2,145**	**233**	**215**	**35**	**33**
Assets	191,717	188,805	127,019	133,718	865	634	42,986	45,645
Liabilities	180,727	177,981	122,131	129,699	518	304	40,704	43,585

NOK million	P&C insurance 2009	P&C insurance 2008	Other activities 2009	Other activities 2008	Eliminations 2009	Eliminations 2008	Storebrand Group 2009	Storebrand Group 2008
Revenue from external customers	424	343	39	233	-36	-326	48,236	28,005
Revenue from other group companies [2]			147	672	-530	-919		
Group result before amortisation and write-downs of intangible assets	-18		-108	513	-147	-667	1,276	1,310
Amortisation and write-downs	-13	-12					-390	-3,026
Group pre-tax profit	**-31**	**-12**	**-108**	**513**	**-147**	**-667**	**887**	**-1,716**
Assets	1,811	1,953	18,343	19,071	-16,582	-17,113	366,159	372,712
Liabilities	1,541	1,660	3,482	4,123	-160	-797	348,942	356,554

Geographic segment

NOK million	Norway 2009	Norway 2008	Sweden 2009	Sweden 2008	Other countries 2009	Other countries 2008
Revenue from external customers	31,059	22,681	17,114	5,324	63	
Revenue from other group companies [2]	-15		15			
Group result before amortisation and write-downs of intangible assets	771	469	496	840	10	
Amortisation and write-downs	-46	-49	-344	-2,976		
Group pre-tax profit	**725**	**420**	**151**	**-2,136**	**10**	
Assets	237,609	238,950	127,760	133,762	790	
Liabilities	226,030	226,797	122,859	129,757	53	

[1] Life and Pensions
Income from external customers includes the total premium income including savings premiums and transferred premium fund from other companies, net financial return and other income.

[2] Income from other group companies
Storebrand Investment manages financial assets for other group companies. Asset management fees are made up of fixed management fee and a performance-related fee. Performance-based 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.

The Storebrand Group consists of four business areas: life and pensions, asset management, bank and P&C insurance. Two result areas are reported for life and pensions: Life and Pensions Norway and Life and Pensions Sweden.

Life and Pensions - Norway
Storebrand Life Insurance offers a wide range of products within occupational pensions, private pension savings and life insurance to companies, public sector entities and private individuals.

Life and Pensions - Sweden
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.

Asset management
Storebrand's asset management activities include the companies Storebrand Investments, Storebrand Fondene, Storebrand Eiendom and SPP Fonder. All the management activities have a guaranteed socially responsible profile. Storebrand offers a wide range of mutual funds to retail customers and institutions under the Delphi, Storebrand Fondene and SPP Fonder brand names. Storebrand Eiendom is one of Norway›s largest real estate companies and manages real estate portfolios both in Norway and abroad.

Bank
Storebrand Bank offers traditional banking services such as accounts and loans in the retail market and project financing to selected corporate customers, and is a no fees commercial bank. Real estate brokering is also offered in this segment.

P&C insurance
Storebrand's P&C insurance business encompasses the following companies: Skadeforsikring AS and Storebrand Helseforsikring AS (50 percent owned). Storebrand P&C Insurance offers standard insurance products in the Norwegian retail market, and some corporate insurance in the SMB market. Storebrand Helseforsikring offers treatment insurance in the Norwegian and Swedish corporate and retail markets.

Other activities
Consists of Storebrand ASA and Storebrand Leieforvaltning AS.

Geographic segment
The business in Sweden is principally life insurance.

Key figures

NOK million	**2009**	**2008**
Group		
Earnings per ordinary share	2.08	-5.01
Equity	17,217	16,158
Capital adequacy	13.9%	14.3%
Storebrand Life Insurance		
Premiums for own account	18,757	21,323
Policyholders' fund incl. market value adjustment reserve	175,922	164,016
- of which products with guaranteed return	*162,641*	*155,417*
Investment yield customer fund with guarantee	4.6%	2.0%
Investment yield company portfolio	5.2%	3.0%
Solvency capital [1]	35,309	35,856
Capital adequacy (Storebrand Life Insurance Group)	14.9%	17.4%
Solvency margin (Storebrand Life Insurance Group)	169.9%	160.0%
SPP Group		
Premiums for own account	7,467	7,281
Policyholders fund incl. accrued profit (excl. conditional bonus) [2]	102,526	98,971
- of which products with guaranteed return	*73,981*	*77,999*
Return Defined Benefit (DB)	4.1%	0.6%
Return Defined Contribution (DC)	5.0%	2.9%
Conditional bonus	8,689	7,499
Storebrand Bank		
Net interest margin	0.95	1.17
Costs/income (banking) [4]	71	63
Non-interest income/total income	35	23
Deposits from and due customers as of gross lending	51	47
Gross defaulted and loss-exposed loans as of gross lending	1	2
Net lending	35,834	38,684
Capital adequacy	13.5%	10.8%
Asset management		
Total funds under management	351,160	228,671
Funds under management for external clients	103,556	58,445
Storebrand P&C Insurance		
Premiums written	346	225
Claims ratio [3]	83%	82%
Number of customers	40,499	27,725

1 Consists of equity, subordinated loan capital, market value adjustment reserve, risk equalisation fund, unrealised gains loans and receivables, bonds at amortised cost, additional statutory reserves, conditional bonus and accrued profit.
2 Excluding customers' funds in Nordben and mutual funds.
3 Pursuant to IFRS. Previous periods have been restated.
4 Encompasses the companies Storebrand Bank, Storebrand Boligkreditt and Storebrand Eiendomskreditt.

06 Other income

NOK million	**2009**	**2008**
Fee and commission income, banking	94	93
Fee and commission expense, banking	-18	-31
Net fee and commission income, banking	76	62
Management fees, asset management activities	190	174
Interest income on bank deposits	93	709
Revenue from real estate broking	101	86
Currency gains/losses, banking	68	369
Other insurance related income	89	704
Interest income, insurance	702	64
Other revenue from companies other than banking and insurance	447	186
Change in value biological assets		92
Opening balance capital gains share capital		320
Opening balance risk equalisation fund		133
Performance fee	-217	
Other income	43	82
Total other income	**1,592**	**2,979**

Total fee and commission income from financial instruments not stated at fair value totalled NOK 55 million in 2009.
Total fee and commission expenses on financial instruments not stated at fair value totalled NOK 15 million in 2009.

07 Operating costs

	Storebrand Life Insurance Group		**Storebrand Bank**		**Other activities**		**Storebrand Group**	
NOK million	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Personnel costs	-1,434	-1,330	-221	-198	-408	-279	-2,063	-1,806
Amortisation	-21	-18	-8	-4	-11	-9	-40	-31
Other operating costs	-1,298	-1,386	-275	-272	76	-42	-1,497	-1,701
Total operating costs	**-2,754**	**-2,735**	**-504**	**-473**	**-344**	**-330**	**-3,601**	**-3,538**

08 Other costs

NOK million	**2009**	**2008**
Pooling	-177	-169
Interest costs, insurance	-42	-40
Currency losses, banking and insurance	-1	-1,050
Insurance related costs	-35	-8
Borrowing expenses	-11	-11
Management expenses for equity	-16	-35
Currency gains, insurance liabilities	40	-24
Loss on claims insurance	-43	-93
Management expenses		-68
Other costs	-123	-59
Total other costs	**-408**	**-1,555**

09 Tax

Tax in profit and loss account

NOK million	**2009**	**2008**
Tax payable	-3	-514
Deferred tax	50	9
Total tax charge	**47**	**-505**

Reconciliation of expected and actual tax charge

NOK million	**2009**	**2008**
Ordinary pre-tax profit	1,033	-1,716
Expected tax on income at nominal rate	-289	480
Tax effect of:		
realised/unrealised shares/AIO	635	-1,632
dividends received	181	117
associated companies	23	-1
permanent differences	-142	-1,171
write-down of deferred tax assets	-315	2,024
Change from earlier years	-46	-323
Total tax charge	**47**	**-505**

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

NOK million	**2009**	**2008**
Tax increasing temporary differences		
Securities	1,895	5,337
Lending		3,937
Real estate	4,416	53
Operating assets	298	1
Pre-paid pensions	44	1,451
Securities liabilities		629
Gains/losses account	503	8
Other	656	829
Total tax increasing temporary differences	**7,811**	**12,244**
Tax reducing temporary differences		
Securities	-2,331	-4,152
Lending		-16
Operating assets	-31	-44
Provisions	-27	-16
Accrued pension liabilities	-795	-1,172
Securities liabilities	-528	-1,796
Gains/losses account	-32	-62
Other	-129	-13
Total tax reducing temporary differences	**-3,874**	**-7,268**
Losses carried forward	-7,266	-9,559
Allowances carried forward	-1,243	-1,243
Total losses and allowances carried forward	**-8,510**	**-10,803**
Basis for net deferred tax/tax assets	**-4,572**	**-5,827**
Write-down of basis for deferred tax assets	4,691	5,763
Net basis for deferred tax/tax assets	**119**	**-63**
Net deferred tax asset/liability in the statement of financial position	**33**	**-18**
Change in deferred tax booked in the statement of financial position		1
Net deferred tax asset/liability in the statement of financial position	**33**	**-16**
Booked in the statement of financial position		
Deferred tax assets	213	201
Deferred tax	182	184

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 method from taxation for share dividends and gains/losses on shares in the EEA area, and it is expected that in future years the group will continued to derive income from such investments. Allowances carried forward date from the years 1998–2003, and must be used within 10 years.

10 Intangible assets and goodwill

	Intangible assets								
NOK million	**Brand names**	**IT sys-tems**	**Custo-mer lists**	**VIF [1]**	**Rights SPP Fonder**	**Other in-tangible assets**	**Goodwill**	**Total 2009**	**Total 2008**
Acquisition cost 01.01	208	260	516	8,765	10	10	1,414	11,184	10,526
Additions in the period:									
Developed in-house		31						31	36
Purchased separately		18					1	19	39
Acquired via mergers, acquisitions, etc							4	4	92
Disposals in the period									-27
Currency differences from converting foreign units	-15		-45	-756	-1		-63	-880	522
Other changes									-4
Acquisition cost 31.12	**193**	**309**	**472**	**8,010**	**9**	**10**	**1,356**	**10,358**	**11,184**
Accumulated depreciation & write-downs 01.01	-18	-117	-53	-3,115	-1	-7	-152	-3,462	-230
Write-downs in the period		-11				-3		-14	-2,507
Amortisation in the period	-16	-42	-48	-276	-2		-6	-390	-519
Reversal of write-downs during period									18
Currency differences from converting foreign units	2		5	273				280	-111
Other changes									-116
Accumulated depreciation and write-downs 31.12	**-32**	**-170**	**-95**	**-3,118**	**-3**	**-10**	**-157**	**-3,586**	**-3,464**
Carrying amount 31.12	**160**	**139**	**377**	**4,891**	**6**	**1**	**1,199**	**6,773**	**7,720**

1 Value of business in force, the difference between market value and carrying amount of the insurance liabilities in SPP.

The majority of the intangible assets associated with SPP are assets of VIF (value of business in force), for which a separate sufficiency test has been performed as per the requirements of IFRS 4. In order to determine whether goodwill and other intangible assets connected with SPP has been the subject of a drop in value, estimates are made of the recyclable amount for the relevant cash-flow generating units. Recyclable amounts are established by computing the enterprise's utility value. SPP is regarded as a single cash flow generating unit and the development of future administration results, risk results and financial results for SPP will affect its utility value. In the computation of this utility value, the management have made use of Board-addressed budgets and prognoses for the coming three-year period. The prognoses for the various elements of the result are based on the development in recent years, effects of measures during the prognosis period, as well as assumptions about the normalised development of the financial markets based on the current financial strategy and applicable market interest rates. The administration result is expected to develop positively due to the cost-efficiency measures, and the growth in sales of products and services that are cost-effective to administer and have lower capital requirements. SPP's goal is to achieve an administration result target of SEK 300 million in 2011. Moderate growth in the total market and the market share has been assumed, based on development in recent years due to the changed distribution in SPP. In addition to the coming three-year period, cash flows are projected for the period 2013 to 2019 based on growth in the various result elements of between 0 percent and 5 percent per annum. A stable growth rate of 3.9 percent has also been assumed in the calculation of the terminal value, equal to the expected annual growth in pay. Growth is generally expected in the occupational pensions market due to growth factors such as demography with the expected increase in the number of pensioners, higher employment rate,and regulatory conditions, including the transition from defined benefits to defined contribution pensions. The utility value is calculated by using a two-part required rate of return before tax of 8 percent and 9 percent for the prognosis period and terminal part respectively. The required rate of return is computed on the basis of risk-free interest and added to a premium that reflects the risk in the enterprise. The difference in the required rate of return is due to various assumptions concerning a risk free interest rate. The interest rate for 10 year Swedish government bonds at year-end 2009 was used for the prognosis period. A long-term equilibrium interest rate of 4.0 percent, based on a 2 percent real interest rate plus 2 percent inflation, is assumed for the required rate of return used in the calculation of the terminal value.

A cash flow based valuation based on the expected pre-tax result is conducted when calculating the utility value for the banking group. The management have made use of Board adopted budgets and prognoses for the coming three-year period in the calculation. The prognosis assumes an improvement in the result where the costs programme is implemented, and growth in other income based on developments and the efforts made in recent years.
A stable growth rate of 2.5 percent is assumed in the calculation of the terminal value, equal to expected inflation. The utility value is calculated by applying a required rate of return before tax of 10 percent and 10.45 percent for the prognosis period and terminal part respectively. The required rate of return is computed on the basis of risk-free interest and added to a premium that reflects the risk in the enterprise. The interest rate for Norwegian government bonds at year-end 2009 is used, while a long-term equilibrium interest rate of 4.5 percent, based on a 2 percent real interest rate plus 2.5 percent inflation, is used for the terminal value.

The management have assessed the recyclable amount of goodwill as per 31 December 2009 and concluded that a write-down is not necessary. Sensitivity analyses are conducted with respect to the assumptions regarding the development of the result and required rate of return. The management are of the opinion that it is improbable that possible reasonable changes in the key presumptions would bring about a need for a write-down.

Specification of intangible assets

NOK million	Lifetime	Depreciation rate	Depreciation method	Carrying amount 2009
Brand name SPP	10 years	10 %	Linear	129
Brand name (Hadrian Eiendom)			Not depreciated	31
IT systems	3-8 years	12.5% - 33.33%	Linear	139
Customer lists SPP	10 years	10 %	Linear	377
Value of business in force SPP	20 years	10 %	Linear	4,891
Rights to withdraw fees from SPP Fonder	10 years	10 %	Linear	6
Other intangible assets	up to 2 years	50 %	Linear	1

Goodwill distributed by business acquisition

NOK million	Business area	Acquisition cost 01.01	Accumulated depreciation 01.01	Carrying amount 01.01	Supply/disposal/currency effect	Write-downs	Carrying amount 31.12
Delphi Fondsforvaltning	SB Fondene	35	-4	32			32
Hadrian Eiendom AS	SB Bank	16		16			16
Storebrand Bank ASA	SB Bank	563	-141	422			422
Other subsidiaries in the Storebrand Bank Group	SB Bank	46	-7	39	1	-6	34
SPP	SB Liv	745		745	-59		686
Storebrand Baltic	SB Liv	4		4			4
Evoco	SB Liv	4		4			4
Total		**1,414**	**-152**	**1,262**	**-58**	**-6**	**1,199**

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

11 Tangible fixed assets

Real estate and operational assets

NOK million	Equipment	Vehicles	Fixtures & fittings	Financial leases	Real estate [1]	Total 2009	Total 2008
Carrying amount as per 01.01	**41**	**39**	**28**	**1**	**1,983**	**2,092**	**1,103**
Additions	63	20	40		947	1,070	1,000
Disposals		-5		-1	-1,128	-1,134	-2
Revaluation booked in statement of financial position	-1				-6	-7	18
Additions/disposals through acquisitions/mergers							7
Depreciation	-17	-10	-3		-1	-30	-32
Write-downs in the period		-4			-24	-27	
Write-downs reversed in the period							-1
Other changes					-37	-37	
Carrying amount as per 31.12	**86**	**41**	**66**		**1,734**	**1,927**	**2,093**
Acquisition cost opening balance	154	61	37	1	1,710	1,962	925
Acquisition cost closing balance	213	122	74		1,490	1,898	1,956
Accumulated depreciation and write-downs opening balance	-108	6	3		250	151	-377
Accumulated depreciation and write-downs closing balance	-121	-3	2		249	126	-432
Revaluation fund opening balance						48	45
Changes in the period						-48	3
Revaluation fund closing balance						0	48

1 Properties for own use, also see note 22.

Booked in the statement of financial position	2009	2008
Tangible fixed assets	209	124
Properties for own use - company	336	375
Properties for own use - customers	1,382	1,593
Total	**1,927**	**2,093**

Depreciation method	Linear
Depreciation plan and financial lifetime:	
Equipment	4 years
Vehicles	6 years
Tangible fixed assets – financial leasing	3 years
Fixtures & fittings	4 - 8 years
Real estate	50 years

12 Tangible fixed assets – operational leasing

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

NOK million	Minimum lease payment < 1 year	Minimum lease payment 1 - 5 years	Minimum lease payment > 5 years
Minimum future lease payments	148	447	455
Of which future lease income	3	4	

Amount through profit and loss account

NOK million	2009	2008
Lease payments through profit and loss account	195	77
Future lease income through profit and loss account	3	6

Lease contracts include office premises and property, plant and equipment.
External lease contracts for office premises last for 2–10 years and with an option for corresponding renewal.

13 Pensions costs and pension liabilities

Storebrand
Employees are insured through a defined benefit pension equivalent to 70 percent 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 and pensions linked to salaries of more than 12 times the national insurance basic amount (G) are paid directly by the company. A guarantee has been pledged for earned pensions for salaries of more than 12 G upon retirement before 65 years old. As of 31 December 2009, 12 G amounts to NOK 874,572. 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 the 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 percent of the annual salary up to 7.5 income base amounts. The retirement pension is 65 percent of the annual salary for the portion of salary between 7.5–20 income base amounts, and 32.5 percent 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 statement of financial position

NOK million	2009	2008
Present value of insured pension benefit liabilities	3,470	3,664
Pension assets at fair value	-2,973	-2,897
Net pension liability/surplus for the insured schemes	497	768
Present value of the uninsured pension liabilities	638	632
Net pension liabilities in the statement of financial position	**1,135**	**1,399**

Includes employer's NI contributions on net underfunded liabilities included in gross liabilities.

Booked in the statement of financial position	2009	2008
Pension assets	44	
Pension liabilities [1]	1,179	1,399

1 Figure for 2008 corrected by NOK 59 million for SPP.

NOK million	2009	2008
Year's change in experience adjustments included in equity	135	-493
Accumulated experience adjustments included in equity	-473	-608

Changes in the net defined benefits pension liabilities in the period

NOK million	2009	2008
Net pension liabilities at 01.01	4,297	3,982
Net pension cost recognised in the period	183	146
Interest on pension liabilities	172	172
Experience adjustments	-267	214
Pensions paid	-238	-212
Changes to the pension scheme	6	-6
Net pension liabilities additions/disposals and currency adjustments	-45	
Reversed employer's NI contributions	-1	
Net pension liabilities at 31.12	**4,108**	**4,296**

Changes in the fair value of pension assets

NOK million	2009	2008
Pension assets at fair value 01.01	2,897	3,057
Expected return	175	171
Experience adjustments	-50	-323
Premium paid	164	186
Pensions paid	-194	-186
Changes to the pension scheme	6	-7
Net pension liabilities additions/disposals and currency adjustments	-25	
Net pension assets at 31.12	**2,973**	**2,897**
Expected premium payments (pension assets) in 2010	**174**	

Pension assets are based on the financial assets held by Storebrand Life Insurance/SPP composed of as of 31.12

	Storebrand Life Insurance		SPP	
NOK million	2009	2008	2009	2008
Properties and real estate	15%	14%		1%
Bonds at amortised cost	26%	13%		
Secured and other lending	2%	2%		
Equities and units	16%	15%	26%	3%
Bonds	38%	46%	67%	65%
Commercial paper	1%	2%		5%
Other short-term financial assets	2%	8%	7%	26%
Total	**100%**	**100%**	**100%**	**100%**
The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Life Insurance.				
The book (realised) return on the assets	5.0%	2.0%	4.1%	0.6%

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

NOK million	2009	2008
Current service cost including employer's national insurance contributions	250	179
Interest on pension liabilities	173	172
Expected return on pension assets	-175	-170
Accrued employer's national insurance contributions		5
Net pension cost booked to profit and loss account in the period	**247**	**186**

Main assumptions used when calculating net pension liability at 31.12

	Storebrand Life Insurance		SPP	
	31.12 09	31.12 08	31.12 09	31.12 08
Financial:				
Discount rate	4.4%	4.3%	3.3%	3.3%
Expected return on pension fund assets in the period	6.0%	6.3%	5.0%	5.0%
Expected earnings growth	4.0%	4.3%	3.5%	3.5%
Expected annual increase in social security pensions	4.0%	4.3%	3.0%	3.0%
Expected annual increase in pensions in payment	2.0%	2.0%	2.0%	2.0%
Disability table	KU	KU		
Mortality table	K2006	K2005	DUS06	DUS 06

Financial assumptions:
The calculation assumptions are set based on the guidelines issued by the Norwegian Accounting Standards Board adjusted for company specific factors, including an expected return based on the selected investment profile.

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

Net pension liability at 31.12

NOK million	2009	2008	2007	2006	2005
Discounted current value of defined benefit pension liabilities	4,108	4,296	3,677	3,560	3,258
Fair value of pension assets	2,973	2,897	2,760	2,747	2,599
Deficit/(surplus)	**1,135**	**1,399**	**917**	**813**	**658**
Fact based adjustments liabilities	-125	7			
Fact based adjustments pension assets	-50	-323			

Sensitivity analysis pension calculations

Change in discounting rate	1%	-1%
Percentagewise change in pension:		
Pension liabilities	-13%	14%
The period's net pensions costs	-22%	23%

The pension liabilities are specifically sensitive to changes in the discounting rate. A reduction in discounting rate seen in isolation would result in an increase in the pension liabilities.

14 Information about close associates

Companies in the Storebrand Group have transactions with close associates who are shareholders in Storebrand ASA and senior employees. These are transactions that are part of the products and services offered by the group›s companies to their customers. The transactions are entered into on commercial terms and include occupational pensions, private pensions savings, P&C insurance, leasing of premises, bank deposits, lending, asset management and fund saving. See note 15 for further information about senior employees.

Storebrand ASA›s largest owner is Gjensidige Forsikring with an ownership interest of 24.3 percent. Storebrand Kapitalforvaltning AS sells some management services to Gjensidige Forsikring. These services are provided pursuant to commercial conditions.

Internal transactions between group companies are eliminated in the consolidated financial statements, with the exception of transactions between the customer portfolio in Storebrand Livsforsikring AS and other units in the group. See note 1 Accounting Policies for further information.

15 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	Present value of pension	Loan	Interest rate at 31.12.09	Repayment period
Senior employees									
Idar Kreutzer	4,529	1,009	282	24	893	15,401	12,242	3.49/3.19/ 2.8	2037/2025/2018
Odd Arild Grefstad	2,737	362	226	18	578	8,373	2,602	3.19/2.8	2024/2019
Egil Thompson	1,966	45	171	18	531	5,391	2,735	3.64/2.8	2038/2019
Lars Aa. Løddesøl	2,841	399	164	18	870	7,226	3,763	3.19/2.8	2029/2017
Klaus-Anders Nysteen	2,422	899	211	18	757	2,419	3,254	3.2/2.8	2026/2017
Roar Thoresen	2,922	477	149	18	902	6,895	1,615	2.8	2032
Hans Aasnæs	3,906	1,244	148	18	978	14,379	1,700	2.8	2027
Anders Røed	1,671	90	190	18	500	2,456			
Elin M. Myrmel-Johansen	1,179	23	146	18	250	2,232	2,008	3.2	2018
Gunnar Rogstad	1,954	499	146	18	286	1,063	989	2.8	2039
Sarah McPhee [5]	2,973		88	18	1,900	949			
Total 2009	**29,098**	**5,047**	**1,922**		**8,445**	**66,782**	**30,908**		
Total 2008	26,634	22,593	2,055		6,909	68,168	36,417		

NOK '000s	Number of shares held [2]	Bonus bank [3]	Return on shares bank [4]	1/3 bonus bank [3]
Idar Kreutzer	93,355	4,130	668	1,377
Odd Arild Grefstad	25,960	1,368	223	556
Egil Thompson	18,000	211	29	137
Lars Aa. Løddesøl	27,790	1,053	249	684
Klaus-Anders Nysteen	50,999	57	159	352
Roar Thoresen	28,282	328	323	676
Hans Aasnæs	39,832	740	740	1,580
Elin M. Myrmel-Johansen	7,067	198	14	99
Gunnar Rogstad	97,915	314	287	638
Sarah McPhee	34,387	891		944
Total 2009	**423,587**	**9,290**	**2,692**	**7,043**
Total 2008	335,186	4,010	-6,708	3,923

NOK '000s	Remuneration	Number of shares held [2]	Loan	Interest rate at 31.12.09	Repayment period
Board of Directors					
Leiv L. Nergaard	277				
Halvor Stenstadvold	350	8,645			
Camilla M. Grieg	300				
Erik Haug Hansen	330	5,879	910	2.8	2025
Knut Dyre Haug	270	11,674	1,307	2.8	2023
Birgitte Nielsen	306				
Annika Lundius	270				
Birger Magnus	261	20,000			
Jon Arnt Jacobsen					
John S. Dueholm	135				
Ann-Mari Gjøstein	306	258			
Total 2009	**2,805**	**46,456**	**2,217**		
Total 2008	3,227	134,964	2,350		
Control Committee					
Elisabeth Wille	240	747			
Harald Moen	184	595			
Ida Hjort Kraby	184				
Ole Klette	184				
Erling Naper	188				
Total 2009	**980**	**1,342**			
Total 2008	801	758			

1 Comprises of company car, telephone, insurance, concessionary interest rate, other contractual benefits.
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, Section 7-26.
3 Outstanding in bonus bank at 31.12.09 less Storebrand's initial contribution. 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. If the total annual payments exceed the total bonuses awarded and return this will result in parts of Storebrand's initial contribution forming part of the annual payment. Senior employees, with the exception of the CEO, received an initial contribution when the bonus bank was established. 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 percent to Storebrand's share price and 50 percent 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 2009 adjusted for dividend.
5 The retirement age for SPP's CEO is 62 years old. SPP's CEO is included in a contribution based pension scheme in which the pension costs for 2009 amounted to NOK 1.1 million, excluding employee's National Insurance contributions. In addition to this comes a benefit based pension scheme in which the costs for 2009 were NOK 0.8 million.

Loans to employees of the group total NOK 1,629 million.

The Board of Storebrand ASA will submit a statement to the 2010 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.

STOREBRAND ASA – THE BOARD OF DIRECTOR'S STATEMENT ON THE FIXING OF THE SALARY AND OTHER REMUNERATION OF SENIOR EMPLOYEES

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 employees in the Storebrand Group, including Storebrand's bonus system and pension scheme.

1 Advisory guidelines for the coming financial year

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 the sector. The fixed salaries shall be close to the median value for equivalent positions, the level of the fixed salary and expected bonus shall lie in the upper quartile for equivalent positions.

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.

2 Binding guidelines for shares, subscription rights, options, etc, for the coming financial year

2.1 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. Specific quantitative goals for how the value creation in the company will fund bonuses are set each year. The group also has to satisfy requirements in relation to solvency in order for the bonuses to be funded. Specific goals are also set each year with respect to the employees' performance. This is documented using a special monitoring system.

Most employees' awarded bonuses are paid directly. However, bonus banks have been set up for senior employees and key employees. These employees' bonuses are credited to the bonus bank. The amount credited to the bonus bank is exposed 50 percent to Storebrand's share price and 50 percent to the bank interest rate respectively. 1/3 of the balance on the bonus account is paid each year. The bonus scheme described above has functioned unchanged since 2001.

A long-term incentive scheme has been established for members of the group's management team and some other senior employees, with the exception of the CEO. In this scheme half of the paid bonus after tax must be spent on purchasing Storebrand shares at market prices. These shares are subject to a lock-in period of 3 years, meaning that the participants' holding will, given reasonable assumptions, amount to around one year's salary in a 3-5 year perspective.

In the case of the group's executive management the expected bonus level shall over time grow to a level of about 50 percent of fixed salary. The actual annual total bonus awarded, i.e. the credit to the bonus bank, should not exceed 100 percent of fixed salary. In other words, a ceiling of 200 percent of the expected bonus level.

The bonus schemes in the group, including the long-term incentive scheme, will be reviewed and assessed in detail in 2010 with a view to making potential adjustments. Changes may be made on the basis of this, but only within the already established schemes that are described.

2.2 Share programme for employees
Like other employees in Storebrand, senior employees have an opportunity to purchase a limited number of shares in Storebrand ASA at a discount pursuant to the share programme for employees. The scheme is subject to a minimum contractual period.

3 The senior employee remuneration policy practised in 2009
The senior employee policy practised in 2009 was based on the statement regarding the fixing of the salary of senior employees that was dealt with by the annual general meeting in April 2009.

The average expected bonus for the group's executive management was calculated at approx. 37.5 percent of fixed salary. The targets set for funding bonuses were not achieved in the 2008 qualifying period. Therefore no bonuses were awarded to senior employees based on results and performance in 2008.

Payments from the bonus bank in 2009 were made in accordance with the rules. This means that 1/3 of the existing balance in the bonus bank, after calculating the return using the bank interest rate and the development of the Storebrand share between 1 January 2008 and 31 December 2008 respectively, was paid out. The return on the balances in the bonus bank was approx. minus 37 percent for 2008.

On 10 June 2008 the board of Storebrand established a long-term incentive scheme for senior employees pursuant to the decision of the annual general meeting on 23 April 2008. The scheme applies to the group's management team and other selected key personnel.

Because no bonuses were awarded in the general bonus scheme for the 2008 qualifying period, further build up of the deferred capital contribution will start in 2010 based on bonus accrual in 2009.

There was a basis for ordinary bonus financing in the 2009 income year. Therefore a contribution was made to the bonus bank for senior employees. The average return in the bonus bank was approx. 70 percent for 2009.

4 Statement concerning the effects of share-based remuneration agreements for the company and shareholders
In accordance with the deferred capital contribution scheme, half of the executive vice presidents' net paid out bonus is used to purchase shares in Storebrand ASA at market prices with a 3 year lock-in period.

In the opinion of the Board of Directors this has no negative consequences for the company and shareholders given the orientation of the scheme and the size of the individual executive vice presidents' portfolio of shares in Storebrand ASA.

16 Remuneration paid to auditors (excl. VAT)

	2009				
		of which Deloitte			
NOK million	Total 2009	Norway	Abroad	of which other	Total 2008
Statutory audit	15	12	3	1	16
Other reporting duties	8	8			2
Tax advice	2	1	1		1
Other non-audit services	1	1	1		1
Total remuneration to auditors	**26**	**20**	**5**	**1**	**19**

17 Investments in associated companies

NOK million	2009	2008
Income		
Norsk pensjon AS	9	11
Inntre Holding AS	193	199
Formuesforvalting AS	257	
Seilduksgaten 25/31 AS	4	2
Handelsbodarna		
Result		
Norsk pensjon AS		-2
Inntre Holding AS	3	-1
Formuesforvalting AS	-10	
Seilduksgaten 25/31 AS	-2	-3
Handelsbodarna		
Assets		
Norsk pensjon AS	18	20
Inntre Holding AS	180	180
Formuesforvalting AS	307	
Seilduksgaten 25/31 AS	33	24
Handelsbodarna	318	
Liabilities		
Norsk pensjon AS	7	9
Inntre Holding AS	53	52
Formuesforvalting AS	125	
Seilduksgaten 25/31 AS	37	28
Handelsbodarna	318	

Ownership interests in associated companies

NOK million	Ownership interest	Acquisition cost	Carrying amount 01.01	Additions/ disposals	Share of profit	Carrying amount 31.12
Seilduksgaten 25/31 AS	50.0%	30	27		-1	26
Norsk pensjon AS	25.0%	3	4			4
Inntre Holding	34.3%	2	44	-1		43
Formuesforvaltning	13.7%			68	-1	67
Handelsboderna	50.0%			3		3
Total		**35**	**75**	**71**	**-2**	**143**

Booked in the statement of financial position		
Investments in associated companies - company	75	140
Investments in associated companies - customers		3
Total	75	143

Claims from associated companies
SPP has granted a NOK 156 million convertible loan to Handelsboderna.

18 Joint Ventures

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

The consolidated financial statements include the following companies with the amounts shown

NOK million	2009	2008
Income		
Storebrand Helseforsikring AS	135	128
Evoco	2	
Result		
Storebrand Helseforsikring AS	6	3
Evoco		
Assets		
Storebrand Helseforsikring AS	167	158
Evoco	1	
Liabilities		
Storebrand Helseforsikring AS	100	104
Evoco		

NOK million	2009 Ownership interest	2008 Ownership interest
Storebrand Helseforsikring AS	50.0%	50.0%
Evoco	50.0%	

19 Biological assets

NOK million	2009	2008
Carrying amount as per 01.01	**523**	**356**
Additions due to purchases/new planting (forest)	46	126
Translation difference	-70	
Change in fair value less sales expenses	53	41
Carrying amount as per 31.12	**552**	**523**

The biological assets recognised in the statement of financial position consist of forest. The valuation is primarily based on the utility value/return value calculation. Annual revenue and expenses are calculated from forestry and land. The net revenue is capitalised at a rate of 4 percent.

20 Due from customers and other current receivables

NOK million	2009	2008
Accounts receivable	1,656	2,818
Pre-paid commissions	270	65
Interest earned/pre-paid expenses	199	286
Remuneration fees earned external	232	15
Receivables in connection with reinsurance	9	13
Claims on insurance brokers	389	
Other current receivables	1,188	1,532
Carrying amount as per 31.12	**3,943**	**4,729**
Booked in the statement of financial position		
Due from customers and other current receivables - company	2,041	1,002
Due from customers and other current receivables - customers	1,902	3,727
Total	**3,943**	**4,729**

Development in provisions for losses on accounts receivable, etc as per 31.12

	2009		2008	
NOK million	Accounts receivable	Receivables in connection with reinsurance	Accounts receivable	Receivables in connection with reinsurance
Provisions for losses 01.01	-2	-10	-2	-10
Losses recognised in costs	-22			
Other movements in provisions for losses	2	8		
Provisions for losses 31.12	**-22**	**-2**	**-2**	**-10**

Age distribution for accounts receivable, etc as per 31.12 (gross)

	2009		2008	
NOK million	Accounts receivable	Receivables in connection with reinsurance	Accounts receivable	Receivables in connection with reinsurance
Receivables not fallen due	1,544		2,176	
Past due 1 - 30 days	57	11	555	23
Past due 31 - 60 days	21		28	
Past due 61 - 90 days	7		8	
Past due > 90 days	49		52	
Total	**1,678**	**11**	**2,818**	**23**

21 Other current liabilities

NOK million	2009	2008
Accounts payable	123	99
Accrued expenses/appropriations	819	538
Appropriations earnout	31	47
Liabilities to sublessees	2	31
Governmental fees and tax withholding	541	806
Accrued interest	5	85
Collateral received derivatives	1,547	4,321
Short positions	525	
Liabilities in connection with direct insurance	1,669	1,202
Liabilities in connection with reinsurance	161	224
Liabilities fund arbitration	379	142
Period tax liabilities	450	716
Other current liabilities	874	1,732
Carrying amount as per 31.12	**7,127**	**9,943**

22 Real estate at fair value

The following amounts are booked in the income statement

NOK million	2009	2008
Rent income from properties	1,578	1,521
Operating costs (including maintenance and repairs) relating to properties that have provided rent income during the period	-299	-179
Total	**1,279**	**1,342**
Change in fair value of investment properties	-256	423
Total income from real estate at fair value	**1,023**	**1,766**

Carrying amount for real estate at fair value in the statement of financial position

NOK million	2009	2008
Carrying amount as per 01.01	23,000	21,359
Supply due to purchases	677	755
Supply due to additions	305	1,436
Supply due to taken over properties	200	
To owner used properties	-87	
From owner used properties	1,128	
Disposals	-613	-974
Net write-ups/write-downs	-256	423
Exchange rate changes	-28	
Carrying amount as per 31.12	**24,325**	**23,000**

Real estate type			2009		
NOK million	2009	2008	Remaining term of lease contract	Space (Square meters)	Occupancy rate [1]
Office buildings (including parking and storage)	11,977	11,552	3.8	765,630	96.7
Shopping centres (including parking and storage)	11,180	10,571	5.6	317,151	96.7
Multi-storey car parks	692	549	7.1	44,085	100.0
Cultural/conference centres and commercial in Sweden	311	328			
Taken over properties [2]	165				
Total real estate at fair value	**24,325**	**23,000**		**1,126,866**	
Properties for own use	1,718	1,968	10.0	50,000	91.0
Total real estate	**26,043**	**24,968**		**1,176,866**	

1 The leased amount is calculated in relation to floor space.
2 Storebrand Bank Group has taken over properties in connection with defaulted loans.

The properties are valued individually on the basis of the estimated income and costs associated with the completion/sale of the property projects.

Write-downs/changes in value real estate investments

NOK million	2009	2008
Wholly owned real estate investments	-256	425
Property equities and units in Norway [1]	-76	-85
Property units abroad [1]	-974	-335
Total write-downs/value changes	**-1,306**	**5**

1 Are in the statement of financial position classified as equities and units.

Geographical location

NOK million	2009	2008
Oslo - Vika/Fillipstad Brygge	5,709	5,187
Rest of Greater Oslo	8,170	7,281
Shopping centres	11,180	10,571
Rest of Norway	674	1,601
Sweden	311	328
Total real estate	**26,043**	**24,968**

A further NOK 690 million was agreed for property purchases in 2009, but the assumption of the risk and final conclusion of contracts will occur in 2010 and NOK 468 million in Storebrand and SEK 390 million in SPP has been committed but not drawn on in international real estate funds.

Calculation of fair value for properties
Investment properties are valued at fair value. Fair value is the amount an asset could be sold for in a transaction at arm›s length between well informed, voluntary parties. Observed market prices are taken into account when setting market rent and the required rate of return.
If applicable prices in an active market are unavailable, one looks at the following, among other things:

- applicable prices in an active market for property of another kind, with other conditions or in another location (or subject to other leases or other contracts), adjusted to take account of these differences,
- prices recently achieved for equivalent properties in less active markets, with adjustments that reflect any changes in economic conditions after the time the transactions took place at the aforementioned prices, and
- discounted cash flow prognoses based on reliable estimates of future cash flows, and supported by the terms and conditions in any existing leases and other contracts, as well as (where possible) external knowledge about applicable market rents for equivalent properties in the same location and under the same conditions, and the use of discount rates that reflect applicable market assessments of uncertainty in the cash flows amounts and timetable. The individual required rate of return for the individual investment is used to discount future net cash flows.

The required rate of return is set on the basis of expected future risk free interest and an individually set risk premium. The following, among other things, is taken into account when setting the required rate of return:

- Transactions in the market
- Perceptions in the market
- Lease status (vacancy, tenant›s solvency)
- Location
- Standard
- Rent level in relation to market rent
- Value per m2
- All other information about property values, the market and the individual property

The property's market values is assessed on the basis of a long-term income perspective. Office buildings and shopping centres account for a significant proportion of the properties. In the case of office buildings, a future income and costs picture is estimated for the first 10 years, and a final value calculated at the end of that 10 year period, based on market rent and normal operating costs for the property. The net income stream takes into account existing and future reductions in income resulting from vacancy, necessary investments and an assessment of the future development in market rents. In the case of shopping centres, the property›s value is calculated based on a market yield. In cases where it is known significant changes will occur to the expected cash flow in later years, this is taken account of in the valuation. A representative selection of properties is subject to an external valuation.

The properties are valued on the basis of the following effective required rate of return (incl. 2.5% inflation)

Segment	**Required rate of return**	
	2009	2008
Office portfolio Oslo City Centre	7.75-9.25	7.95-9.00
Shopping centre portfolio	8.25-9.25	8.45-9.50
Other properties	8.75-10.00	8.45-10.75

Sensitivities
Valuations are particularly sensitive to changes in the required rate of return and assumed future cash flows. A change of 0.25% in the required rate of return, where everything else remains the same, would result in a change in value in the real estate portfolio of approx. MNOK 850 which corresponds to 3.36%.

23 Capital adequacy and solvency requirements

Primary capital in capital adequacy

NOK million	2009	2008
Share capital	2,250	2,250
Other equity	14,967	13,909
Equity	**17,217**	**16,158**
Hybrid tier 1 capital	1,715	1,506
Conditional bonus	2,755	2,280
Pension experience adjustments	-30	137
Goodwill and other intangible assets	-6,773	-7,535
Deferred tax assets	-213	-182
Risk equalisation fund	-225	-153
Revaluation fund		-48
Deductions for investments in other financial institutions		-10
Security reserves	-101	-94
Minimum requirement reassurance allocation	-46	-68
Unrealised gains on company portfolio	-17	-35
Capital adequacy reserve	-254	-43
Other	-91	352
Core (tier 1) capital	**13,938**	**12,266**
Hybrid tier 1 capital	47	270
Perpetual subordinated capital	5,047	3,940
Ordinary primary capital	675	2,105
Deductions for investments in other financial institutions		-10
Capital adequacy reserve	-254	-43
Tier 2 capital	**5,515**	**6,262**
Net primary capital	**19,453**	**18,528**

Minimum requirements primary capital in capital adequacy		
NOK million	**2009**	**2008**
Credit risk		
Of which by business area:		
Capital requirements insurance	9,406	8,243
Capital requirements banking	1,653	1,936
Capital requirements securities undertakings	17	12
Capital requirements other	36	37
Total minimum requirements credit risk	**11,113**	**10,227**
Operational risk	128	119
Deductions	-58	-9
Minimum requirements primary capital	**11,182**	**10,337**
Capital adequacy ratio	**13,9 %**	**14,3 %**
Core (tier 1) capital ratio	**10,0 %**	**9,5 %**

Solvency requirements for cross-sectoral financial group		
NOK million	**2009**	**2008**
Requirements re primary capital and solvency capital		
Capital requirements Storebrand Group from capital adequacy statement	11,182	10,337
- capital requirements insurance companies	-9,406	-8,243
Capital requirements pursuant to capital adequacy regulations	1,776	2,094
Requirements re solvency margin capital insurance	10,208	10,442
Total requirements re primary capital and solvency capital	**11,984**	**12,536**
Primary capital and solvency capital		
Net primary capital	19,453	18,528
Change in solvency capital for insurance in relation to primary capital		
Conditional bonus - not approved as solvency capital	-2,755	-2,280
Reduction of subordinated loan in solvency capital		-906
Other solvency capital	2,513	1,859
Total primary capital and solvency capital	**19,211**	**17,201**
Surplus solvency capital	**7,227**	**4,665**

The Storebrand Group is a cross-sectoral financial group subject to capital requirements pursuant to both Basel II (capital adequacy) and the solvency rules on a consolidated basis. Pursuant to these rules, solvency margin requirements are calculated for the insurance companies› in the group, while for the other companies a capital requirement pursuant the capital adequacy regulations is calculated. The calculations in the tables above conform to the regulations relating to the application of the solvency rules on a consolidate basis, etc., Section 7.

Primary capital consists of core (tier 1) capital and tier 2 capital. Pursuant to the regulations for calculating primary capital, core (tier 1) capital is materially different to equity in the financial statements. The table below shows a reconciliation of core (tier 1) capital in relation to equity. Issued hybrid tier 1 capital can account for 15% of the core (tier 1) capital, while any overshoot can be included in the tier 2 capital.

A percentage of the conditional bonus is included in the core (tier 1) capital pursuant to the conditions stipulated by Finanstilsynet and this applies to that part of the insurance capital that is not guaranteed in SPP.

Tier 2 capital which consists of subordinated loans cannot exceed more than 100% of the core (tier 1) capital, while dated subordinated loan capital cannot exceed more than 50% of the core (tier 1) capital.

Pursuant to Basel II the capital requirement is 8% of the basis for calculating the credit risk, market risk and operational risk.

In a cross-sectoral financial group the sum of the primary capital and solvency margin capital shall cover the sum of the solvency margin requirements for the insurance activities and the requirements for primary capital of financial institutions and securities firms.

24 Number of employees/person-years

NOK million	**2009**	**2008**
Number of employees	2,280	2,516
Average number of employees	2,330	2,372
Number of person-years	2,185	2,434
Average number of person-years	2,260	2,294

25 Net interest income - bank

NOK million	**2009**	**2008**
Fixed income and similar income from lending to and receivables from financial institutions	28	67
Fixed income and similar income from lending to and receivables from customers	1,662	2,687
Fixed income and similar income from commercial paper, bonds, and other interest-bearing paper	116	176
Other interest income and similar income	12	11
Total interest income [1]	**1,818**	**2,940**
Interest and similar costs from liabilities to financial institutions	-278	-180
Interest and similar costs from deposits from and liabilities to customers	-606	-1,004
Interest and similar costs from issued securities	-410	-1,071
Interest and similar costs from subordinated loan capital	-39	-68
Other interest costs and similar costs	-61	-105
Total interest costs [2]	**-1,394**	**-2,428**
Total interest income	**423**	**513**
1 The total interest income for lending, etc, that is not stated at fair value.	*1,675*	*2,747*
2 The total interest costs for deposits, etc, that is not stated at fair value.	*-1,227*	*-2,396*

Interest costs and value changes on borrowing at fair value (FVO)		
NOK million	**2009**	**2008**
Interest expenses funding FVO	-167	-63
Changes in value of funding FVO	16	-6
Net costs borrowing at fair value (FVO)	**-152**	**-69**

26 Net income analysed by class of financial instrument

Net income and gains from financial assets at fair value

NOK million	2009	2008
Dividends from equities and units	1,424	1,915
Net gains/losses on disposal of equities and units	-5,702	-2,998
Net unrealised gains/losses on equities and units	11,215	-21,767
Total equities and units	**6,937**	**-22,850**
- of which FVO (fair value option)	**7,064**	**-25,642**
Interest income	5,960	6,288
Net gains/losses on disposal of fixed-income securities	2,677	3,037
Net unrealised gains/losses on fixed-income securities	-1,154	3,800
Total bonds, bond funds and other fixed-income securities	**7,484**	**13,126**
- of which FVO (fair value option)	**7,392**	**15,567**
Fixed income	357	-477
Net gains/losses on disposal of financial derivatives	6,311	-7,739
Net unrealised gains/losses on financial derivatives	-3,552	5,577
Total financial derivatives	**3,117**	**-2,639**
Net income and gains from financial assets at fair value	**17,537**	**-12,363**
- of which FVO (fair value option)	**14,456**	**-10,075**

Net income from bonds at amortised cost

NOK million	2009	2008
Net gains/losses on disposal of bonds at amortised cost	-456	1,515
Interest income from other bonds at amortised cost	1,538	900
Net income from bonds at amortised cost	**1,082**	**2,415**

Interest expense – funding

NOK million	2009	2008
Interest expense – funding	-129	-272
Interest expense – subordinated loans	-541	-638
Interest expense on other financial liabilities		-6
Total interest expenses [1]	**-670**	**-916**

1 Interest expenses for Storebrand Bank are included in net interest income for banking enterprises.

27 Losses from lending and guarantees

NOK million	2009	2008
Write-downs/income recognition for lending and guarantees for the period		
Change in individual loan write-downs for the period	67	15
Change in grouped loan write-downs for the period	-19	30
Other corrections to write-downs	-10	-1
Realised losses on loans where provisions have previously been made	-92	80
Realised losses on loans where no provisions have previously been made		1
Recovery of loan losses realised previously	8	-4
Write-downs/income recognition for lending and guarantees for the period	**-46**	**122**
Interest on written down loans recognised as income	**7**	**8**

28 Write-downs of lending and guarantees

NOK million	2009	2008
Write-downs of individual loans 01.01	262	247
Losses realised in the period for which individual write-downs have previously been made	-92	-80
Write-downs of individual loans in the period	72	107
Reversals of write-downs of individual loans in the period	-69	-19
Other corrections to write-downs [1]	9	7
Write-downs of individual loans 31.12	**182**	**262**

1 Other corrections to the write-downs relate to amortisation effects.

Group write-downs of loans, guarantees, etc 01.01	88	58
Group write-downs in the period	19	30
Group write-downs of loans, guarantees, etc 31.12	**107**	**88**
Total write-downs	**289**	**351**

The bank had no provisions for guarantees at 31.12.09 and at 31.12.08.

29 Classification of financial assets and liabilities

NOK million	Loans and receivables	Fair value trading	Fair value FVO [1]	Liabilities at amortised cost	Total
Financial assets					
Bank deposits	9,664				9,664
Equities and units		509	72,318		72,828
Bonds and other fixed-income securities	44,718	986	154,729		200,433
Lending to financial institutions	425				425
Lending to customers	38,743		758		39,501
Due from customers and other current receivables	3,943				3,943
Derivatives		4,002			4,002
Total financial assets 2009	**97,492**	**5,497**	**227,806**		**330,795**
Total financial assets 2008	**89,843**	**23,280**	**224,618**		**337,741**
Financial liabilities					
Subordinated loan capital				7,869	7,869
Liabilities to financial institutions			6,841	4,285	11,126
Deposits from banking customers			173	18,143	18,316
Securities issued				12,408	12,408
Derivatives		2,126			2,126
Other current liabilities		526		6,601	7,127
Total financial liabilities 2009		**2,652**	**7,014**	**49,306**	**58,972**
Total financial liabilities 2008		**10,898**	**3,080**	**61,859**	**75,836**

1 Includes securities available for sale.

30 Fair value of financial assets and liabilities

NOK million	2009 Carrying amount	2009 Fair value	2008 Carrying amount	2008 Fair value
Assets				
Bank deposits	9,664	9,664	20,179	20,179
Financial assets at fair value:				
Equities and units	72,828	72,828	53,839	53,839
Total bonds and other fixed-income securities	155,715	155,715	178,671	178,671
Derivatives	4,002	4,002	15,105	15,105
Loans and receivables:				
Loans to and due from financial institutions, amortised cost	425	425	334	334
Loans to customers, fair value	758	758	283	283
Loans to customers, amortised cost	38,743	38,699	42,237	41,943
Accounts receivable and other short-term receivables	3,943	3,943	4,729	4,729
Other bonds at amortised cost	44,718	44,858	22,365	22,049
Total assets	**330,795**	**330,891**	**337,741**	**337,131**
Financial liabilities				
Derivatives, trading	2,126	2,126	10,082	10,082
Securities issued, fair value			934	934
Securities issued, amortised cost	12,408	12,609	17,477	17,287
Liabilities to financial institutions, fair value	6,841	6,841	1,978	1,978
Liabilities to financial institutions, amortised cost	4,285	4,295	6,700	6,596
Deposits from banking customers, fair value	173	173	168	168
Deposits from banking customers, amortised cost	18,143	18,143	18,124	18,124
Other current liabilities	7,127	7,127	9,943	9,943
Total other financial liabilities	**51,103**	**51,314**	**65,405**	**65,111**
Subordinated loan capital, amortised cost	**7,869**	**7,861**	**10,431**	**7,975**
Total financial liabilities	**58,972**	**59,175**	**75,836**	**73,086**

31 Collateral

NOK million	2009	2008
Collateral for Futures trading	-1,287	-2,462
Collateral received in connection with repo		3,736
Received collateral for Security Lending Programme J.P. Morgan	586	646
Total received and pledged collateral	**-701**	**1,919**

Pledged collateral for futures and options are adjusted daily based on the daily margin statement for the individual contracts. Collateral linked to securities lending will be settled upon the return of lent securities.

NOK million	2009	2008
Carrying amount for bonds pledged as collateral for the bank's lending from Norges Bank	3,143	3,088
Carrying amount for bonds pledged as collateral for swap arrangement of state paper for covered bonds	6,841	2,002
Total	**9,985**	**5,090**

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 an F loan for NOK 1.5 billion in Norges Bank as per 31 December 2009.

In connection with the government's package of measures for the banks, Storebrand Bank ASA has entered into an agreement involving the following amounts, conditions and terms for a swap arrangement of covered bonds for state treasury bills:
NOK 986 million which runs from 3 December 2008 to 15 September 2010. Interest rate conditions are NIBOR minus 20 basis points.
NOK 979 million which runs from 17 December 2008 to 21 December 2011. Interest rate conditions are NIBOR minus 20 basis points.
NOK 1,386 million which runs from 28 January 2009 to 21 December 2011. Interest rate conditions are NIBOR minus 20 basis points.
NOK 497 million which runs from 6 May 2009 to 19 March 2014. Interest rate conditions are NIBOR minus 20 basis points.
NOK 494 million which runs from 4 June 2009 to 19 March 2014. Interest rate conditions are NIBOR minus 20 basis points.
NOK 494 million which runs from 17 June 2009 to 20 March 2013. Interest rate conditions are NIBOR minus 20 basis points.
NOK 492 million which runs from 9 September 2009 to 18 December 2013. Interest rate conditions are NIBOR plus 24 basis points.
NOK 1,488 million which runs from 21 October 2009 to 18 September 2013. Interest rate conditions are NIBOR plus 70 basis points.

32 Contingent liabilities

NOK million	2009	2008
Guarantees	248	366
Unused credit limit lending	3,451	3,588
Uncalled residual liabilities re limited partnership	4,483	5,479
Other liabilities/lending commitments		46
Total contingent liabilities	**8,182**	**9,479**

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

33 Securities lending and buy back agreements

Securities lending

NOK million	**2009**	**2008**
Share lending	558	630
Received collateral for shares lent	586	646
Received cash collateral reinvested in bonds	523	584

Securities lending by country

NOK million	**2009**	**2008**
UK	11	
Japan	36	25
France	24	26
Australia	9	4
USA	416	539
Spain	11	9
Germany	21	14
Other	31	15
Total	**558**	**630**

Securities lending by currency

NOK million	**2009**	**2008**
USD	510	584
EUR	48	46
Total	**558**	**630**

Covered bonds - Storebrand Bank Group

NOK million	**2009**	**2008**
Carrying amount for covered bonds	7,239	2,002
Carrying amount associated with financial liabilities	6,841	1,970

Transferred financial assets consist of swap agreements with the state through the Ministry of Finance concerning the posting of financial collateral (see note 31). The swap agreements are entered into through auctions that are administrated by Norges Bank. In the swap arrangement, the state sells state treasury bills to the bank through a time/restricted swap for covered bonds. The bank can either keep the state treasury bill and receive payment from the state when the swap falls due for repayment, or it may sell the treasury bill in the market. When the bills become due within the term of the swap agreement, the bank must purchase new bills from the state at the price that is determined by the market price for treasury bills. This roll/over will be on/going throughout the entire term of the agreement. Upon expiry of the swap agreement, the bank is obligated to purchase the covered bonds back from the state at the same price that the state purchased them for. Storebrand Bank ASA will receive the returns on the transferred covered bonds. All risk concerning the covered bonds continues to lie with Storebrand Bank ASA and covered bonds are therefore not excluded.

34 Hedge accounting

Fair value hedging of interest risk

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.

Hedging instrument – fair value hedging	**2009**			**2008**		
	Contract/ nominal	**Fair value [1]**		**Contract/ nominal**	**Fair value [1]**	
NOK million	**value**	**Assets**	**Liabilities**	**value**	**Assets**	**Liabilities**
Interest rate swaps	11,613	698	91	26,834	445	283

Items-hedged - fair value hedging	**2009**			**2008**		
	Contract/ nominal	**Hedging value [1, 2]**		**Contract/ nominal**	**Hedging value [1, 2]**	
NOK million	**value**	**Assets**	**Liabilities**	**value**	**Assets**	**Liabilities**
Subordinated loan capital	3,593		3,893	3,027		3,120
Liabilities to financial institutions	500		503	500		507
Securities issued	7,636		7,761	9,808		10,049
Hedging effectiveness – prospective for hedging contracts in Storebrand ASA			100%			
Hedging effectiveness – retrospective for hedging contracts in Storebrand ASA			100%			
Hedging effectiveness – prospective for hedging contracts in Storebrand Bank ASA			93%			98%
Hedging effectiveness – retrospective for hedging contracts in Storebrand Bank ASA			104%			96%
Hedging effectiveness – prospective for hedging contracts in Storebrand Livsforsikring AS			109%			98%
Hedging effectiveness – retrospective for hedging contracts in Storebrand Livsforsikring AS			109%			98%

1 *Carrying amount as per 31.12.*
2 *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.*

Gains/losses in hedge accounting

NOK million	**2009**	**2008**
On hedging instruments for fair value hedging	-123	451
On hedged items for fair value hedging	126	-453

Hedging effectiveness is measured on the basis of a 2 percent 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.

Currency hedging of net investment in SPP

In 2009, Storebrand utilised cash flow hedging for the currency risk linked to Storebrand's net investment in SPP. 3 month rolling currency derivatives were used in which the spot element in these is used as the hedging instrument. The effective share of hedging instruments is recognised in total comprehensive income. The net amount recognised in total comprehensive income in 2009, i.e. the effective share of the hedging instruments and the currency effect on the hedged object was minus NOK 19 million. The net amount recognised in the year's result, i.e. the effect of over-hedging, is a gain of NOK 33 million. Because the hedging instruments are continuously adjusted to the carrying amount of the net investment in SPP, the future hedging efficiency is expected to be around 100 percent.

Hedging instrument – cash flow hedging

		2009		2008	
		Fair value [1]		Fair value [1]	
NOK million	Contract/ nominal value	Assets	Liabilities	Assets	Liabilities
Currency derivatives	12,318	117			-89

Hedging item – cash flow hedging

	2009		2008	
	Hedging value [1]		Hedging value [1]	
NOK million	Assets	Liabilities	Assets	Liabilities
Underlying items	12,523		11,502	
Hedging effectiveness – prospective	98%		100%	
Hedging effectiveness – retrospective	98%		100%	

1 Carrying amount as per 31.12.

35 Bonds at amortised cost

	2009				2008	
NOK million	Nominal value	Acquisition cost	Carrying amount	Fair value	Carrying amount	Fair value
Asset backed securities	4,107	2,413	2,321	2,109	3,808	3,447
Corporate bonds	6,753	6,414	6,497	6,605	67	53
Finance, bank and insurance	8,371	8,200	8,356	8,349	7,149	6,934
Real estate	58	51	55	54		
State and state guaranteed	18,098	18,882	19,159	19,241	8,180	8,327
Supranational organisations	1,410	1,390	1,434	1,458	911	980
Local authority, county	2,502	2,498	2,567	2,626	651	711
Covered bonds	4,261	4,326	4,328	4,415	1,598	1,598
Total bonds at amortised cost	**45,560**	**44,174**	**44,718**	**44,858**	**22,365**	**22,049**
Modified duration				4,75		3,87
Average effective yield			5,46	4,90	4,86	5,18

The effective yield for each security is calculated using the carrying amount and the observed market price (fair value). The effective yield of securities without observed market prices is calculated on the basis of the fixed interest rate period and classification of the individual security with respect to liquidity and credit risk. 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.

36 Reclassification

	2009	2008
NOK million	From available for sale/ to amortised cost	From hold to maturity/to available for sale
Reclassification date	**08.05.09**	**18.12.08**
Carrying amount	9,095	31,331
Fair value	9,095	33,363
31.12		
Carrying amount	8,610	31,396
Fair value	8,632	33,169
Effect on result if not reclassified	-484	-1,779

The principal and coupon interest are expected to be repaid for the reclassified paper.

The average actual interest rate for reclassified paper was 4.09 percent as per 31 December 2009.

Reclassification 2009

Instruments included in the portfolio of loans and receivables are non-derivative financial assets that are not listed on an active market or subject to regular trading. The reclassification was carried out to attain a more appropriate return profile for the investments compared with the expected development in the pertinent insurance liabilities in Storebrand Life Insurance.

37 Equities and units

	2009		2008
NOK million	Acquisition cost	Fair value	Fair value
Listed equities Norway	2,572	2,675	892
Listed equities within EEA	9,327	9,994	5,918
Listed equities outside EEA	8,690	9,045	4,246
Unlisted equities Norway	848	750	854
Unlisted equities within EEA	689	1,066	1,125
Unlisted equities outside EEA	1,372	1,238	1,301
Fund units managed by Storebrand Investments Norway	10,785	11,113	6,389
Fund units managed by Storebrand Investments within EEA	98	109	64
Fund units managed by Storebrand Investments outside EEA	320	320	1,190
Fund units managed in Sweden	355	445	15,637
Other fund units Norway	1,050	1,214	695
Other fund units within EEA	10,150	8,940	6,477
Other fund units outside EEA	26,839	25,920	9,048
Total equities and units	**73,096**	**72,828**	**53,839**

38 Bonds and other fixed income securities at fair value

NOK million	Commer-cial paper	Bonds	Total	Bond funds	Securities lending, collateral, cash reinvested in interest-bearing mutual funds	Total including bond funds	Total including bond funds
	2009						2008
Commercial paper, bonds and bond funds, fair value	14,178	131,171	145,349	9,844	523	155,715	178,671
Of which listed	12,099	114,641	126,740	3,951		130,690	160,578
Direct investments in bonds and commercial paper	14,178	131,171	145,349	9,844	523	155,715	174,439
Indirect investments in commercial paper and bonds through funds managed by Storebrand							4,774
Basis for currency analysis	**14,178**	**131,171**	**145,349**	**9,844**	**523**	**155,715**	**179,213**
NOK	6,704	44,921	51,625	5,164		56,788	72,563
EUR	1,695	18,298	19,993	62		20,055	15,802
USD	282	6,513	6,795	731	523	8,049	8,281
DKK		925	925			925	1,644
GBP		1,023	1,023			1,023	989
CAD		348	348			348	355
SEK	5,496	57,128	62,624	3,887		66,511	77,966
JPY		1,766	1,766			1,766	1,567
CHF		203	203			203	
AUD		47	47			47	48
Total	**14,178**	**131,171**	**145,349**	**9,844**	**523**	**155,715**	**179,213**

Norwegian business			
Modified duration	0.38	2.93	2.54
Average effective yield	1.98	3.46	3.43
Swedish business			
Modified duration	0.19	3.00	2.67
Average effective yield	0.34	2.71	2.69

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.

39 Derivatives

Nominal volume

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

Figures for average gross nominal volume are based on daily calculations of gross nominal volume.

NOK million	Gross nominal volume [2]	Average nominal volume [3]	Net nominal volume [2]	Fair value [2] Assets	Fair value [2] Liabilities	Of which fair value hedging Assets	Of which fair value hedging Liabilities
Equity options	572	859	57	4	4		
Equity-linked futures	1,150	3,950	-1,150				
Total equity derivatives 2009	**1,723**	**4,810**	**-1,093**	**4**	**4**		
Total equity derivatives 2008	**18,809**	**39,077**	**3,205**	**2,643**	**111**		
Future interest rate agreements	60,671	305,539	1,181	40	43		
Interest rate futures	6,946	7,638	2,840				
Interest rate swaps [1]	66,886	111,124	13,389	2,292	794	698	91
Swaptions	10,518		10,518	359			
Total interest rate derivatives 2009	**145,021**	**424,301**	**27,929**	**2,691**	**837**	**698**	**91**
Total interest rate derivatives 2008	**712,267**	**1,045,546**	**-15,075**	**8,605**	**2,781**	**428**	**1**
Forward exchange contracts	141,620	94,020	-33,911	1,140	1,254		
Basis swaps	14,172	3,137	-9,638	125	5		
Total currency derivatives 2009	**155,793**	**97,158**	**-43,550**	**1,265**	**1,258**		
Total currency derivatives 2008	**140,883**	**138,391**	**-20,129**	**3,013**	**6,269**		
Credit derivatives	1,940	4,192	-747	42	27		
Total credit derivatives 2009	**1,940**	**4,192**	**-747**	**42**	**27**		
Total credit derivatives 2008	**8,646**	**16,455**	**1,956**	**582**	**686**		
Total derivatives 2009	***304,476***	***530,461***	***-17,461***	***4,001***	***2,126***	***698***	***91***
Total derivatives 2008	***880,605***	***1,239,469***	***-30,043***	***14,843***	***9,847***	***428***	***1***
- of which indirect investments 2008				***-262***	***-235***		

The above table includes net positions in indirect investments.

2 Interest rate swaps include accrued but not due fixed income.
3 Values as per 31.12.
4 Average for the year.

40 Financial liabilities and specification of borrowing

Subordinated loan capital

NOK million	Carrying amount 2008	New issues	Repay-ments	Exchange rate changes	Paper price changes	Amortisa-tion/fixed interest	Change in accrued interest	Carrying amount 2009
Dated subordinated loan capital	2,354		-1,435	-240		-2	-5	672
Perpetual subordinated loan capital	6,310	971	-1,281	-570	39	15	-52	5,432
Hybrid tier 1 capital	1,763				-1	6	-6	1,763
Accrued interest	3					-1		2
Total subordinated loans	**10,431**	**971**	**-2,716**	**-810**	**38**	**18**	**-63**	**7,869**

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate	Call date	Carrying amount 2009
Issuer					
Hybrid tier 1 capital					
Storebrand Bank ASA	107	NOK	Fixed	2014	107
Storebrand Bank ASA	168	NOK	Variable	2014	167
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,486
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2013	2,703
Storebrand Livsforsikring AS	1,700	NOK	Variable	2014	1,687
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,043
Dated subordinated loan capital					
Storebrand Bank ASA	175	NOK	Variable	2010	175
Storebrand Bank ASA	100	NOK	Variable	2011	100
Storebrand Bank ASA	250	NOK	Variable	2012	250
Storebrand Bank ASA	150	NOK	Variable	2012	150
Accrued interest					2
Total subordinated loans and hybrid tier 1 capital 2009					**7,869**
Total subordinated loans and hybrid tier 1 capital 2008					**10,431**

Specification of liabilities to financial institutions

NOK million	Call date	Carrying amount 2009
Borrower		
Storebrand ASA	2010	914
Storebrand Bank ASA	2010	2,670
Storebrand Bank ASA	2011	2,443
Storebrand Bank ASA	2012	1,359
Storebrand Bank ASA	2013	2,751
Storebrand Bank ASA	2014	989
Total liabilities to financial institutions 2009		**11,126**
Total liabilities to financial institutions 2008		**8,677**

Securities issued

NOK million	Carrying amount 2008	New issues/buy back	Repay-ments	Currency exchange rate changes	Paper price changes	Amorti-sation	Change in accrued interest	Carrying amount 2009
Short-term debt instruments	1,908	192	-2,100					
Bonds	15,646	-26	-3,369	-531	286	33	19	12,057
Equity-linked bonds	858		-545		-4	42		351
Total securities issued	**18,411**	**166**	**-6,014**	**-531**	**282**	**75**	**19**	**12,408**

Specification of securities issued

NOK million	Nominal value	Currency	Interest rate	Call date	Carrying amount 2009
Issuer					
Bonds					
Storebrand Bank ASA	625	NOK	Fixed	2010	631
Storebrand Bank ASA	273	NOK	Fixed	2010	276
Storebrand Bank ASA	310	NOK	Fixed	2015	317
Storebrand Bank ASA	327	NOK	Fixed	2012	332
Storebrand Bank ASA	300	NOK	Fixed	2016	294
Storebrand Bank ASA	325	NOK	Variable	2010	325
Storebrand Bank ASA	408	NOK	Variable	2013	417
Storebrand Bank ASA	900	NOK	Variable	2012	900
Storebrand Bank ASA	548	NOK	Variable	2014	553
Storebrand Bank ASA	500	SEK	Variable	2012	405
Accrued interest					53
Storebrand ASA	750	NOK	Variable	2011	751
Storebrand ASA	405	NOK	Variable	2012	405
Storebrand ASA	550	NOK	Fixed	2014	555
Storebrand ASA	550	NOK	Fixed	2014	546
Covered bonds					
Storebrand Boligkreditt AS	141	EUR	Fixed	2010	1,188
Storebrand Boligkreditt AS	1,000	NOK	Fixed	2015	1,049
Storebrand Boligkreditt AS	640	NOK	Variable	2011	640
Storebrand Boligkreditt AS	1,250	NOK	Fixed	2014	1,295
Storebrand Boligkreditt AS	1,000	NOK	Fixed	2019	993
Accrued interest					134
Total bonds					**12,057**
Equity-linked bonds					
Storebrand Bank ASA	351	NOK	Zero coupons	2010	335
Storebrand Bank ASA	17	NOK	Zero coupons	2011	16
Total equity-linked bonds 2009					**351**

Signed loan agreements have standard covenant requirements. The terms and conditions have been redeemed pursuant to signed loan agreements.

Deposits from banking customers

NOK million	2009	2008
Corporate	6,861	6,465
Retail	11,007	11,344
Foreign	449	483
Total	**18,316**	**18,292**

41 Credit risk

Credit risk by counterparty

Interest-bearing securities at FVO	AAA	AA	A	BBB	NIG	Total
Category of issuer or guarantor	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**
NOK million						
Asset backed securities	1,065	498	77	103	132	1,875
Corporate bonds	125	424	4,312	3,070	1,170	9,101
Finance, bank and insurance	2,682	6,736	13,030	9,588	253	32,288
Real estate		426		5		431
State and state guaranteed	66,051	3,448	2,786			72,286
Supranational organisations	1,610					1,610
Local authority, county	5,553	999	8			6,560
Covered bonds	9,854	6,650	5,097			21,602
Bond funds	118				9,844	9,962
Total 2009	**87,059**	**19,181**	**25,311**	**12,766**	**11,399**	**155,715**
Total 2008	**128,895**	**13,979**	**15,673**	**12,647**	**1,703**	**172,897**

Interest bearing securities at amortised cost	AAA	AA	A	BBB	NIG	Total
Category of issuer or guarantor	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**
NOK million						
Asset backed securities	2,017	80		12		2,109
Corporate bonds		1,047	5,135	261	162	6,605
Finance, bank and insurance		3,060	3,809	478	1,002	8,349
Real estate					55	55
State and state guaranteed	14,654	1,586	3,001			19,241
Supranational organisations	1,458					1,458
Local authority, county	2,489	137				2,626
Covered bonds	1,828	677	1,911			4,415
Total 2009	**22,446**	**6,587**	**13,855**	**751**	**1,218**	**44,858**
Total 2008	**11,544**	**6,029**	**3,209**	**190**	**1,077**	**22,049**

Derivatives	AAA	AA	A	BBB	NIG	Total
Counterparties	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**
NOK million						
Norway		616	682	42	215	1,554
Sweden		390	409			799
France		0	174			174
UK		857	494			1,351
Denmark		44	49			93
Finland		31				31
Total 2009		**1,938**	**1,807**	**42**	**215**	**4,002**
Total 2008	**11**	**10,441**	**4,211**		**608**	**15,270**

Bank deposits and loans to financial institutions	AAA	AA	A	BBB	NIG	Total
Counterparties	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**
NOK million						
Norway	578	3,140	300	192		4,209
Sweden	61	1,732	725			2,518
UK	173	1,630	811			2,613
USA	56	60				116
Other	25	128	54			207
Total bank deposits	**892**	**6,690**	**1,890**	**192**		**9,664**
Norway		401			22	424
Lithuania					1	1
Total lending to financial institutions		**401**			**24**	**425**
Total bank deposits and lending to financial institutions 2009	**892**	**7,091**	**1,890**	**192**	**24**	**10,089**
Total bank deposits and lending to financial institutions 2008	**1,556**	**9,745**	**7,764**	**1,448**		**20,513**

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

Lending

Commitments by customer groups *NOK million*	Lending to and receiva-bles from custo-mers	Guaran-tees	Unused credit line	Total commit-ments	Defaults without identified impair-ment	Defaults with identified impair-ment	Gross defaulted commit-ments	Individual write-downs	Net defaulted commit-ments
Financial auxiliaries		1		1					
Mine operators and mining	7			7					
Industry	1			1					
Electricity, gas, steam and hot water supply	1			1					
Development of building projects	1,436	127	149	1,713		18	18	7	11
Wholesale and retail trade, motor vehicle repair	15	1		15	1		1		1
Haulage and storage	37			38					
Accommodation and hospitality	15			15					
Information and communications	7	2	2	10					
Sale and operation of real estate	7,293	159	121	7,572	3	377	379	53	326
Professional and financial services	585	2	3	590		6	6	6	
Business services	4,360		355	4,716		2	2	3	
Other service providers	34			34					
Wage-earners	25,699	1	2,795	28,495	300	149	449	90	359
Other		37		37					
Foreign	300		27	326	6	23	29	23	5
Total	**39,790**	**330**	**3,452**	**43,572**	**309**	**575**	**884**	**182**	**702**
- Group write-downs	-107			-107					
Total lending to and receiva-bles from customers 2009	**39,683**	**330**	**3,452**	**43,465**	**309**	**575**	**884**	**182**	**702**
Total lending to and receiva-bles from customers 2008	**42,723**	**366**	**3,588**	**46,677**	**190**	**520**	**710**	**262**	**448**

The division into customer groups is based upon Statistics Norway's standard for sector and business groupings. The placement of the individual customer is determined by the customer's primary enterprise.determined by the customer's primary enterprise.

Commitments by geographical area NOK million	Lending to and receivables from customers	Guarantees	Unused credit line	Total commitments	Defaults without identified impairment	Defaults with identified impairment	Gross defaulted commitments	Individual write-downs	Net defaulted commitments
Eastern Norway	32,857	330	2,744	35,930	218	502	720	134	586
Western Norway	3,879		452	4,330	56	20	76	9	66
Southern Norway	483		73	555	4	9	13	5	8
Mid Norway	1,537		97	1,634	15	4	19	2	17
Northern Norway	733		60	794	11	13	24	4	19
Foreign	301		27	328	6	28	34	28	6
Total 2009	**39,790**	**330**	**3,452**	**43,572**	**309**	**575**	**884**	**182**	**702**
Total 2008	**42,845**	**366**	**3,588**	**46,799**	**190**	**520**	**710**	**262**	**448**

Total committed amounts secured by mortgages [1]

NOK million	Lending to and receivables from customers	Guarantees	Unused credit line	Total commitments
Financial auxiliaries		1		1
Mine operators and mining	7			7
Industry	1			1
Electricity, gas, steam and hot water supply	1			1
Development of building projects	1,436	124	149	1,710
Wholesale and retail trade, motor vehicle repair	14			14
Haulage and/or storage	37			37
Accommodation and hospitality	15			15
Information and communications	7	2	2	10
Sale and operation of real estate	7,226	154	119	7,499
Professional and financial services	585	1	3	589
Business services	701			701
Other service providers	34			34
Wage-earners	25,378	1	1,877	27,256
Foreign	290		15	305
Total 2009	**35,733**	**283**	**2,165**	**38,181**
Total 2008	**38,940**	**366**	**2,399**	**41,705**

Total committed amounts by remaining term [1]

	2009				2008			
NOK million	Lending to and receivables from customers	Guarantees	Unused credit line	Total commitments	Lending to and receivables from customers	Guarantees	Unused credit line	Total commitments
> 1 month	352	29	19	400	1,230	95	147	1,472
1 - 3 months	636	39	34	710	284	42	51	377
3 months - 1 years	1,609	28	126	1,763	2,186	27	434	2,648
1 - 5 years	2,680	191	339	3,210	3,442	194	385	4,021
> 5 years	30,846	43	2,578	33,467	31,892	8	2,328	34,228
Total	**36,123**	**330**	**3,097**	**39,550**	**39,035**	**366**	**3,346**	**42,747**

1 Applies to Storebrand Bank group.

Age distribution of commitments due without write-downs

	2009				2008			
NOK million	Lending to and receivables from customers	Guarantees	Unused credit line	Total commitments	Lending to and receivables from customers	Guarantees	Unused credit line	Total commitments
Past due 1 - 30 days	2,155		21	2,177	2,272	6	6	2,284
Past due 31 - 60 days	139		1	139	430	19	1	450
Past due 61 - 90 days	29			30	96			96
Past due > 90 days	308		2	309	190		2	193
Total	**2,631**		**24**	**2,654**	**2,988**	**25**	**9**	**3,022**
Commitments overdue by more than 90 days by geographic area								
Eastern Norway	217		1	218	135		2	138
Western Norway	55		1	55	26			26
Southern Norway	4			4	2			2
Mid Norway	15			15	11			11
Northern Norway	11			11	14			14
Foreign	6			6	2			2
Total	**308**		**2**	**309**	**190**		**2**	**193**

Only non-performing and losses exposed commitments are categorised by geographical area in this overview. The same definition as that used in the Capital Requirements Regulations is used for commitments due, but the number of days in the definition is equal to the age distribution.

Credit risks by customer groups

NOK million	Total commitments with impairment	Total commitments due	Total value changes	Total write-downs	Total booked value changes during the period
Development of building projects	18			7	9
Wholesale and retail trade, motor vehicle repair		1			
Sale and operation of real estate	377	3		53	-27
Professional and financial services	6			6	
Business services	2			3	3
Wage-earners	149	300		90	-20
Other					-1
Foreign	23	6		23	4
Total 2009	**575**	**309**		**182**	**-33**
Total 2008	**520**	**190**	**-34**	**262**	**92**

42 Liquidity risk

Undiscounted cash flows for financial liabilities *NOK million*	0-6 months	6-12 months	1-3 years	3-5 years	> 5 years	Total value	Carrying amount
Subordinated loan capital	262	446	1,391	5,323	3,141	10,562	7,869
Liabilities to financial institutions	1,537	2,038	4,829	3,504		11,908	11,126
Deposits from banking customers	18,311	8	1			18,320	18,316
Securities issued	2,788	2,183	7,942	4,569	6,932	24,415	12,408
Other current liabilities	7,127					7,127	7,127
Uncalled residual liabilities re limited partnership	4,174	154	154			4,483	
Unused credit limit lending	4,389					4,389	
Lending commitments	468					468	
Total financial liabilities 2009	**39,056**	**4,829**	**14,317**	**13,396**	**10,074**	**81,672**	**56,846**
Total financial liabilities 2008	**43,197**	**5,932**	**23,398**	**8,929**	**13,778**	**95,233**	**65,678**

The agreed remaining term provides limited information about the company's liquidity risk since the vast majority of investment assets can be realised more quickly in the secondary market than the agreed remaining term.The cash flow from perpetual subordinated loans is calculated up to the first call.

43 Currency exposure

Financial assets and liabilities in foreign currencies	Statement of financial position items items excl. currency derivatives	Currency forwards	Net position		
NOK million	Net on statement of financial position	Net Sales	in currency	in NOK	Of which SPP Group in NOK
AUD	172	-143	29	150	7
CAD	261	-225	36	200	9
CHF	305	-39	131	734	294
DKK	1,764	-55	1,710	1,904	1,799
EUR	3,816	-5,342	186	1,544	2,277
GBP	604	-662	-57	-529	-651
HKD	305	-7	299	223	95
INR	165		165	1	
JPY	60,133	-58,116	2,001	124	37
NZD	140	-136	4	19	5
SEK	117,818	19,648	137,347	111,121	110,858
SGD	34		34	139	56
USD	5,432	-5,152	212	1,225	2,174
Total short-term foreign currency				**116,855**	**116,959**
EUR	-417	406	-11	-92	
LTL	3		3	8	
SEK	16,401	-15,080	1,321	1,069	
Total long-term foreign currency				**985**	
Insurance liabilities SPP Group				**-111,215**	**-111,215**
Total long-term foreign currency				**-110,230**	**-111,215**
Total net position foreign currency 2009				***6,625***	***5,744***
Total net position foreign currency 2008				***-888***	***4,996***

Currency

Life and Pensions Norway

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. Storebrand utilises a currency hedging principle called block hedging, which makes currency hedging more efficient. The currency positions outstanding as per 31 December 2009 are typical of the group's small limits for currency.

Life and Pensions Sweden

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.

44 Sensitivity analyses - financial assets and liabilities

For changes in market risk that arise during the course of 1 year, the effect on the result and equity will be as presented below, based on the statement of financial position as per 31 December 2009.

Change in market value

NOK million	**Total**
Equities -20%	-7,405
Equities +20%	7,405
Interest rate -1,5%	8,330
Interest rate +1,5%	-7,037
Real estate -12%	-3,440
Real estate +12%	3,440

Effects on result/equity

NOK million	**Total**
Equities -20%	-922
Equities +20%	335
Interest rate -1,5%	-77
Interest rate +1,5%	-132
Real estate -12%	-497
Real estate +12%	331

This note applies to: Storebrand Livsforsikring AS, SPP Livförsäkring AB, Storebrand Bank ASA, Storebrand P&C Insurance and Storebrand Health Insurance AS and Storebrand ASA.

The assets and liabilities side (borrowing and insurance liabilities in Sweden) have been stress tested in order to show how much this can affect the owners' result in relation to the expectations for 2010. An estimated normalised return is included in estimated effects throughout the year based on uncertain assumptions about future returns. The stress tests have been applied to the investment portfolio as per 31 December 2009 and the outcome shows the estimated effect on profits for the year as a whole. The stresses that have been applied are equities +/- 20 percent, interest +/-150 basis points and real estate +/- 12 percent. With respect to currency risks, the investment portfolios are essentially fully currency hedged, and changes in exchanges rates will have little effect on the expected result for 2010.

Life and Pensions Norway

The stress tests have been done for all investment profiles and the effects of each stress test reduce or increase the expected return for each profile. For the negative stress tests (equities down, interest up and property down) the return in some individual profiles fall under the guarantee. The buffer situation for each contract will then determine how much equity the company will possibly have to use if the return stays at this level for 2010. Beyond the need for utilising equity to cover returns below the guarantee, it is changes in the profit sharing for paid-up policies and individual contracts, as well as returns and interest expenses in the company portfolio that deviate from the expected result for 2010 to the greatest extent. Compared with equivalent sensitivity from one year ago, the effect of the stress tests has decreased. The most important contributions to the reduction are that the difference between the expected return and the interest guarantee has increased, significant amounts have been allocated to additional statutory reserves, and allocations to loans and receivables have also increased.

The stress tests were applied individually. If several of the negative stress tests were to occur simultaneously, the negative effect would be greater than simply the sum of the two individual effects alone. In addition to the negative result effect for the owner, the expected building up of buffer capital will, to a substantial degree, fall away in the negative stress tests. In the case of the positive stress tests, greater building up of buffer capital is also assumed in addition to the positive result effects for the owner.

Life and Pensions Sweden

In the note, the effect on SPP Livförsäkring's financial result (excluding sharing of the return) is shown for some selected market changes based upon the company's financial positions and actions as per 31 December 2009. Because it is market changes that are shown in the note above, the dynamic risk management will not affect the outcome. If it is assumed that the market changes will occur over a period of time, then the dynamic risk management would reduce the effect of the negative outcomes and reinforce the positive. All changes in market value do not affect the financial result. The part of a change in market value that affects the result is the part that cannot be offset against the conditional bonus.

Storebrand Bank

The table includes 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 respectively. Account is taken of the one-time effect such an immediate interest rate change has on the items recognised at fair value and hedging value, and on the effects the interest rate change has on the result for the remainder of the interest rate duration period before the interest rate change has income and costs-related effect.

Items affected by one-time effects and which are recognised at fair value are the investment portfolio, fixed rate lending, borrowing via the government swap scheme, deposits with equity returns, and derivatives. The item affected by one-time effects and which is subject to hedge accounting is fixed rate borrowing.

45 Technical insurance information

Specification of statement of financial position items in respect of life insurance

NOK million	Group pension fee based	Group pension with choice and unit-linked fee based	Risk products	Individual and paid-up policies profit sharing	SPP Group	Total Storebrand Group 2009	Storebrand Group 2008
Premium reserve	72,141	14,723	1,551	77,725	102,477	268,616	259,235
- of which RBNS	400		208	90		697	457
- of which IBNR	7		239	57		303	287
- of which premium income received in advance	642		43	45		730	820
Additional statutory reserves	2,995			1,652		4,646	3,810
Conditional bonus					8,689	8,689	7,499
Pensioners' surplus reserve	21					21	130
Premium reserve/deposit reserve	3,701	321		64		4,086	6,102
Claims reserve	85	1	368	185	49	688	557
- of which RBNS	85		286	98		468	337
- of which IBNR	1		82	87	49	219	220
Supplementary reserves							1
Total change in insurance liabilities – life insurance	**78,942**	**15,045**	**1,919**	**79,626**	**111,215**	**286,747**	**277,334**
Provisions after application of sufficiency test							
Reinsurance liabilities	**16**		**37**	**2**	**89**	**143**	**139**
Insurance liabilities	**78,958**	**15,045**	**1,955**	**79,628**	**111,304**	**286,890**	**277,473**

The table below shows the anticipated compensation payments (excl. repurchase and payment). The residual balance after 5 years is equal to the obligations carried on the statement of financial positions in the financial statements.

Trend in claims and benefits disbursed in life insurance

	2009		2008	
NOK billion	Storebrand Life insurance	SPP Group	Storebrand Life insurance	SPP Group
0-1 years	8	3	10	4
1-5 years	36	10	38	17
> 5 years	131	58	116	92

Changes in insurance liabilities – life insurance

NOK million	Premium reserve	Additional statutory reserves	Claims reserve	Premium, deposit, pensioners' surplus reserves	Total Norwegian business	SPP Group	Total Storebrand Group
Opening balance 01.01	**153,571**	**3,438**	**495**	**6,233**	**163,737**	**113,598**	**277,334**
Realised changes in insurance liabilities							
Net realised reserves	12,261	1,284	144	91	13,781	8,579	22,360
Surplus from return result	2			32	34		34
Risk result assigned insurance contracts	1			70	72		72
Other assignment of profit	2				2		2
Currency diffs. from converting foreign units						-10,247	-10,247
Adjustment of insurance liabilities from other profit components						-1,282	-1,282
Total realised changes in insurance liabilities	*12,267*	*1,284*	*144*	*194*	*13,889*	*-2,950*	*10,940*
Unrealised changes in insurance liabilities							
Transfers between funds	338	-119		-219			
Transfers to/from the company	-37	43		-2,100	-2,094	567	-1,527
Total unrealised changes in insurance liabilities	*301*	*-76*		*-2,320*	*-2,094*	*567*	*-1,527*
Closing balance 31.12	**166,139**	**4,646**	**639**	**4,107**	**175,532**	**111,215**	**286,747**

Market value adjustment reserve

NOK million	2009	2008	Change 2009
Equities	-823		-823
Interest-bearing	854		854
Market reserve's financial assets at fair value	**31**		**31**

Bonds that are placed in the category "loans and receivables" have an excess value of NOK 140 million that is not included in the carrying amount. At year-end 2008 the unrealised loss was NOK 0.3 billion.

Profit and loss account items

Analysis of net premium income - Norwegian business

NOK million	2009	2008
Group occupational pensions	9,790	13,750
Paid up policies	877	605
Group with investment choice	2,752	2,432
Individual endowment insurance and pensions	1,543	1,761
Individual with investment choice	2,153	1,166
Risk products life insurance without profit sharing	1,278	1,160
P&C insurance [1]	616	476
Net premium income	**19,008**	**21,351**
Of which premium reserve transferred to company	**2,683**	**5,019**

Also includes premiums for Storebrand Skadeforsikring AS and Storebrand Helseforsikring AS.

Specification of net premium income - SPP Group

NOK million	2009	2008
Guaranteed products	3,387	4,286
Unit Link	3,161	3,010
Total SPP	**6,548**	**7,296**
BenCo (Nordben and Euroben)	919	358
Net premium income	**7,467**	**7,653**
Of which premium reserve transferred to company	**70**	**55**

Analysis of claims

NOK million	Group pension private sector	Group pension public sector	Group life insurance	Individual endowment insurance	Individual annuity/ pension insurance	P&C insurance in Storebrand Life Insurance	Total Storebrand Livsforsikring AS	SPP Group	Total Storebrand Life Insurance Group	Storebrand P&C Insurance and Storebrand Health Insurance	Total insurance claims 2009	Total insurance claims 2008
Claims	-5,856	-1,834	-468	-1,545	-2,167	-58	-11,928	-6,438	-18,366	-277	-18,643	-26,380
- of which repurchase	-21	-384		-1,014	-452		-1,871	-25	-1,895		-1,895	-11,531
- of which transferred to premium reserve, etc from company	-1,942	-543		-3	-140		-2,628	-715	-3,343		-3,343	-2,446

Also includes insurance claim payments for Storebrand Skadeforsikring AS and Storebrand Helseforsikring AS.

STOREBRAND LIFE INSURANSE

Profit model

NOK million	Group defined benefits fee-based	Group invest-ment with choice and unit-linked fee based	Risk products	Individual and paid-up policies profit sha-ring	Company portfolio/ other	Total 2009	Total 2008
Administration result	-39	-82	-58	11		-169	-177
Risk result	70		157	1		229	475
Financial result [1]		-8	82	75	52	201	-316
Price of interest guarantee and profit risk	478					478	398
Other activities	-21				41	20	-32
Pre-tax result Life and Pensions Norway	**488**	**-90**	**182**	**87**	**93**	**759**	**348**

1 *Investment result and profit sharing.*

Profit sharing - Storebrand Life Insurance
Profit sharing in Storebrand changed with the introduction of the new Insurance Act. As previously, products both with and without profit sharing are being operated with, however for the products under the category with profit sharing three new profit sharing models have been introduced.

Products without profit sharing consist, as in previous years, of 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.

The products with profit sharing are divided up into three different categories with three different profit sharing models.

For the group pension private and group pension public products, which are often referred to as the «fee-based» portfolio, the investment results accrue to the customers. If the return is below the guaranteed interest, but positive, Storebrand will use the contract's additional statutory reserves in order to cover the lacking return. If the additional statutory reserves are not enough, the company will have to cover the lacking guaranteed interest from its equity. If the return is negative, Storebrand will, for that part of the return that is negative, also have to use equity in order to fulfil the interest rate guarantee. Any possible surplus on biometric risk accrues to the customer. Storebrand can set aside up to 50 percent of this risk return in the risk equalisation fund. Storebrand's intention is to set aside the maximum for the risk equalisation fund during those years where such is possible. In the event of any possible negative risk return, Storebrand will first make use of the risk equalisation fund where such is possible. A possible negative risk result during years in which no risk equalisation fund exists will be charged against the equity capital.

Fully paid-up policies and continuation insurance policies originating from private group pension schemes have what is designated as a modified profit sharing model. The owner's share of the profit is as per the governing rules limited to a ceiling of 20 percent. Storebrand can set aside up to 50 percent of the results for biometric risks in the risk equalisation fund. Storebrand's intention is to set aside the maximum for the risk equalisation fund during those years where such is possible. In the event of any possible negative risk return, Storebrand will normally first make use of the risk equalisation fund where such is possible. In the event of any possible negative risk results in years where the risk equalisation fund is empty, the investment result can be charged if the return permits such. If the risk equalisation fund or the return is not sufficient, the negative risk result is charged against the equity capital.

For the old individual products, the earlier Insurance Activities Act is followed. The profit is basically shared between customers and the owner pursuant to the company's internal profit sharing model which entails up to 0.40 percent of the customers fund being allocated to the owner (providing there is room for this in the return that exceeds the guaranteed interest). The owner's share of the profit is as per the governing rules limited to a ceiling of 35 percent.

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 belong(s).

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.

Returns in 2009 slightly exceeded the interest guarantees stipulated in the contracts, except in the case of contracts with a 4 percent guarantee in the paid-up policies portfolio and some contracts in old individual portfolios with a 5 percent and 6 percent guarantee. The company set aside a total of NOK 1,294 million for additional statutory reserves in the 2009 financial year. After this, the company has additional statutory reserves of NOK 4,646 million, which corresponds to just under 10 months worth of the guaranteed interest. Storebrand's goal is to have additional statutory reserves corresponding to at least one to two years worth of the interest guarantee. This means that Storebrand is intending to build up the additional statutory reserves in the coming years.

SPP GROUP

Financial performance - Life and Pensions Sweden

NOK million	**2009**	**2008**
Administration result	-101	-103
Risk result	253	287
Financial result	260	340
Other/currency	74	307
Result before amortisation and write-downs	**486**	**831**
Amortisation intangible assets	-340	-476
Write-down of intangible assets		-2 500
Pre-tax profit	**146**	**-2 145**

Risk result
The risk result is divided up into survival, death and disability results, as well as pooling [1] and reinsurance. Pooling and reinsurance are risk-reducing items.

Specification of risk result

NOK million	**2009**	**2008**
Survival	-123	-95
Death	137	90
Disability	284	356
Reinsurance	-48	-51
Pooling	-2	-3
Other	6	-5
Total risk result	**253**	**292**

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. As a result of the declining mortality in the portfolio, SPP introduced a new and updated mortality basis, the so-called DUS06, during 2009.

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. Half of the safety supplement in the reserve for reported disability was reversed due to significantly lower disability and significantly higher reactivation. This had a positive result for SPP amounting to NOK 122 million. The results in the last few years provide room for removing the entire safety supplement. This will be assessed in 2010. The reduction in the safety supplement has already been taken account of for Storebrand Life Group and thus has no effect on the result.

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.

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 risk result accrues to the company.

Interest result
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 percent and 5.2 percent, the return is shared. In this case the customers receive 90 percent, though at least the guaranteed interest, and the company receives 10 percent. The company's portion of the total return is in these 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. SPP adopted new mortality assumptions (DUS06) in the calculation of life insurance reserves in Q4. Reserves were set aside for the calculated effect of the transition to the new assumptions in connection with the acquisition of SPP. The reserves were higher than the actual effect of the transition, which has resulted in a positive net effect of NOK 82 million.

Administration result
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 administration result is for the account of the company. The fees can be based on the policy's capital, premium or number.

Risk exposure/sensitivity

STOREBRAND LIFE INSURANCE

Death and disability
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.

	Men			Women		
	30 years	**45 years**	**60 years**	**30 years**	**45 years**	**60 years**
Risk of death, individual endowment insurance	122	324	1 416	61	162	711
Lump sum disability, 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
Risk of death, group life insurance	55	146	821	33	88	493
Risk of death, 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
Finanstilsynet 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 percent in 1993 and subsequently reduced in 2005 to 2.75 percent 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 percent to 3 percent with effect from renewals in 2004.

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

Interest rate guarantee	2009	2008
6 %	0.3%	0.3%
5 %	0.6%	0.7%
4 %	56.4%	59.0%
3,4 %	4.4%	4.6%
3 %	32.8%	31.2%
2,75 %	1.8%	1.4%
0 %	3.7%	2.8%

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

The total average guaranteed interest rate for all lines of insurance comprised 3.52 percent in 2009, the same as in 2008 and 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 possible negative returns must be covered by the company's equity.

Average interest rate guarantee	2009	2008
Individual endowment insurance	3.3%	3.2%
Individual pension insurance	3.7%	3.6%
Group pension insurance	3.5%	3.6%
Group life insurance	0.4%	0.6%
Total	3.52%	3.52%

New business written in 2009 is subject to a 2.75 percent 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 percent.

Premiums and reserves for pension entitlements earned in 2009 in group pension insurance are calculated on the basis of a 3 percent basic interest rate. te.

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 in 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 premium quoted. When arranging group policies with risk cover, all employees of small companies are subject to a health check, while for companies with many employees Storebrand requires declarations of fitness for work. Underwriting also takes into account the company's industrial category, sector and sickness record.

Control and monitoring of insurance risk
Insurance risk is separately monitored for every line of insurance in the current insurance portfolio. The risk result for each product group is broken down into the elements of death, accident and disability. The development of risk result is followed throughout the year. For each type of risk, the ordinary risk result for a period represents the difference between the risk premiums the company has collected for the period and the sum of provisions and payments that must be made for insured events that occur in the period. The risk result takes into account insured events that have not yet been reported but which the company, on the basis of its experience, assumes 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 utilises. The company's maximum risk amount for own account is relatively high, and the risk reassured is therefore relatively modest. In 2010, the company will replace the current surplus agreement with internal insurance cover of the risk such that only those risks that might exceed the company's actual maximum risk amounts for own account will be reinsured.

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 IAS 37.

In 2009, Storebrand Livsforsikring AS continued its existing practice from the year before and conducted the 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 same 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.

Based on the mortality surveys conducted using lower mortality assumptions for the future, a need to build up reserves for individual pension insurance has generally been identified in this line. Preliminary calculations indicate a need to build up reserves of an estimated NOK 900 million. The plan is to carry out this building up of reserves over several years and, given normal financial returns, the expectation is that this can be covered by the running return.

Storebrand satisfies the test, as it did in 2008. The test has no effects on the profits shown in the annual financial statements for 2009.

In the case of Storebrand Holding AB and Storebrand Life Group the test is conducted pursuant to “IFRS 4 Basic for conclusions (BC 94 – 104)” and “IFRS 4 Basic for conclusions (BC no. 151)”, which represent the preliminary work on the standard. The test is satisfied if the obligations booked in the financial statements are greater or equal to the net obligations stated at market value. Here net obligations will mean the technical insurance obligations of Storebrand Holding AB and Storebrand Life Group stated at market value less the present value of the owner’s share of the profit for these insurance contracts. The preliminary work mentions that one can use Embedded Value-like techniques.

As per 31 December 2009, the calculated market value of the insurance contracts for SPP and Euroben is higher than the book value. This means that the buffers in the net obligation and the test are satisfied. Therefore the test has no effects on the result in the annual financial statements for 2009.

SPP

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. Nonetheless, disability has been significantly lower than assumed in the tariff, which resulted in a strongly positive risk result for 2009.

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 (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 (Committee of European Insurance and Occupational Pensions Supervisors) and their work on Solvency II.

A 20 percent fall in mortality would entail an annual risk result that was approx. SEK 130 million lower for SPP. If the probability of reactivation in the event of disability sinks by 20 percent, this would entail an annual risk result that was approx. SEK 50 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 180 million. With an expected risk result of approx. SEK 300 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 percent.

P&C INSURANCE

Specification of statement of financial position items concerning P&C insurance

	Retail insurance products									
NOK million	**Combined**	**Motor vehicle**	**Other retail**	**Total retail**	**Total corporate**	**Other [1]**	**Run-off portf. [2]**	**Reserves for Oslo Re**	**2009**	**2008**
Reserve for undischarged risk										
Non-earned gross premiums	43	102	71	216	12	4			232	177
Finanstilsynet's minimum requirement	*43*	*102*	*71*	*216*	*7*	*4*			*226*	*177*
Gross claims reserves	28	55	72	155	289	3	1,003	105	1,555	1,644
Finanstilsynet's minimum requirement	*24*	*55*	*69*	*147*	*166*	*3*	*1,003*	*22*	*1,341*	*1,480*
Gross claims liabilities	24	55	9	87	2	3	1,003	105	1,200	1,358
Administration reserve	4	9	14	26	12		1	5	44	38
Finanstilsynet's minimum requirement	*4*	*9*	*14*	*26*	*12*		*1*	*5*	*44*	*38*

2 Consists of natural disaster pool and the Norwegian Motor Insurance Association.
3 This consists of liabilities for insurance subscribed to before the transfer of the insurance enterprise to If in 1999 for agreements that were not renewed by If. This liability has been reinsured in its entirety at If.

P&C insurance

NOK million	**2009**	**2008**
Reinsurance share of gross insurance liabilities		
Balance 01.01	**1,361**	**1,501**
Change in premium and claims reserves	-102	-175
Exchange rate changes	-8	34
Other changes	-21	
Balance 31.12	**1,229**	**1,361**
Gross insurance liabilities		
Balance 01.01	**1,859**	**2,031**
Change in premium and claims reserves	-1	-239
Change in administration reserve	6	-7
Exchange rate changes	-33	75
Balance 31.12	**1,830**	**1,859**

The item ‘Reinsurers’ share of technical insurance reserves’ includes NOK 200 million that the company assumes will fall due in 2009. The item ‘Reserves – P&C insurance’ includes NOK 160 million that the company assumes will fall due in 2009.

Premiums written by the newly established P&C business in 2009 totalled NOK 339 million. Of this, the premium earned was NOK 278 million and the cost of claims in 2009 was NOK 232 million. No premiums were received in respect of the run-off business which is 100 percent reinsured by If.

Technical insurance result

NOK million	Combined	Motor vehicle	Other retail	Total retail	Total corporate	Other [1]	Reserves for Oslo Re	2009	2008
	Retail insurance products								
Gross operation									
Premiums due	86	203	303	593	122	8		723	571
Earned premiums	72	171	293	537	113	7		658	510
Accrued claims	-70	-127	-159	-356	-91	-3	27	-424	-27
Insurance-related gross operating costs	-27	-63	-109	-199	-38	-3	-9	-249	-257
Technical insurance result	**-24**	**-18**	**26**	**-17**	**-16**	**1**	**17**	**-15**	**226**
Accrued claims, gross									
Incurred this year	-68	-130	-161	-358	-96	-3		-457	-195
Incurred in prior years	-2	3	2	2	5		27	34	291
Total for the financial year	**-70**	**-127**	**-159**	**-356**	**-91**	**-3**	**27**	**-423**	**96**

4 Consists of natural disaster pool and the Norwegian Motor Insurance Association.
5 This consists of liabilities for insurance subscribed to before the transfer of the insurance enterprise to If in 1999 for agreements that were not renewed by If. This liability has been reinsured in its entirety at If.

Total assets and liabilities P&C insurance

NOK million	2009	2008
Reinsurance share of insurance technical reserves	1,229	1,361
Receivables concerning insurance contracts	151	127
Total assets	**1,380**	**1,488**
Premium reserve	232	178
Claims reserve	1,555	1,644
- of which RBNS	397	568
- of which IBNR	1,158	1,076
Administration reserve	44	38
Liabilities concerning insurance contracts	20	40
Total liabilities	**1,851**	**1,899**

Trend in claims disbursed

P&C insurance - excluding run-off

NOK million	2004	2005	2006	2007	2008	2009	Sum
Calculated gross cost of claims							
At end of the policy year	16	21	29	79	197	304	
- one year later	16	26	31	88	197		
- two years later	18	26	32	87			
- three years later	18	27	32				
- four years later	18	27					
- five years later							
Calculated amount as per 31.12.09	18	27	32	87	197	304	666
Total disbursed to present	-18	-26	-31	-80	-163	-203	-522
Claims reserve			1	7	34	102	144
Claims reserve for claims from prior years (before 2004)							
Total trend in claims disbursed							**145**

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 third party insurance for motor vehicles and home and contents fire insurance. In order to offset this risk, Storebrand has covered itself with Excess of Loss reinsurance with a deductible of NOK 5 million per claim. The cover has unlimited capacity in the case of motor vehicles. The cover has a capacity of NOK 25 million for other lines.
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.

In 2000, Storebrand P&C Insurance transferred all its run-off land-based Norwegian non-life insurance and all direct marine insurance to If. However, Storebrand has retained fronting responsibility with respect to the customers, since the customers were not informed of the transfer of the risk from Storebrand to If. Storebrand 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 have 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 were 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 20 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.

Insurance risk
The principal source of insurance risk lies in the risk of increasing liability-related lines. The company has for some considerable time minimised 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. A "scheme of arrangements" was also implemented in 2008 and 2009 which has essentially eliminated future insurance risk for the company.

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 Finanstilsynet 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 2009 for previous years.

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.

PROFIT AND LOSS ACCOUNT STOREBRAND ASA

1 January – 31 December

NOK million	Note	2009	2008
Operating income			
Income from investments in subsidiaries	2	835	147
Net income and gains from financial instruments:			
- equities and units		-10	-58
- bonds and other fixed-income securities		292	114
- financial derivatives/other financial instruments		-244	144
Other financial instruments		2	33
Operating income		**874**	**380**
Interest expenses		-129	-272
Other financial expenses		-14	-11
Operating costs			
Personnel costs	3,4,5	-54	-34
Amortisation	12		
Other operating costs		-108	-77
Total operating costs		**-162**	**-111**
Total costs		**-306**	**-393**
Pre-tax profit		**568**	**-14**
Tax cost	6		
Profit/loss for the year		**568**	**-14**
Allocations			
Other equity		-568	14
Total allocations		**-568**	**14**

STATEMENTS OF FINANCIAL POSITION STOREBRAND ASA

31 December

NOK million	Note	2009	2008
Fixed assets			
Pension assets	4	367	314
Tangible fixed assets	12	41	36
Shares in subsidiaries	7	16,947	16,725
Total fixed assets		**17,355**	**17,075**
Current assets			
Owed within group	17	953	154
Lending to group companies	17	17	700
Other current receivables		11	66
Financial asset at fair value:			
- equities and units	8	59	74
- bonds and other fixed-income securities	9,11	1,152	758
- financial derivatives/other financial instruments	10,11	11	153
Bank deposits		48	553
Total current assets		**2,251**	**2,458**
Total assets		**19,606**	**19,533**
Equity and liabilities			
Share capital	13	2,250	2,250
Own shares	13	-20	-23
Share premium reserve	13	9,485	9,485
Total paid in equity		**11,714**	**11,711**
Other equity	13	4,313	3,734
Total equity	**13**	**16,026**	**15,445**
Non-current liabilities			
Pension liabilities	4	186	189
Liabilities to financial institutions	14		1,475
Securities issued	14	2,256	753
Total non-current liabilities		**2,442**	**2,418**
Current liabilities			
Liabilities to financial institutions	14	914	685
Securities issued	14		834
Debt within group	17	142	25
Other financial liabilities	10,11	16	
Other current liabilities		65	126
Total current liabilities		**1,137**	**1,670**
Total equity and liabilities		**19,606**	**19,533**

Lysaker, 16 February 2010
The Board of Directors of Storebrand ASA
Translation – not to be signed

Birger Magnus
Chairman of the Board

Halvor Stenstadvold | John S. Dueholm | Camilla M. Grieg | Jon Arnt Jacobsen | Birgitte Nielsen

Erik Haug Hansen | Knut Dyre Haug | Ann-Mari Gjøstein | Annika Lundius | Idar Kreutzer
Chief Executive Officer

CASH FLOW ANALYSIS STOREBRAND ASA

1 January – 31 December

NOK milion	2009	2008
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	65	310
Net receipts/payments - securities at fair value	-452	607
Payments relating to operations	-196	-112
Net receipts/payments - other operational activities	147	672
Net cash flow from operational activities	**-436**	**1,477**
Cash flow from investment activities		
Net receipts - sales of subsidiaries		9
Net payments - sale/capitalisation of subsidiaries	316	2,340
Net receipts/payments - sale/purchase of property and fixed assets	-6	
Net cash flow from investment activities	**310**	**2,348**
Cash flow from financing activities		
Payments - repayments of loans	-1,734	-4,609
Receipts - new loans	1,488	1,885
Payments - interest on loans	-142	-286
Receipts - issuing of share capital	10	14
Payments - group contributions/dividends		-534
Net cash flow from financing activities	**-379**	**-3,530**
Net cash flow for the period	**-506**	**296**
Net movement in cash and cash equivalents	-506	296
Cash and cash equivalents at start of the period	553	258
Cash and cash equivalents at the end of the period	**48**	**553**

NOTES TO THE ACCOUNTS OF STOREBRAND ASA

01 Accounting policies

The financial statements of Storebrand ASA have been prepared in accordance with the Accounting Act, generally accepted accounting policies in Norway, and the Regulations relating to annual accounts, etc, for insurance companies. Storebrand ASA does not apply IFRS to the parent company›s financial statements.

Use of estimates and assumptions
The preparation of the annual financial statements 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 financial statements when there is a sufficient basis for using new estimates.

Classification and valuation policies
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 policies have been applied to liability items.

Profit and loss account and statement of financial position
Storebrand ASA is a holding company with subsidiaries within insurance, banking and investments. The statement in the Regulations relating to annual accounts, for insurance companies has not been used, and a statement that complies with the Accounting Act has been used.

Dividends and group contributions
In the company's unconsolidated accounts, investments in subsidiaries and associated companies are valued at acquisition cost less 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 financial statements of Storebrand ASA as income in the accounting year.

This treatment can only be applied to income earned by subsidiaries during Storebrand's ownership. If the opposite occurs, it is recognised as an equity transaction. This means that the ownership interest in the subsidiary is reduced by the received dividend or group contribution.

Tangible fixed assets
Tangible fixed assets for own use are valued at acquisition cost less accumulated depreciation. Fixed assets are written down if the carrying amount exceeds the recoverable value of the asset.

Pension liabilities for 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 is made up of the sum of pension entitlement accrued in the period, interest cost on the calculated pension liability, expected return on pension assets, and amortisation of experience adjustments. Pension costs and pension liabilities for defined benefits 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 statement of financial position.

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. In such a case, the effect is amortised linearly over the time 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 carrying amount of pension liabilities and in experience adjustments.

Tax
The tax charge in the profit and loss account consists of tax payable for the accounting year and changes in deferred tax. Deferred tax and deferred tax assets are calculated on the basis of differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded in the statement of financial position 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.

Currency
Current assets and liabilities are translated at the exchange rate on the statement of financial position date. Shares held as fixed assets are translated 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 statement of financial position.

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 statement of financial position from such time 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. 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 statement of financial position date, and in the case of an asset that is to be acquired or a liability that is held, the offer price.

Financial derivatives
Financial derivatives are valued at fair value. Financial derivatives are designated as financial assets or financial liabilities at fair value in the profit and loss account.

Accounting treatment of derivatives for hedging

Fair value hedging
Storebrand uses fair value hedging, where the item hedged is fixed rate funding measured at amortised cost. Derivatives that fall within this category are recognised at fair value in the profit and loss account. Changes in the value of the hedged item that relate to the risk hedged are applied to the carrying amount of the item and are recognised in the profit and loss account.

Bond issues
Bond loans are valued at amortised cost using the effective yield method. The amortised cost includes the transaction costs on the date of issue.

02 Income from investments in subsidiaries

NOK million	**2009**	**2008**
Storebrand Livsforsikring AS	610	
Storebrand Fondene AS	35	14
Storebrand Bank ASA [1]	35	
Storebrand Kapitalforvaltning AS	155	133
Total	**835**	**147**
1 Group contribution booked as equity transaction.	130	

03 Personnel costs

NOK million	**2009**	**2008**
Ordinary wages and salaries	-36	-27
Employer's social security contributions	-12	-11
Pension costs [1]	6	20
Other benefits	-11	-15
Total	**-54**	**-34**

1 See the definition in note 4.

04 Pensions costs and pension liabilities

Employees are insured through a defined benefit pension equivalent to 70 percent 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 and pensions linked to salaries of more than 12 times the national insurance basic amount (G) are paid directly by the company. A guarantee has been pledged for earned pensions for salaries of more than 12 G upon retirement before 65 years old. As of 31 December 2009, 12 G amounts to NOK 874,572. 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 the Act.

Reconciliation of pension assets and liabilities in the statement of financial position

NOK million	**2009**	**2008**
Present value of insured pension benefit liabilities	1,676	1,772
Pension assets at fair value	-1,720	-1,749
Net pension liability/surplus for the insured schemes	-44	23
Present value of the uninsured pension liabilities	218	226
Experience adjustments not applied	-356	-374
Net pension liabilities in the statement of financial position	-182	-125
Booked in the statement of financial position:		
Pension assets	367	314
Pension liabilities	186	189

Changes in the net defined benefits pension liabilities in the period

NOK million	**2009**	**2008**
Net pension liabilities as per 01.01	2,000	1,957
Net pension cost recognised in the period	7	2
Interest on pension liabilities	83	87
Experience adjustments	-9	133
Pensions paid	-186	-180
Net pension liabilities at 31.12	**1,894**	**1,998**

Changes in the fair value of pension assets

NOK million	**2009**	**2008**
Pension assets at fair value 01.01	1,749	1,958
Expected return	106	110
Experience adjustments		-177
Premium paid	34	28
Pensions paid	-169	-169
Net pension liabilities as per 31.12	**1,720**	**1,749**

Expected premium payments (pension assets) in 2010: NOK 34 million.

Pension assets are based on the financial assets held by Storebrand Life Insurance's composed of as of 31.12

NOK million	**2009**	**2008**
Properties and real estate	15%	14%
Bonds at amortised cost	26%	13%
Secured and other lending	2%	2%
Equities and units	15%	15%
Bonds	38%	46%
Commercial paper	1%	2%
Other short-term financial assets	2%	8%
Total	**100%**	**100%**

Booked returns on assets managed by Storebrand Life Insurance were 5.0 percent in 2009 and 2.0 percent in 2008.

Net pension cost booked to profit and loss account in the period

NOK million	**2009**	**2008**
Net pension cost recognised in the period	7	4
Interest on pension liabilities	83	87
Expected return on pension assets	-106	-110
Experience adjustments	11	
Net pension cost booked to profit and loss account in the period	**-6**	**-20**

Net pension cost includes employer's national insurance contribution and is included in operating costs.

Main assumptions used when calculating net pension liability as per 31.12

	2009	2008
Financial assumptions:		
Discount rate	4.4%	4.3%
Expected return on pension fund assets in the period	6.0%	6.3%
Expected earnings growth	4.0%	4.3%
Expected annual increase in social security pensions	4.0%	4.3%
Expected annual increase in pensions in payment	2.0%	2.0%
Disability table	KU	KU
Mortality table	K2005	K2005

Actuarial assumptions:
Standardised assumptions regarding the development of mortality and other demographic factors as produced by the Norwegian Financial Services Association. Average employee turnover rate of 2 percent – 3 percent of entire workforce. The disability table was developed by Storebrand Livsforsikring AS.

Net pension liability as per 31.12

NOK million	2009	2008
Discounted current value of defined benefit pension liabilities	1,894	1,998
Fair value of pension assets	1,720	1,749
Deficit	174	249

05 Remuneration of the CEO and elected officers of the company

NOK '000s	2009	2008
CEO		
Salary	4,529	4,176
Bonus (performance-based)	1,009	4,642
Total remuneration	**5,538**	**8,818**
Other taxable benefits	282	282
Pension costs [1]	893	955
Board of Representatives	530	598
Control Committee [2]	980	900
Chairman of the Board	538	564
Board of Directors including the Chairman	2,805	3,198
Remuneration of auditor		
Statutory audit	1,729	3,836
Other reporting duties	5,317	350
Tax advice		346
Other non-audit services	169	103

1 *Pension costs 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. Storebrand Bank ASA and Storebrand Kredittforetak AS have their own control committees.*

For further information on senior employees. the Board of Directors and the Control Committee. See note 15 to the financial statements of the Storebrand Group.

Idar Kreutzer is the Chief Executive Officer of Storebrand ASA 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. He is entitled to a performance-based 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. The allocated bonus 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 percent to Storebrand's share price and 50 percent to the best interest rate paid by Storebrand Bank. The balance of the bonus bank as per 31 December 2009 was NOK 4 million.

The CEO is a member of the Storebrand pension scheme. The discounted present value of his pension entitlement amounts to NOK 15 million. The scheme is calculated the straight line method based on the financial assumptions applied in the accounts.

The Board of Storebrand ASA will submit a statement to the 2010 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.

STOREBRAND ASA – THE BOARD OF DIRECTOR'S STATEMENT ON THE FIXING OF THE SALARY AND OTHER REMUNERATION OF SENIOR EMPLOYEES

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 employees in the Storebrand Group, including Storebrand's bonus system and pension scheme.

1 Advisory guidelines for the coming financial year
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 the sector. The fixed salaries shall be close to the median value for equivalent positions, the level of the fixed salary and expected bonus shall lie in the upper quartile for equivalent positions.

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.

2 Binding guidelines for shares, subscription rights, options, etc, for the coming financial year
2.1 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. Specific quantitative goals for how the value creation in the company will fund bonuses are set each year. The group also has to satisfy requirements in relation to solvency in order for the bonuses to be funded. Specific goals are also set each year with respect to the employees' performance. This is documented using a special monitoring system.

Most employees' awarded bonuses are paid directly. However, bonus banks have been set up for senior employees and key employees. These employees' bonuses are credited to the bonus bank. The amount credited to the bonus bank is exposed 50 percent to Storebrand's share price and 50 percent to the bank interest rate respectively. 1/3 of the balance on the bonus account is paid each year. The bonus scheme described above has functioned unchanged since 2001.

A long-term incentive scheme has been established for members of the group's management team and some other senior employees, with the exception of the CEO. In this scheme half of the paid bonus after tax must be spent on purchasing Storebrand shares at market prices. These shares are subject to a lock-in period of 3 years, meaning that the participants' holding will, given reasonable assumptions, amount to around one year's salary in a 3-5 year perspective.

In the case of the group's executive management the expected bonus level shall over time grow to a level of about 50 percent of fixed salary. The actual annual total bonus awarded, i.e. the credit to the bonus bank, should not exceed 100 percent of fixed salary. In other words, a ceiling of 200 percent of the expected bonus level.

The bonus schemes in the group, including the long-term incentive scheme, will be reviewed and assessed in detail in 2010 with a view to making potential adjustments. Changes may be made on the basis of this, but only within the already established schemes that are described.

2.2 Share programme for employees
Like other employees in Storebrand, senior employees have an opportunity to purchase a limited number of shares in Storebrand ASA at a discount pursuant to the share programme for employees. The scheme is subject to a minimum contractual period.

3 The senior employee remuneration policy practised in 2009
The senior employee policy practised in 2009 was based on the statement regarding the fixing of the salary of senior employees that was dealt with by the annual general meeting in April 2009.

The average expected bonus for the group's executive management was calculated at approx. 37.5 percent of fixed salary. The targets set for funding bonuses were not achieved in the 2008 qualifying period. Therefore no bonuses were awarded to senior employees based on results and performance in 2008.

Payments from the bonus bank in 2009 were made in accordance with the rules. This means that 1/3 of the existing balance in the bonus bank, after calculating the return using the bank interest rate and the development of the Storebrand share between 1 January 2008 and 31 December 2008 respectively, was paid out. The return on the balances in the bonus bank was approx. minus 37 percent for 2008.

On 10 June 2008 the board of Storebrand established a long-term incentive scheme for senior employees pursuant to the decision of the annual general meeting on 23 April 2008. The scheme applies to the group's management team and other selected key personnel.

Because no bonuses were awarded in the general bonus scheme for the 2008 qualifying period, further build up of the deferred capital contribution will start in 2010 based on bonus accrual in 2009.

There was a basis for ordinary bonus financing in the 2009 income year. Therefore a contribution was made to the bonus bank for senior employees. The average return in the bonus bank was approx. 70 percent for 2009.

4 Statement concerning the effects of share-based remuneration agreements for the company and shareholders
In accordance with the deferred capital contribution scheme, half of the executive vice presidents' net paid out bonus is used to purchase shares in Storebrand ASA at market prices with a 3 year lock-in period.

In the opinion of the Board of Directors this has no negative consequences for the company and shareholders given the orientation of the scheme and the size of the individual executive vice presidents' portfolio of shares in Storebrand ASA.

06 Tax

NOK million	2009	2008
Pre-tax profit	568	-14
Dividend	-5	-7
Shares realised	1	-5
Permanent differences	-465	66
Changes in temporary differences	-111	-70
Tax base for the year	**-12**	**-29**
Payable tax		
Change in deferred tax		
Tax cost		
Calculation of deferred tax assets and deferred tax		
Tax increasing temporary differences		
Pre-paid pensions	367	314
Securities	47	
Total tax increasing temporary differences	**414**	**314**
Tax reducing temporary differences		
Securities		-1
Operating assets	-23	-30
Provisions	-2	-2
Accrued pension liabilities	-186	-189
Total tax reducing temporary differences	**-211**	**-222**
Net temporary differences before losses carried forward	**203**	**92**
Losses carried forward	-1,254	-1,240
Allowances carried forward	-546	-546
Write-down of deferred tax assets [1]	1,597	1,695
Net tax increasing/(reducing) temporary differences		
Deferred tax/Deferred tax assets		

1 The statement of financial position 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 contributions. Allowances carried forward date from the years 2000–2003, and must be used within 10 years.

Reconciliation of tax cost and ordinary profit		
Pre-tax profit	568	-14
Expected tax at nominal rate (28%)	-159	4
Tax effect of:		
- dividends received	1	2
- gains on shares		1
- permanent differences	130	-19
- write-down of deferred tax assets	28	11
Tax cost	**0**	**0**
Effective tax rate	0%	0%

07 Parent company's shares in subsidiaries and associated companies

NOK million	Registered office	Interest/ votes in %	Carrying amount 2009	Carrying amount 2008
Subsidiaries				
Storebrand Livsforsikring AS	Oslo	100.0%	13 153	13 153
Storebrand Bank ASA [1]	Oslo	100.0%	3 055	2 866
Storebrand Kapitalforvaltning AS [2]	Oslo	100.0%	196	177
Storebrand Fondene AS [3]	Oslo	100.0%	131	124
Storebrand Skadeforsikring AS	Oslo	100.0%	324	324
Storebrand Leieforvaltning AS	Oslo	100.0%	10	10
Jointly controlled/associated companies				
Storebrand Helseforsikring AS	Oslo	50.0%	78	70
AS Værdalsbruket [4]	Værdal	25.1%	1	
Total			**16,947**	**16,725**

2 Made a group contribution in 2009 of NOK 118 million as a capital injection. Received group contribution of NOK 130 million booked against cost price.
3 Made a group contribution in 2009 of NOK 17 million as a capital injection.
4 Made a group contribution in 2009 of NOK 6.5 million as a capital injection.
5 74.9 percent owned by Storebrand Livsforsikring AS.

08 Equities and units

NOK million	2009 Acquisition cost	2009 Fair value	2008 Acquisition cost	2008 Fair value
Listed equities Norway	86	59	86	74
Unlisted equities outside EEA	1	0	1	0
Total equities	**87**	**59**	**87**	**74**

09 Bonds and other securities with a fixed return

NOK million	Commercial paper	Bonds	2009	2008
Commercial paper and bonds	295	857	1 152	758
Of which listed	245	625	870	561
Basis for currency analysis	**295**	**857**	**1 152**	**758**
NOK	295	857	1 152	758
Modified duration	0.68	0.30	0.40	0.37
Average effective yield	2.27	2.52	2.41	3.84

10 Financial derivatives

NOK million	Gross nominal volume	Avg. nominal volume	Net nominal volume	Fair value Assets	Fair value Liabilities
Future interest rate agreements	950	466	-450		
Interest rate swaps [1]	1,100	13	1,100	6	
Forward exchange contracts	1,590	1,376	910	5	16
Total derivatives 2009	**3,640**	**1,854**	**1,560**	**11**	**16**
Total derivatives 2008	2,680	3,826	1,980	153	

1 Used for hedge accounting, also see note 15.

11 Financial risk

Credit risk by rating					
Short-term holdings of interest-bearing securities	**AAA**	**AA**	**A**	**BBB**	**Total**
Category of issuer or guarantor	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**
Million NOK					
State and state guaranteed	309				309
Company bonds			142		142
Finance, bank and insurance		27	327	55	410
Covered bonds	171	50			221
Local authority, county	20	42	8		70
Total 2009	**500**	**119**	**477**	**55**	**1,152**
Total 2008	356	149	253		758

Derivatives	**AAA**	**AA**	**A**	**Total**
Counterparties	**Fair value**	**Fair value**	**Fair value**	**Fair value**
NOK million				
Norway		7	2	9
Sweden			2	2
Total 2009		**7**	**4**	**11**
Total 2008		151	2	153

Interest risk

Interest rate sensitivity is a measure of interest rate risk based on how changes in interest rates will affect the market value of bonds and other securities. An increase/reduction of 1.5 percentage points in the interest rate will change the value of bonds and other securities by NOK 5 million.

Liquidity risk

Undiscounted cash flows for financial liabilities	**0-6 months**	**6-12 months**	**1-3 years**	**3-5 years**	**Total value**	**Carrying amount**
NOK million						
Securities issued/bank loans	56	970	1,278	1,493	3,797	3,171
Total 2009	**56**	**970**	**1,278**	**1,493**	**3,797**	**3,171**
Total 2008	109	1,598	2,362		4,069	3,748

Storebrand ASA had as per 31.12.09 liquid assets of NOK 1.3 billion.

Currency risk				
Financial assets and liabilities in foreign currencies	**Statement of financial position items items excl. currency derivatives**		**Net position**	
NOK million	**Net on statement of financial position**	**Currency forwards Net sales**	**in foreign currency**	**in NOK**
EUR	-110	110		
Total net position foreign currency 2009				**1**
Total net position foreign currency 2008				**18**

12 Properties and operating assets

NOK million	**Real estate**	**Equipment, vehicles, fixtures & fittings**	**Total 2009**	**Total 2008**
Acquisition cost as per 01.01	35	25	60	317
Accumulated depreciation	-23	-1	-24	-281
Carrying amount as per 01.01	11	25	36	37
Additions		6	6	1
Disposals				-1
Depreciation/write-downs for the year	-1		-1	-1
Carrying amount as per 31.12	**11**	**30**	**41**	**36**

Straight line depreciation periods for tangible fixed assets are as follows:

Equipment. fixtures and fittings:	4-8 years
Vehicles:	6 years
IT systems	3 years

13 Equity

NOK million	**Share capital** [1]	**Own shares**	**Share premium**	**Other equity**	**Equity 2009**	**Equity 2008**
Equity as per 01.01	**2,250**	**-23**	**9,485**	**3,734**	**15,445**	**15,440**
Profit for the year				568	568	-14
Share issue/issue costs						-4
Own shares bought back [2]		3		30	32	46
Over/under provision for dividend						-1
Employee share is [2]				-19	-19	-23
Equity as per 31.12	**2,250**	**-20**	**9,485**	**4,313**	**16,026**	**15,445**

1 449,909,891 shares with a nominal value of NOK 5
2 In 2009 517,397 of our own shares were sold to our own employees.

Holding of own shares as per 31 Dec 2009 was 4,059,843.

14 Bonds issued and bank loans

NOK million	**Interest rate**	**Currency**	**Net nominal value**	**2009**	**2008**
Bond loan 2005/2009	Variable	NOK			834
Bond loan 2005/2011	Variable	NOK	750	751	753
Bond loan 2009/2012	Variable	NOK	405	405	
Bond loan 2009/2014 [1]	Fixed	NOK	550	555	
Bond loan 2009/2014 [1]	Fixed	NOK	550	546	
Bank loan 2008/2009	Variable	EUR			685
Bank loan 2008/2010	Variable	EUR	110	914	1,475
Total [2]				**3,171**	**3,748**

1 Loans with fixed rates are hedged by interest swaps, which are booked at fair value through profit and loss. Changes in values of loans that can be related to the hedged risk are included in the carrying amount and included in the result.
2 Loans are booked at amortised cost and include earned not due interest.

Signed loan agreements have standard covenant requirements. The terms and conditions have been redeemed pursuant to signed loan agreements. Storebrand ASA has an unused drawing facility for EUR 115 million.

15 Hedge accounting

The company uses fair value hedging to hedge interest rate risk. The effectiveness of hedging is monitored at the individual security level.

Hedging instrument - fair value hedging

	2009		
	Contract/	Fair value [1]	
NOK million	nominal value	Assets	Liabilities
Interest rate swaps	1,100	6	

Item hedged - fair value hedging

	2009		
	Contract/	Hedging value [1]	
NOK million	nominal value	Assets	Liabilities
Securities issued	1,100		1,100
Hedging effectiveness – prospective			100%
Hedging effectiveness – retrospective			100%

1 Carrying amount as per 31 December.

16 Shareholders

The 20 largest shareholders

	Ownership interest in %
Gjensidige Forsikring	24.3
Fidelity Funds-Europe	4.7
Folketrygdfondet	4.5
Bank Of New York	3.3
J.P.Morgan Chase Bank	3.2
State Street Bank	3.2
The Northern Trust	2.0
J.P. Morgan Chase Bank	1.8
Bank Of New York	1.7
Clearstream Banking	1.3
State Street Bank	1.1
Dnb Nor Bank Asa	1.1
Citibank N.A.	1.0
Goldman Sachs	1.0
Storebrand ASA	0.9
Oslo Pensjonsforsikring	0.8
State Street Bank	0.8
Citibank N.A.	0.8
Société Générale	0.8
The Northern Trust	0.7
Foreign ownership of total shares	**51.5%**

17 Information about close associates

	Number of shares owned [1]
Senior employees	
Idar Kreutzer	93,355
Odd Arild Grefstad	25,960
Egil Thompson	18,000
Lars Aa. Løddesøl	27,790
Roar Thoresen	28,282
Hans Aasnæs	39,832
Anders Røed	15,042
Elin M. Myrmel-Johansen	7,067
Klaus Anders Nysteen	50,999
Gunnar Rogstad	97,297
Sarah MCPhee	34,387
Board of Directors	
Leiv L. Nergaard	
Halvor Stenstadvold	8,645
Sigurd Einarsson	
Annika Lundius	
Erik Haug Hansen	5,879
Barbara Rose Milian Thoralfsson	
Knut Dyre Haug	11,674
Camilla Marianne Grieg	
Ann-Mari Gjøstein	258
Birger Magnus	20,000
Jon Arnt Jacobsen	
John S. Duemoen	
Birgitte Nielsen	
Control Committee	
Elisabeth Wille	747
Ole Klette	
Harald Moen	595
Ida Hjort Kraby	
Erling Naper	
Board of Representatives	
Arvid Grundekjøn	50,000
Merete Egelund Valderhaug	
Terje R. Venold	2,031
Karen Helene Ulletveit -Moe	
Olaug Svarva	
Johan H. Andresen jr.	
Roar Engeland	
Vibeke Hammer Madsen	
Tor Haugom	5
Unn Kristin Johnsen	
Rune Pedersen	4,995
Marius Steen	
Marianne Lie	
Kristian Wibe	
Nina Hjellup	1,945
Paul Eggen jr	1,543
Per-Erik Hauge	

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.

Transactions between group companies		
NOK million	**2009**	**2008**
Profit and loss account items:		
Group contributions and dividends from subsidiaries	835	147
Purchase and sale of services (net)	53	63
Statement of financial position items:		
Subordinated loans to group companies [1]	17	700
Due from group companies	953	154
Payable to group companies	142	25

1 Subordinated loan to Storebrand Livsforsikring AS of EUR 70 million was repaid in 2009.

18 Number of employees/person-years

	2009	2008
Number of employees	38	45
Number of person-years	37	44
Average number of employees	42	27

STOREBRAND ASA AND THE STOREBRAND GROUP
- DECLARATION BY THE MEMBERS OF THE BOARD AND THE CEO

On this date, the Board and CEO have discussed and approved the annual report and annual financial statements for Storebrand ASA and the Storebrand Group for the 2009 financial year and as per 31 December 2009.

The consolidated financial statements are prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and interpretations, as well as the other disclosure obligations stipulated in the Norwegian Accounting Act and which must be applied as per 31 December 2009. The annual financial statements for the parent company were prepared in accordance with the Norwegian Accounting Act, Norwegian Annual Accounts Regulations for Insurance Companies and the additional requirements in the Norwegian Securities Trading Act. The annual report for the group and parent company complies with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard no. 16 as per 31 December 2009.

In the best judgement of the Board and CEO the annual financial statements and consolidated financial statements for 2009 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the assets, liabilities, financial standing and results as a whole of the parent company and the group as per 31 December 2009. In the best judgement of the Board and CEO the annual report provides a fair and true overview of important events during the accounting period and their effects on the annual financial statements and consolidated financial statements. In the best judgement of the Board and CEO the descriptions of the most important risk and uncertainty factors the group faces in the next accounting period, as well as the descriptions of related parties' significant transactions, also provide a fair and true overview.

Lysaker, 16 February 2010
The Board of Directors of Storebrand ASA
Translation – not to be signed

Birger Magnus
Chairman of the Board

Halvor Stenstadvold   John S. Dueholm   Camilla M. Grieg   Jon Arnt Jacobsen   Birgitte Nielsen

Erik Haug Hansen   Knut Dyre Haug   Ann-Mari Gjøstein   Annika Lundius   Idar Kreutzer
Chief Executive Officer

AUDITOR'S REPORT FOR 2009

To the Annual Shareholders' Meeting of Storebrand ASA

We have audited the annual financial statements of Storebrand ASA as of December 31, 2009, showing a profit of MNOK 568 for the parent company and a profit of MNOK 934 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the statement of financial position, 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 statement of income, the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows 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 December 31, 2009, 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 December 31, 2009, 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 for the allocation of the profit, is consistent with the financial statements and complies with law and regulations.

Oslo, February 16, 2010
Deloitte AS

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

Storebrand ASA – Control Committee's Statement for 2009

At its meeting on 2 March 2010, the Control Committee of Storebrand ASA reviewed the Board of Directors' proposed company accounts, consolidated accounts and annual report for 2009 for Storebrand ASA.

With reference to the auditor's report of 16 February 2010, the Control Committee recommends that the proposed company accounts, consolidated accounts and annual report be adopted as the Annual Report and Accounts of Storebrand ASA for 2009.

Oslo, 2 March 2010
Translation – not to be signed
Elisabeth Wille (Signed)
Chair of the Control Committee

Storebrand ASA – Board of Representatives' Statement for 2009

The Board of Directors' proposed annual report and the annual 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 has no further comments to the Board's proposal regarding the allocation of the profit for the year of Storebrand ASA.

Lysaker, 16 March 2010
Translation – not to be signed
Terje Venold (Signed)
Chairman of the Board of Representatives

STATUS OF ACTION PLAN FOR CORPORATE RESPONSIBILITY 2008-2009 AND NEW TARGETS 2009-2010

	We measure our performance by	Status 2008	Target 2009	Status 2009	Target 2009–2010
Financial value creation					
Shareholders	Return on equity after tax	- 9%	15%	8%	15%
	Percentage of post-tax group profit distributed as dividend	0%	> 35%	0%	> 35%
	Total capital adequacy ratio of Storebrand Bank	10.8%	> 10%	13.5%	> 10%
	Solvency margin of Storebrand Life Insurance	160%	> 150%	170%	> 150%
	Qualifying for FTSE4Good	Qualified	Qualified	Qualified	Qualified
	Qualifying for Dow Jones Sustainability Index	Qualified	Qualified	Qualified	Qualified
Social responsibility					
Customers	Percentage of error-free queries in the internet service	98%	98%	99%	98%
	Percentage of tel. calls answered (customer centre)		90%	86%	90%
	Percentage of tel. calls answered within 20 sec. (switchboard) [1]	88%	90%	91%	90%
	Customer satisfaction in the business market [2]	No. 1 in the industry	No. 1 in the industry	No. 1 in the industry	No. 1 in the industry
	Customer satisfaction – retail customers with personal adviser		66	66	66
	Customer satisfaction – other retail customers		64	64	64
	Prosessing time for complaints	59% within 3 weeks	70% within 3 weeks	41% within 3 weeks	70% within 3 weeks
	Storebrand Life Insurance among global leaders within responsible investments [3]	Among the global leaders	Among the global leaders	Among the global leaders	Among the global leaders
	Investment return from Storebrand Global SRI relative to benchmark index	-33%	Dropped	-	Dropped
	Investment in microfinance [4]	NOK 127 million	Increase, given sensible investment opportunities	NOK 149 million	Explore new possibilities witnin microfinance and increase investments if feasable
Employees	Percentage of management positions held by women	38%	40%	37%	40%
	Male/female participation in internal training programmes (employees in Norway)	54% women – 46% men	Within 40–60%	Within 40–60%	Within 40–60%
	Propotion of employees who are satisfied with their development plans in Storebrand [5]	63%	70%	63%	70%
	Average sick leave rate	4.0%	4.0%	4.2%	4.0%
	Proportion of employees who believe that Storebrand is a "great place to work" [5]	83%	85%	76%	85%
	Proportion who are aware of what the ethical guidelines mean in their daily work [5]	79%	90%	78%	90%
	Proportion of employees who understand/are aware of Storebrand's corporate responsibility [5]	63%	80%	76%	80%
	Diversity: measure to increase proportion of employees with minority backgrounds/disabilities		Measures initiated	Measures initiated	Measures initiated
	Anti-corruption policy	Implementation started	Ensure all parts of the Group receive necessary info and training	Information and training of empoyees.	Ensure all parts of the Group receive necessary info and training
	Corporate Principles (Code of conduct)	Developed and implemented	Dropped	Implementation continued	Dropped
	Percentage of employees with authorisation to provide personal financial advice		Start the authorisation programme	Authorisation programme started	75%
Suppliers	Procurement policy	Adopted. Implementation started	Implement	Implemented	Implement
Society	Satisfaction with Storebrand among our partners	87%	80%	Not measured	Dropped
	Financial support for organisations and other local measures	NOK 3.35 million	Dropped	-	Dropped
	Partners: WBCSD, UNEP and Global Compact	Member	Member	Member	Member

	We measure our performance by	Status 2008	Target 2009	Status 2009	Target 2009–2010
Environmental issues					
Society	Energy consumption (head office) [6]	Reduced by 16%	160 kWh/m in 2010	Increased by 2.9%	160 kWh/m in 2010
	Energy consumption (managed properties) [6]	Reduced by 6%	Reduce by 3%	Increased by 0.8%	Reduce by 3%
	Waste sorted by type (head office)	75%	60%	74%	60%
	Waste sorted by type (tenants of managed properties)	54%	50%	54%	50%
	Paper consumption	89 tonnes	Reduce by 10%	67 tonnes	Reduce by 10%
	Water consumption (head office)	26,315 m³	Reduce to 25,000 m³	22,588 m³	Reduce to 25,000 m³
	Water consumption (managed properties)	85,796 m³	Stable level	78,041 m³	Stable level
	Prepared all managed properties for energy certifing	Analysed	Analyse	Analysed	Analyse
	Proportion of electronic equipment recycled or reused	100%	100%	100%	100%
	"Living forest" certification for Værdalsbruket	Certified	Certified	Certified	Certified
	Proportion of paperless customers and customers with direct debit/eBills in Storebrand Skadeforsikring [8]	-	60 %/50%	54%/36%	60 %/50%
	Air travel	11,700 individual flights	Reduce by 10%	6,014 individual flights	Reduce by 10%
	CO_2 emissions (tonnes) [7]	2,828 tonnes	Reduce by 20%	2,073 tonnes	Reduce by 20%

1 Percentage telephone calls to customer center answered within within 20 sec. Based on weighted average on calculated percentage per month
2 Rating of companies within the business segment of the branch in Norway. Figures are based on Yearly customer satisfaction survey "Pensions and life insurance" undertaken by the business management school BI.
3 Results based on the same survey used for 2007 (conducted autum 2007).
4 Storebrand has committed NOK 200 million to microfinancing, of which NOK 149 million, is invested per 31.12.09. This figure includes temporary return on capital to Global Microfinance equity fund.
5 Figure from employee satisfation survey (MTI) 2009, undertaken by Confirmit.
6 Percentage reduction in relation to 2008 measurement. Target for 2010 is for our new headoffice.
7 Calculated externally by the company CO_2-focus AS.
8 For 2009 54% had electronic insurance documents and 36% had direct debit/eBills.

For more information about the indicators, including reporting principles, definitions and calculations, see www.storebrand.com (Corporate Responsibility pages).

About our reporting on the field of corporate responsibility

Storebrand has been issuing its own environmental reports since 1995. In addition, it has been reporting on the broader field of corporate responsibility since 1999. The group reports along a three-part bottom line for which financial, environmental and social responsibilities are described. The matrix of objectives for the corporate responsibility field is also structured around its interrelationships with the group's most important stakeholders: its owners, customers, employees, suppliers and the domestic and international societies. We use Global Reporting Initiative (GRI) as a tool for our CR-reporting. In our opinion The Group's reporting procedures are all in all in coherence with GRI's reporting principles and qualify for level B in accordance with the procedures. In the GRI Index matrix on our homepage www.storebrand.no/samfunnsansvar ‹http://www.storebrand.no/samfunnsansvar› or www.storebrand.com ‹http://www.storebrand.com› (English) all the references are to be found indicating where to find information on the each indicator, wether these are completly or partly answered.

Goals and data concerning the area of corporate responsibility have been collected from all units in the group through established reporting procedures. These involve standardised reporting twice annually. In addition, the Unit for Corporate Responsibility conducts separate meetings and community gatherings for all those who are responsible for meeting the company's goals. The figures in the objectives matrix have been complied and processed with the aim of presenting the best possible overall picture of Storebrand's work with corporate responsibility. The goals have been reviewed and approved by the Storebrand Group's senior management and Board, and the measures have been anchored in and are followed up on from the company's various occupational environments. A great emphasis is being placed on ensuring that the information is completely correct, however some uncertainty may nevertheless be associated with some individual parts of the numerical data.

Storebrand desires to have openness surrounding its work with corporate responsibility and poses requirements for compliance and quality in this work. The goals and the data that have been collected in the corporate responsibility field have hence been reviewed by Deloitte. Such a review increases the credibility of the reporting and the data that is presented. In addition, better security is achieved internally in seeing to it that information that has been collected is being handled in an appropriate, correct and systematic manner.

AUDITOR'S REPORT ON STATUS OF ACTION PLAN FOR CORPORATE RESPONSIBILITY

To the management of Storebrand ASA

We have reviewed the reporting on 2009 Corporate Responsibility Indicators presented in the "Status of Action Plan for Corporate Responsibility 2008 – 2009 and new targets for 2009 – 2010", pages 149 – 150 in the Annual Report 2009 Storebrand ASA. The selection of indicators and the information presented are the responsibility of and have been approved by the management of the Company. Our responsibility is to draw a conclusion based on our review.

We have based our work on the international standard ISAE 3000 "Assurance Engagements other than Audits and Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the management of the Company and included those subject matters on which we have concluded below.

Based on an assessment of materiality and risks, our work included analytical procedures and interviews with management and employees responsible for the subject matters, as well as a review on a sample basis of supporting evidence. We have conducted interviews at corporate headquarters as well as at the headquarters of the subsidiary company SPP, Sweden.

We believe that our work provides an appropriate basis for us to conclude with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

Conclusion
In conclusion, in all material respects, nothing has come to our attention that causes us not to believe that:

- Storebrand ASA has applied procedures, as summarised on page 150, for the purpose of collecting, compiling and validating data for 2009 for the selected indicators, to be included in the presentation on pages 149 – 150 in the Annual Report 2009 Storebrand ASA.
- The information accumulated as a result of the procedures noted above for the selected indicators is consistent with the source documentation presented to us and appropriately reflected on the pages referred to above.
- Storebrand ASA applies a reporting practice for its reporting on corporate responsibility that is aligned with the GRI reporting principles. The GRI Index referred to on page 150 appropriately reflects where relevant information on each of the elements and performance indicators of the GRI Sustainability Reporting Guidelines is presented.

Oslo, 16 February 2010
Deloitte AS

Translation – not to be signed
Preben J. Sørensen
State Authorised Public Accountant
Corporate Responsibility Services

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 Fonder AB		100.0%
SPP Livförsäkring AB		100.0%
SPP Liv Pensionstjänst AB		100.0%
SPP Fastigheter AB		100.0%
SPP Liv Fondförsäkring AB		100.0%
Benco Insurance Holding BV [1]		81.1%
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%
AS Værdalsbruket [2]	920 082 165	74.9%
Norsk Pensjon AS	890 050 212	25.0%
Foran Real Estate		88.5%
Storebrand Baltic UAB		50.0%
Evoco UAB		50.0%
Storebrand Bank ASA	**953 299 216**	**100.0%**
Storebrand I AS	990 645 558	100.0%
Storebrand Boligkreditt AS	990 645 515	100.0%
Storebrand Eiendomskreditt AS	991 853 634	100.0%
Filipstad Tomteselskap AS	984 133 561	100.0%
Ring Eiendomsmegling AS	987 227 575	100.0%
Seilduksgaten 25-31 AS	976 698 983	50.0%
Storebrand Baltic UAB		50.0%
Hadrian Eiendom AS	976 145 364	90.9%
Hadrian Utvikling AS	975 794 784	86.2%
Bjørndalen Panorama AS	991 742 565	100.0%
Bjørndalen Tomteselskap AS	991 742 565	100.0%
Ullensaker Boligbygg AS	983 658 628	89.0%
Ullensaker Boligbygg KS	983 658 628	89.0%
Storebrand Fondene AS	**930 208 868**	**100.0%**
Storebrand Luxembourg S.A.		99.8%
Storebrand Kapitalforvaltning AS	**984 331 339**	**100.0%**
Storebrand Alternative Investments AB		100.0%
Storebrand Skadeforsikring AS	**930 553 506**	**100.0%**
Oslo Reinsurance Company AS		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%**

1 SPP Livförsäkring AB owns 80% and Storebrand Livsforsikring AS owns 8.86%.
2 Storebrand ASA owns 25.1% and Storebrand's total ownership share is 100.0%.

TERMS AND EXPRESSIONS

General

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.

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.

Equity
Equity 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.

Earnings per ordinary share
Earnings per share is calculated as the majority's proportion of the result after tax costs divided by the number of shares. 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.

Capital adequacy

Primary capital
Primary capital is capital eligible to fulfil the capital requirements under the authorities' regulations. Primary capital may comprise core (tier 1) capital and tier 2 capital.

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.

Core (tier 1) capital
Core (tier 1) capital is part of primary capital and consists of the primary capital less the minimum requirement for reinsurance provisions in P&C insurance, goodwill, other intangible assets, net prepaid pensions and some other differences. Issued hybrid tier 1 capital can account for 15 percent of the core (tier 1) capital, while any surplus can be included in the supplementary capital. A proportion of the conditional bonus is included in core (tier 1) capital pursuant to the conditions set by Finanstilsynet.

Tier 2 capital
Tier 2 capital is part of primary capital and consists of subordinated loan capital and that proportion of hybrid tier 1 capital that is not counted as core (tier 1) capital. 50 percent of any capital adequacy reserve and cross-ownership deduction in other financial institutions is deducted. In order to be eligible as primary capital, tier 2 capital cannot exceed core (tier 1) capital. Perpetual subordinated loan capital, together with other tier 2 capital, cannot exceed 100 percent of core (tier 1) capital, whilst dated subordinated loan capital cannot exceed 50 percent of core (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 percent per annum.

Life Insurance

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

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.

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 capital in customer funds with guarantees and in the company portfolio respectively. 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 capital in customer funds with guarantees and in the company portfolio respectively at market value.

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 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.

Market value adjustment reserve
The reserve consists of unrealised gains in the group portfolio (contractual obligations) of financial assets that are carried at their fair value on the income statement.

Premium reserve
Gross premium reserve comprises the cash value (insurance obligations discounted by the guaranteed interest rate) of the company's total insurance obligations with respect to the individual insurance agreements, reduced by the cash value of future premiums. This corresponds to the sum of the amounts that are entered in the accounts of the insured, as well as premium reserves set aside for contracts for which no accounts are kept (pure risk insurance policies, including group life insurance, etc).

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.

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

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 capital
The term solvency capital includes equity, market value adjustment reserve, additional statutory reserves, condition bonus, surplus/deficit related to bonds at amortised cost and accrued profit. The solvency capital is also calculated as a percentage of total customer funds excluding additional statutory reserves and conditional bonus.

Solvency margin requirements
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.

Solvency margin capital
Primary capital as in capital adequacy plus 50 percent of additional statutory reserves and risk equalisation fund, plus 55 percent of the contingency fund's for P&C insurance lower limit.

Additional statutory reserves
In order to ensure the capital adequacy of life insurance, the companies have the ability to create additional statutory reserves in the insurance fund. The additional statutory reserves are a conditional provision that is assessed to customers and which is entered on the income statement as a statutory reserve, thus reducing the year's results. Additional statutory reserves may be used for coverage of interest deficits for contracts with a guaranteed return. For an individual year, up to one year's interest guarantee may be covered from the contract's additional statutory reserves. Any possible negative returns must be covered by the company's equity.

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.

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 percent 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.

Bank

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

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 per annum, and all fees and commissions.

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).

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.

P&C Insurance

F.o.a.
Abbreviation for the term «for own account», i.e. after additions/deductions for reinsurance.

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.

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.

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.

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.

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.

Insurance (technical) profit/loss
Premium income less claims and operating costs.

Cost ratio
Operating expenses as a percentage of premiums earned.

Cost percentage
Operating expenses as a percentage of premiums earned.

Claims ratio
Claims incurred as a percentage of premiums earned.

Combined ratio
The sum of the cost ratio and the claims ratio.

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.

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.

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 currency hedging of loans.

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.

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.

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 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.

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.

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.

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.

HISTORY OF STOREBRAND

1767–1919: Roots

1767
Den almindelige Brand-Forsikrings-Anstalt is established in Copenhagen.

1814
Following the split from Denmark, management of the fire insurance scheme is transferred to Christiania, as the capital of Norway was called 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 is referred to as 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
The life insurance company Norske Folk is established.

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 name in its articles of association 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 acquires Norske Fortuna. Brage and Fram merge to become the country's largest life insurance company.

Storebrand and Idun move into their own new premises in the restored Vest-Vika area of Oslo. Brage-Fram and Norske Folk follow their lead.

1970–1989: Group formation

1978
Storebrand changes its logo – from 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.

1983
The Norden Group and Storebrand merge.

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 official permission in January 1991.

1992
UNI Storebrand's negotiations with Skandia concerning establishing a major Norwegian-led 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 stakes five years later.

2000–2009: New challenges

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

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

2006
Storebrand decides to return to P&C insurance.

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

2008
The financial crisis in the USA spreads to the global financial markets and during 2008 the New York Stock Exchange (Dow Jones DJIA) falls by 34% and the Oslo Stock Exchange by 54%.

2009
Massive government confidence packages around the world dampen the effects of the financial crisis. The world's equities markets bottom out in March following the heaviest fall since the 1930s. In the second half of the year the real economies of the largest countries also turn around, and many economists believe we are over the worst.

Storebrand confirms it has been in talks about a possible merger with Gjensidige. The talks concluded without result.

Storebrand moves into its new energy efficient head office at Lysaker in December. Energy consumption is halved compared to Storebrand's previous head office. The working environment is improved and costs are reduced by NOK 40 million per annum.

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