PROSPECTUS

storebrand

STOREBRAND LIVSFORSIKRING AS

€300,000,000

Fixed/Floating Rate Perpetual Subordinated Notes

Issue price: 100 per cent.

The €300,000,000 Fixed/Floating Rate Perpetual Subordinated Notes (the **Notes**) are issued by Storebrand Livsforsikring AS (the **Issuer**).

Interest on the Notes will be payable annually in arrear on 26 June (long first coupon) up to and including 26 June 2013, at a rate of 9.404 per cent. per annum, and thereafter interest will be payable in arrear on the Interest Payment Dates falling on or nearest to 26 March, 26 June, 26 September and 26 December in each year at a rate of interest equal to 6 per cent. above three-month EURIBOR, as more fully described herein.

The Issuer has the right to defer the payment of interest in certain circumstances all as further described in ''*Conditions of the Notes—Deferral of Payments*''.

The Issuer may, subject to the prior approval of the Financial Supervisory Authority of Norway (*Kredittilsynet*), redeem the Notes at their principal amount together with accrued interest on the Fixed Interest Payment Date falling on 26 June 2013 or any Interest Payment Date thereafter. See ''*Conditions of the Notes—Redemption and Purchase—Redemption at the Option of the Issuer*''. The Issuer will also have the right, subject to the prior approval of *Kredittilsynet*, upon the occurrence of certain tax events or capital events, to redeem the Notes. See ''*Conditions of the Notes—Redemption and Purchase—Redemption for Taxation Reasons*'' and ''*—Capital Disqualification Event Redemption and Conversion*''.

In addition, in certain circumstances, the Issuer's subordinated capital, which would include principal in respect of the Notes, may be cancelled. See ''*Conditions of the Notes—Reduction of Amounts of Principal*''.

An investment in the Notes involves certain risks. For a discussion of these risks, see ''*Risk Factors*'' on pages 4 to 16.

Application has been made to the Commission de Surveillance du Secteur Financier (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 (the **Luxembourg Act**) on prospectuses for securities to approve this document as a prospectus and to the Luxembourg Stock Exchange for the listing of the Notes on the Official List of the Luxembourg Stock Exchange and admission to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**).

The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about 26 February 2008 (the **Closing Date**) with a common depositary for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, on or after 6 April 2008 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances — see ''*Summary of Provisions relating to the Notes while represented by the Global Notes*''.

Joint Bookrunners, Joint Lead Managers and Joint Structuring Advisers

JPMorgan **UBS Investment Bank**

Joint Lead Manager

Nordea

Co-Lead Managers

Danske Bank **DnB NOR Markets**
SEB **Société Générale Corporate & Investment Banking**

The date of this Prospectus is 22 February 2008

This document comprises a prospectus for the purposes of Article 5 of Directive 2003/71/EC (the ***Prospectus Directive****) and has been approved as such by the CSSF.*

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Managers (as defined under ''Subscription and Sale'' below). Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the Storebrand Life Group (as defined herein) since the date hereof. This document does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Trustee (as defined herein) or the Managers to subscribe for, or purchase, any of the Notes. This document does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

The Managers and Citicorp Trustee Company Limited (the ***Trustee****) have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers, the Trustee or any of them as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes or their distribution.*

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Managers or the Trustee that any recipient of this Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the ***Securities Act****) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see ''Subscription and Sale'' below.*

IN CONNECTION WITH THE ISSUE OF THE NOTES, J.P. MORGAN SECURITIES LTD. (THE STABILISING MANAGER) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE CLOSING DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

All references in this document to ***euro*** *and* ***€*** *refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended,* ***NOK*** *refer to Norwegian Kroner and* ***SEK*** *refer to Swedish Kronor.*

Copies of this Prospectus, including any supplements thereto, are available, free of charge, at Filipstad Brygge 1, P.O. Box 1380 Vika, N-0114 Oslo, Norway, or at 69, route d'Esch, L-2953 Luxembourg, Luxembourg. This Prospectus available on the Luxembourg Stock Exchange's website at www.bourse.lu.

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Risk Factors

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under the Notes.

In addition to the other information set out in this Prospectus, the following risk factors should be carefully considered by investors when deciding whether to make an investment in the Notes. Any of the risks described below could have a material adverse impact on the Issuer's business, financial condition and results of operations and could therefore have a negative effect on the trading price of the Notes and affect a prospective investor's investment. The information below does not purport to be exhaustive. Additional risks and uncertainties not presently known to the Issuer or that the Issuer currently deems immaterial may also have an adverse material effect on the Issuer's business, financial condition and operating results. If this occurs, the price of the Notes may decline and investors could lose all or part of their investment.

The Issuer will encounter a variety of challenges, including integration and other management, administrative and financial challenges in achieving its key commercial objectives and realising expected benefits following the Transaction.

The Issuer will encounter numerous integration challenges resulting from its recent acquisition of SPP in the months to come, including, operational, technological, managerial, regulatory and other issues. Among the areas requiring integration are various information technology platforms, management information and financial control systems, marketing, sales forces and customer service units and product offerings. Integration will require focus on retaining SPP's senior management, clients, client advisors, investment managers and other key personnel, as well as retention of the Issuer's own clients and assets under management (**AuM**), client advisors, investment managers and other key personnel. The Issuer's management and resources may be diverted from its core business activities to assist in the integration process.

During the integration phase, the workforces of the Issuer and SPP will face uncertainties as the operations will be combined and the company and management cultures aligned. The workforces of both companies may need to learn to use new processes as work is integrated and streamlined. It is difficult to predict how long the integration phase will last.

The integration process may lead to temporary or sustained inefficiencies with the possibility of an increase in client complaints and/or regulatory actions, and negative publicity regarding the Transaction may result in damage to the Issuer's and/or SPP's reputation. Costs are involved in revising the systems and structures of SPP (including implementing potential outsourcing and infrastructure change). Furthermore, it may not prove possible to achieve the expected level of sales and synergy benefits on integration of the businesses of the Issuer and SPP, and/or the cost of delivering such benefits may exceed current estimates.

To the extent that the Issuer is unable to integrate operations effectively, realise cost reductions, retain qualified personnel or customers and avoid unforeseen costs or delay, there may be an adverse effect on the business results of operations and/or the financial condition of the Issuer. No assurance can be given that the integration process will deliver all or substantially all of the expected benefits.

The increase in scale of the Issuer as a consequence of the recent acquisition of SPP and the possible impact of the overall business separation and subsequent integration may expose the business to greater specific operational risks including, but not limited to, risks relating to the following areas:

- limited management capacity;
- business continuity;
- IT systems integrity;

- customer data security; and
- internal control or compliance weaknesses.

The occurrence of any or all of the above risk exposures could result in material reputational damage, the loss of customers and a consequent material adverse effect on the Issuer's business.

The Issuer will encounter separation challenges as a consequence of the Transaction which may adversely affect the Issuer's operations.

The Issuer will encounter risks connected with the separation of SPP from Handelsbanken. Handelsbanken currently performs certain functions for SPP including asset management, IT support and compensation, benefits and other human resources functions. Handelsbanken and SPP had made certain arrangements to separate some of these functions prior to the time Storebrand and Handelsbanken agreed that Storebrand would purchase SPP. Furthermore, certain employees, IT systems and legal obligations have been transferred from Handelsbanken to SPP and Storebrand.

The transfer and separation activities have not been completed. As a result, SPP and the Issuer depend on certain services and cooperation from Handelsbanken and will continue to do so for some period of time to facilitate a smooth transition and complete separation. SPP and Handelsbanken have entered into a Transitional Services Agreement relating, among other things, to the provision by Handelsbanken of certain services necessary to SPP's operations and the separation. Lack of cooperation, failure by Handelsbanken to perform under the agreement, unforeseen delays or complications in the transition and separation process could increase integration costs and could adversely affect the Issuer's operations.

If SPP does not perform according to the Issuer's expectations, the Issuer may be required to write-down the carrying value of its investment in SPP.

The Issuer expects to record a significant amount of goodwill as well as other intangible assets in connection with the Transaction. Under Norwegian GAAP, the Issuer is required to test the carrying value of these assets for impairment at least annually, and more frequently if the Issuer has reason to believe that cash flows generated by SPP following the Transaction are not in line with the Issuer's expectations. Should this occur, the Issuer may be required to write-down the carrying value of its investment in SPP. Any write-down could materially affect the Issuer's results of operations and financial condition.

The success of the Issuer is dependent on continued performance of outsourcing arrangements.

Key customer service, administration, IT and back office functions are provided by third party providers. Should the performance of these providers decline, the Issuer's results of operations could be materially affected. Additionally, the Issuer will depend on certain services and cooperation from Handelsbanken, which Handelsbanken has agreed to provide pursuant to a Transitional Services Agreement to facilitate the transition and complete the separation. The Issuer will be reliant in part on the continued performance and security of these providers.

The Issuer may discover contingent or other liabilities within SPP or other facts or circumstances of which the Issuer is not aware that could expose the Issuer to a loss.

Under the terms of the Transaction Agreement, Handelsbanken gave certain representations, warranties and indemnities regarding SPP in the Issuer's favour, and the Issuer has conducted general due diligence in connection with the Transaction. The Issuer may nevertheless discover issues relating to SPP's business as it continues to become integrated into the Issuer that may have a material adverse effect on the business, results of operations and financial condition of the Issuer. The Issuer's ability to recover any amounts in respect of those representations, warranties, indemnities and as well as certain covenants, however, is subject to certain minimum thresholds, deductibles and time limitations, as well as to a relatively low maximum amount. The Issuer may incur losses in excess of this maximum amount or the matters giving rise to the losses may not be recoverable against the warranties or indemnities or at all.

The Norwegian Ministry of Finance has granted an approval of the Transaction which is subject to certain conditions, which, if not fulfilled, may have a material adverse effect on the Issuer's financial condition.

The Norwegian Ministry of Finance has set as a condition for its approval of the Issuer's acquisition of SPP that Storebrand ASA, by end of 2009, shall file an application to maintain the group structure where Storebrand Holding AB is directly owned by the Issuer. A change in the group structure imposed by the Norwegian authorities may have a material adverse effect on the financial condition of the Issuer.

The Issuer has guaranteed a minimum annual return on a significant portion of its assets. Failure to achieve an investment return sufficient to cover the guaranteed return could have a material effect on the Issuer's equity.

The Issuer has guaranteed a minimum annual return on a significant portion, approximately 90 per cent. in 2007, of its total insurance reserves. If its investment return in any year is lower than this guaranteed rate, then current legislation permits the equivalent of up to one year's guaranteed return to be met by transfer from additional statutory reserves. Any guaranteed return not covered by the reserves must be charged to the Issuer's equity. Guaranteed return is fixed for a number of years for each contract. In 2007, the total average guaranteed interest rate on existing contracts was 3.5 per cent. New business is currently written at a lower level (maximum permitted guarantee rate was 2.75 per cent. in 2007); however, this level might increase or decrease in the future.

The Issuer's income is partially dependent on investment return on assets under management.

Financial return above the guaranteed rate is limited by statute to a maximum share of the investment return which the Issuer is permitted to retain as profit. Thus, even if the guaranteed rate is exceeded, the Issuer's opportunity to achieve a desirable level of profitability for its owners and hence attract capital when necessary is limited by this factor.

The value of the Issuer's investment portfolios may be materially adversely affected by market factors such as interest rate volatility or a downturn in equity markets, among others, any of which may adversely impact its financial position and results of operations, and may result in volatility in its results.

Market levels and investment returns are important factors in the Issuer's overall profitability, and fluctuations in the financial markets, such as the fixed-income or equity markets, can have a material effect on the Issuer's consolidated results of operations. Changes in these factors can be very difficult to predict. Any adverse changes in the economies and/or financial markets in which funds under management are invested could have a material adverse effect on the Issuer's consolidated financial condition, results of operations and cash flows.

Fluctuations in interest rates affect returns on, and the market values of, Norwegian and international fixed-income investments in the shareholder, life insurance and general insurance portfolios. Generally, investment income may be reduced during sustained periods of lower interest rates as higher yielding fixed-income securities are called, mature or are sold and the proceeds reinvested at lower rates, even though prices of fixed-income securities tend to rise and gains realised upon their sale tend to increase. During periods of rising interest rates, prices of fixed-income securities tend to fall and realised gains upon their sale are reduced or realised losses increased.

The Issuer also invests a portion of its assets in Norwegian and international equities, which are generally subject to greater risks and more volatility than fixed-income securities. General economic conditions, stock market conditions and many other factors beyond the control of the Issuer can adversely affect the equity markets.

Declines in the equity markets and other financial markets may reduce unrealised gains or increase unrealised losses in the Issuer's various investment portfolios and reduce or eliminate the excess solvency margin of its insurance subsidiaries. Such declines could also lead to a mismatch between the liabilities to policyholders and the value of the underlying assets notionally backing those liabilities for financial management purposes and this can be exacerbated by market volatility. Although the Issuer seeks to minimise the adverse effects of periods of economic downturn and market volatility by diversifying its investments, there can be no assurance that this strategy will be successful.

Investment returns are also susceptible to changes in general economic conditions, including changes that impact the general creditworthiness of the issuers of debt securities and equity securities held in the business' portfolios. The value of fixed-income securities may be affected by, among other things, changes in an issuer's credit rating. Where the credit rating of an issuer of a debt security drops, the value of the security may also decline. Should the credit rating of an issuer drop to a level such that regulatory guidelines prohibit the holding of such securities to back insurance liabilities the resulting disposal may lead to a significant loss on the Issuer's investments.

The value of the Issuer's real estate portfolio may fluctuate as a result of both general economic conditions as well as other external factors outside its control.

The Issuer invests a portion of its AuM in real estate, mainly in Norway. As a result of the Transaction, the Issuer now also has a portion of its AuM invested in real estate in Sweden. Property investments are subject to various risks. Rents and values are affected by changes in general economic conditions (such as interest rates and inflation activity), the condition of financial markets, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices, among other factors. The value of the real estate portfolio may also fluctuate as a result of external factors, such as changes in general political conditions, potentially adverse tax consequences, changing environmental standards and higher accounting and control expenses. The geographical concentration of the real estate may make the Issuer vulnerable to changes in economic and other conditions in Norway and Sweden respectively. The Issuer's operating performance could be materially adversely affected by a downturn in the property market in terms of capital and/or rental values.

The Issuer's results of operations are subject to the impact of financial market fluctuations on consumer behaviour.

Fluctuations in interest rates and returns from equity markets have an impact on consumer behaviour, especially in the life and asset accumulation businesses, where demand for fixed-income products, such as fixed-return pension products, may decline when interest rates fall and equity markets are performing well. The demand for general insurance, particularly commercial lines, can also vary with the overall level of economic activity.

The level of and changes in interest rates (including changes in the difference between the levels of prevailing short-term and long-term rates) can affect the Issuer's life insurance results and interest payable on debt. Rising interest rates are likely to result in a decrease in fixed-income asset values for the life insurance companies which increases the risk of policyholder churn. Furthermore, financial market fluctuations can affect the availability of disposable income for investment in life insurance and other savings products, asset values, levels of bad debts, levels of investment income and gains and losses on investments, funding costs and interest margins.

The Issuer's results of operations are subject to fluctuations in exchange rates.

The Issuer presents its consolidated financial statements in Norwegian kroner. A significant proportion of the Issuer's operational earnings are denominated in Swedish kronor.

As a result of investments in assets other than Norwegian kroner, fluctuations in the relative value of Norwegian kroner to the euro, the U.S. Dollar, the Swedish kronor and other currencies could be significant to the Issuer and its shareholders because these fluctuations affect the translation of the results of the Issuer's non-Norwegian operations into Norwegian kroner. In addition, these fluctuations could, among other things:

- significantly affect the comparability of the Issuer's performance between financial periods;
- cause the Issuer's earnings to fluctuate;
- increase the amount, in Norwegian kroner, of the Issuer's debt denominated in other currencies;
- affect the impact of minority interests; and
- increase the Issuer's financing costs.

There can be no assurance that the Issuer's results of operations will not fluctuate significantly from year to year as a result of changes in exchange rates.

The Issuer is exposed to credit risk and reinsurance risk.

The Issuer has counterparty risk in relation to third parties. A failure by the Issuer's counterparties to meet their obligations could have a material impact on the Issuer's financial position. The Issuer is exposed to credit risk through, among other things, holdings of fixed-income debt instruments.

Concerns as to the credit worthiness of, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between the institutions. This risk may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Issuer interacts on a daily basis and, therefore, could adversely affect the Issuer.

The Issuer's life insurance and other insurance businesses also have exposure to reinsurers through reinsurance arrangements. The availability, amount and cost of reinsurance may vary significantly and may materially affect the Issuer's risk of loss. Furthermore, the inability or failure of reinsurers to meet their financial obligations could materially affect the Issuer's results of operations and financial condition.

The Issuer may be unable to match long-term fixed liabilities arising from the conduct of its life insurance business with long-term assets with similar durations and cash flow characteristics. This may materially affect the Issuer's financial condition and results of operations.

In order to reduce the volatility of the Issuer's net asset value, the Issuer seeks to match long-term fixed liabilities arising from the conduct of its life insurance business with long-term assets with similar durations and cash flow characteristics. The market prices of assets are subject to volatility, and certain assets may have a duration that is shorter than the average duration of the liabilities. This can give rise to a mismatch between the duration of the Issuer's liabilities and its assets. While the Issuer's asset and liability management processes are designed to mitigate these risks, there exists currently, and there will remain in the future, the risk that the Issuer will not be able to match its long-term liabilities and long-term assets. This could have a material adverse impact on the Issuer's financial conditions and results of operations and net asset value and eventually impact on the Issuer's ability to meet its liabilities as they fall due.

An increase in the interest rate level could lead to a decrease in the value of the fixed-income portfolio. As the majority of the Issuer's fixed-income investments are valued at fair value and the value of insurance liabilities is measured by a methodology which is equivalent to amortised cost, an accounting mismatch between assets and liabilities may arise that may have an adverse impact on the Issuer's results of operations and financial condition. This could potentially cause the financial markets, regulators or the public to question the Issuer's financial condition and results of operations.

The Issuer requires a significant amount of cash to service its debt, pension and insurance commitments. The Issuer's ability to generate sufficient cash depends on factors beyond the Issuer's control.

The Issuer's ability to make payments on and to refinance its debt, and to fund working capital and capital expenditures, will depend on future operating performance and ability to generate sufficient cash, including cash from the sale of investment assets. This depends, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond the Issuer's control, as well as the other factors discussed in these ''Risk Factors'' and elsewhere in this Prospectus.

If the Issuer's future cash flows from operations and other capital resources are insufficient to pay obligations as they mature or to fund liquidity needs, the Issuer may be obliged to:

- reduce or delay its business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of its debt on or before maturity.

Any of these actions could have a material adverse effect on the Issuer's financial condition and results of operations.

Downgrades or the revocation of the Issuer's financial strength rating may adversely affect the Issuer's liquidity and the cost of raising capital.

Ratings are an important factor in the Issuer's competitive position. Rating organisations assign ratings based upon a number of factors. While most of the considered factors relate to the rated company, some of the factors relate to general economic conditions and circumstances outside the rated company's control.

As at the date of this Prospectus, the Issuer is rated A (negative outlook) by S&P and A2 (stable outlook) by Moody's.

The Issuer's S&P and Moody's ratings are subject to periodic review by, and may be reviewed downward or revoked at the sole discretion of, S&P and Moody's, respectively. These ratings are neither an evaluation directed to investors in the Notes nor a recommendation to buy, sell or hold the Notes.

According to S&P, the refinancing risk associated with the Transaction and reduction in the financial flexibility of the Storebrand Group add some short-term pressures to the Issuer's rating profile. The management resources of the Issuer will be stretched by the acquisition and there remains the risk that the Issuer may not be able to successfully integrate and leverage the newly acquired Swedish operations.

Any significant lowering of ratings could have a material adverse effect on the Issuer's ability to market products and retain current policyholders, and may affect market penetration and sales volumes. These consequences could, depending upon the extent thereof, have a material adverse effect on the liquidity and, under certain circumstances, the net income of the Issuer.

The terms on which the Issuer can raise debt and equity capital from the capital markets may be adversely affected by a reduction in the credit ratings of the Issuer's businesses.

Catastrophes, including natural disasters, pandemic diseases and terrorist-related events, could materially affect the Issuer's financial condition and results of operations.

The Issuer's life insurance and savings operations are exposed to the risk of catastrophic mortality events, such as a pandemic or other catastrophes that cause a large number of deaths. In the Issuer's group insurance operations, a localised event that affects the workplace of one or more of its group insurance customers could cause a significant loss due to mortality or morbidity claims. Consistent with industry practices, the Issuer establishes reserves for claim liabilities arising from a catastrophe only after assessing the probable losses arising from the event. The Issuer cannot be certain that the reserves it has established will be adequate to cover actual claim liabilities. From time to time, legislation having the effect of limiting the ability of insurers to manage risk has been passed, such as legislation restricting an insurers' ability to withdraw from catastrophe prone areas.

While the Issuer attempts to limit its exposure to acceptable levels, through purchasing reinsurance, utilising selective underwriting practices and monitoring risk accumulation, subject to restrictions imposed by insurance regulatory authorities, a catastrophic event or multiple catastrophic events could have a material adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer's ability to manage this risk and the profitability of its life insurance businesses depends in part on its ability to obtain catastrophe reinsurance, which may not be available at commercially acceptable rates in the future.

Gross claims under terrorist events based on certain scenarios could result in claims in excess of the Issuer's reinsurance cover. If such a terrorist event should occur, claims resulting therefrom could have a material adverse effect on the Issuer's results of operations and financial condition.

If catastrophes affecting risks insured by the Issuer occur with greater frequency or severity than what has historically been the case, related claims could have a material adverse effect on the Issuer's financial condition, results of operations and/or cash flows, as well as its costs of reinsurance.

Failure to comply with regulatory and minimum capital requirements could lead to intervention by the applicable regulator which could, among other measures, require the Issuer to take steps for the security of policyholders with a view to restoring regulatory capital to acceptable levels.

The Issuer is subject to government regulation primarily in Norway and Sweden, but also in other jurisdictions in which it conducts business. Regulatory agencies have broad jurisdiction over many aspects of these businesses, including, but not limited to, capital adequacy, premium rates, marketing and selling practices, advertising, licensing agents, policy forms, terms of business and permitted investments.

Regulatory proceedings or investigations could result in adverse publicity for, or negative perceptions regarding, the Issuer, as well as diverting management's attention away from the day-to-day management of the business. A significant regulatory action against the Issuer could have a material adverse effect on the business of the Issuer, its results of operations and/or financial condition.

In addition, financial services laws, regulations and policies currently affecting the Issuer may change at any time having a material adverse effect on the Issuer's business. Furthermore, the Issuer will not always be able to predict the impact of future Norwegian, Swedish or other relevant overseas legislation or regulation or changes in the interpretation or operation of existing legislation or regulation on its business, results of operations and/or financial condition. Further changes to Norwegian, Swedish or other relevant applicable overseas financial services legislation or regulations may be enacted and such changes could have a material adverse effect on the Issuer's business, results of operations and/or financial condition and may result in increased costs to the Issuer due to it being required to set up additional compliance controls or due to the direct costs of compliance.

Changes in government policy, legislation or regulatory interpretation applying to the financial services industry in the markets in which the Issuer operates may adversely affect the Issuer's product range, distribution channels, capital requirements and, consequently, reported results and financing requirements, and may result in increased costs to the Issuer due to it being required to set up additional compliance controls or due to the direct costs of compliance. These changes include possible changes in government pension requirements and policies, the regulation of selling practices and solvency or other capital-related requirements.

There have been significant changes in the legislation and regulations affecting the Issuer. Various new reforms to the relevant legislation and regulations have also been proposed, and such reforms could involve significant implementation costs and may create uncertainty in the application of relevant laws or regulations.

The legislation and regulations affecting the Issuer govern matters with respect to a wide number of areas. The Issuer will write new life insurance and pensions business and will be exposed to the associated legislative and regulatory risks, including regulation by overseas regulators.

New insurance legislation entered into force in Norway from 1 January 2008 (the ***New Insurance Act***)[1]. Under the New Insurance Act, the cost of providing pensions and life insurance must, as a general principle, be fixed and paid in advance. This means the end of the current arrangements for profit sharing between an insurance company and its customers in important product areas such as defined benefit pensions and defined contribution products with a guaranteed return. The various aspects of a pension scheme must be priced separately, and the price must include the fees earned by the insurance company.

The New Insurance Act will have a significant impact on the Issuer's insurance business. Failure by the Issuer to adopt appropriate changes in its business as a result of the New Insurance Act could result in non-compliance or have other adverse consequences. Other future changes in legislation or regulation, including Solvency II, may also involve significant cost or have other adverse effects on the Issuer's insurance business.

Despite the fact that the Issuer is undertaking the necessary preparation of its products and solutions to adapt to the introduction of the New Insurance Act, the Issuer is unable to predict accurately the exact impact that this will have on the Issuer's financial condition.

Potential intervention by regulators on industry-wide issues may lead to changes in the Issuer's practice which could materially affect the Issuer's results of operations.

From time to time issues and disputes arise from the way in which the insurance industry has sold or administered an insurance policy or otherwise treated policyholders, either individually or collectively. These issues and disputes may typically, for individual policyholders, be resolved by the Issuer or through litigation. However, where larger groups or matters of public policy are concerned, the applicable regulator may intervene directly. The applicable regulator may identify future industry-wide mis-selling issues which could affect the Issuer. This may lead from time to time to changes in the Issuer's practices which benefit policyholders at a cost to shareholders.

Changes in taxation law or the interpretation of taxation law may impact the Issuer and the decisions of policyholders.

The corporate tax positions of insurance companies in both Norway and Sweden are generally considered favourable. There can be no assurance that this will not change adversely. To the extent corporate tax rules change, this could have both a prospective and retrospective impact on the Issuer, both of which could be material.

Norwegian and Swedish taxation laws have a variety of effects on the Issuer's businesses and taxation of policyholders. In general, changes to, or in the interpretation of, existing Norwegian and Swedish tax laws, amendments to existing tax rates, or the introduction of new tax legislation in Norway or Sweden may adversely impact the business, results of operations and financial condition of the Issuer and the savings decisions of the policyholders. Further, changes to specific Norwegian or Swedish legislation that governs the taxation of life insurance companies and the pension savings of individuals might adversely affect the Issuer's business. The Norwegian Central Tax Office for Large Enterprises has given notice that it is considering a more restrictive interpretation of one of the provisions in the Norwegian Tax Act of 26 March 1999 no. 14 regarding appropriations for tax purposes. If a more restrictive view is in fact implemented, this will adversely affect the Issuer. Although such risks may impact on the insurance sector as a whole, the impact on the Issuer in particular would depend upon the mix of business within its portfolio and other relevant circumstances at the time of the change.

The effect of future changes in tax legislation on specific products may have a material adverse effect on the financial condition of the relevant long-term fund of the Issuer and may lead policyholders to attempt to seek redress where they allege that a product fails to meet the reasonable expectations of the policyholder.

The design of long-term insurance products is predicated on tax legislation existent at that time. However, future changes in tax legislation or the interpretation of the legislation may, when applied to these products, have a material adverse effect on the financial condition of the relevant long-term fund of the Issuer in which the business was written and, therefore, have a negative impact on policyholder returns.

Long-term product design, including new business, will take into account risks, benefits, charges, expenses, investment return (including bonuses) and taxation, among other things. A policyholder or group of policyholders may seek legal redress where the product fails to meet the reasonable expectations of the policyholder or policyholders. It is possible that an adverse outcome in some matters could have a material adverse effect on the

1 The New Insurance Act itself entered into force on 1 July 2006, but the transitional regulations mean that the new business rules came into effect on 1 January 2008.

Issuer's business, results of operations and/or financial condition arising from the penalties imposed, together with the costs of defending any action.

Success of the long-term insurance business within the Issuer depends to a significant extent on the amount of claims paid in the future relative to the assets accumulated to cover claims.

Typically, over the lifetime of an insurance contract, premiums and investment returns exceed claim costs in the early years and it is necessary to set aside these amounts to meet future obligations. The amount of such future obligations is assessed on actuarial principles by reference to assumptions with regard to the development of interest rates, mortality rates, persistency rates (being the extent to which policies remain in force and are not for any reason surrendered or transferred prior to maturity) and future levels of expenses. These assumptions may turn out to be incorrect.

In addition, it is necessary for the boards of directors of the relevant companies to make decisions, based on actuarial advice, which ensure an appropriate build-up of assets and liabilities relative to one another. These decisions include the allocation of investments among equity, fixed-income, real estate, other internal and external unlisted investments and other asset classes, the setting of policyholder bonus rates (some of which are guaranteed) and the setting of surrender terms. While the board of directors of the Issuer seeks to ensure that such decisions are consistent with its regulatory obligations, there is a risk that policyholders may argue that their interests or reasonable expectations have been adversely affected by such decisions.

Changes in actuarial assumptions used by the Issuer may lead to changes in the level of capital required to be maintained.

Although the Issuer monitors its actual experience against the actuarial assumptions it uses and applies the outcome to refine its long-term assumptions, actual amounts may vary from estimates, particularly when those payments do not occur until well into the future.

Occupational pension business constitutes the main part of the Issuer portfolio. Three major actuarial factors affect the results for this business: mortality, disability and morbidity. Should the Issuer fail to assess any sudden negative change in these three parameters, it could have a considerable negative impact on the Issuer's results.

Should the mortality in the portfolio increase, this could lead to adverse results through triggering increased pension claims, for instance by the surviving spouses and children. The effect, however, would to a large extent be countered by reduced payments under the old-age pensions. Another, and possibly more important, aspect of the development in mortality rates is the risk of longevity. Should the average life span increase beyond the actuarial expectations, this would have a material adverse effect on the results for the occupational pension business, by far outweighing the reduced payments to the surviving spouses and children.

A factor of major concern to the Norwegian insurance market over the past decades is the adverse development in disability insurance. A further, unexpected deterioration in the development of disability insurance could adversely affect the Issuer results. Any emergence of new diseases, including pandemics, or a severe increase in general morbidity, could also have a material adverse effect on the Issuer's performance.

With respect to the workers' compensation insurance, the emergence of new, work-related diseases could result in an adverse development in the Issuer economics. There is also reason to believe that a downward trend in the economy could enhance a corresponding development in the frequency of disability claims. This would also apply to the occupational pension business.

To the extent that actual claims experience is less favourable than the underlying assumptions, or it is necessary to increase provisions in anticipation of a higher rate of future claims, the amount of additional capital required (and therefore the amount of capital which can be released from the businesses) and the ability of the Issuer to manage its businesses in an efficient manner, may be materially adversely affected.

In a closed/in-force book, any divergence in persistency rates from those assumed may have a greater impact (whether positive or negative) than in an open book, where other factors may offset some of this risk. Additionally, different persistency rates across certain types or classes of policyholders may have a greater impact than across others.

If the assumptions underlying the reserving basis were shown to be incorrect, the Issuer may have to increase the amount of its reserves or the amount of risk reinsured, or increase the amount of additional capital required (reducing the amount of capital which can be released from the businesses). If the Issuer's reserves prove to be inadequate to cover the actual loss experience, this would lead to unpredictable and volatile results. Although reserves are raised on a case-by-case basis they do not represent an exact calculation of liability but rather are estimates of the expected cost of the ultimate settlement. As they are estimates, reserves can be inaccurate in situations such as the following:

- a high claims inflation environment;
- a high interest rate environment;
- a deteriorating Norwegian kroner, or Swedish kronor, against world currencies; and
- an increase in the litigious nature of society as a whole.

Failure by the Issuer in its actuarial assumptions and/or reserves could have a material adverse impact on the Issuer's business, results of operations and/or financial condition.

The Issuer's life insurance reserves depend on the guaranteed minimum annual return, mortality assumptions, regulatory requirements regarding disability and other liabilities, as well as other factors.

The Issuer maintains reserves for its life insurance business to cover its estimated ultimate liabilities. Changes in guaranteed minimum annual return impact the discounted, booked value of reserves, and hence shareholders' equity. Although the Issuer believes its economic risk is reduced by the matching of durations of assets and liabilities, guaranteed minimum annual return may not change in line with market yields and may result in sudden changes in the reported amounts even if there was no corresponding change in investment yields and the value of assets. Moreover, changes in mortality assumptions may significantly impact annuity and other reserves. Loss reserves do not represent an exact calculation of ultimate liabilities, but rather are estimates of the expected liabilities. Furthermore, disability and other reserves depend on regulatory requirements as well as subjective factors, which may cause actual liabilities to differ from estimates. Likewise, annuity reserves may change significantly due to regulatory changes and other factors. Any insufficiencies in loss reserves for future claims and any change in reserves required as a result of changes in interest rates, mortality assumptions or other factors could adversely affect the extent to which new business may be written and may adversely affect the results of operations or financial condition of the Issuer.

Loss of customer mandates may have a material adverse effect on the Storebrand Group's business.

In the event that the Storebrand Group's asset management business does not provide satisfactory or appropriate investment returns in the future, the Issuer's customers may decide to reduce or liquidate their investment or, alternatively, where relevant, transfer to other life insurance and pension providers, and new customers may not be attracted. If the Issuer underperforms its competitors or relevant benchmarks, there may be a material adverse effect on the Issuer's business, results of operations and/or financial conditions due to existing customers reducing or liquidating mandates or moving mandates to other managers and to an inability to sell new products to existing or new customers.

The markets in which the Issuer operates are highly competitive and competition is likely to intensify.

The markets in which the Issuer operates are highly competitive, with several factors affecting the Issuer's ability to sell its products, including prices and yields offered, financial strength and ratings, range of product lines and product quality, brand strength and name recognition, and investment management performance. The Issuer faces competitors that have greater financial resources or a greater market share, or offer a broader range of products.

The Issuer believes competition will intensify across all products it intends to offer, in response to consumer demand, technological advances, the impact of consolidation, regulatory actions and other factors. The Issuer's ability to generate an appropriate return depends significantly upon its capacity to anticipate and respond appropriately to these competitive pressures.

The Issuer is highly reliant on the integrity and operation of its computer and communication systems and the internet.

The Issuer is highly reliant on computer systems for its business operations. Any failure or interruption of these systems could materially harm the Issuer's ability to carry out its business operations. The Issuer is also dependent on its ability to adapt its computer systems to new products and business needs. The implementation of new requirements resulting from the New Insurance Act also raises particular challenges during the transitional period. Increasing transaction volumes is also a challenge for the stability of the current systems.

The Issuer is also highly reliant on the networking infrastructure, including the Internet, for both the sale of products and its operations. In addition, the Issuer's business may be materially adversely affected by computer hacking, distributed denial of service attacks and other forms of cyber crime. Technical failures either internally or by suppliers could lead to severe loss of revenue and reputation.

The Issuer is vulnerable to adverse market perception as it must display a high level of integrity and have the trust and the confidence of its customers.

The Issuer must display a high level of integrity and have the trust and the confidence of its customers. Any mismanagement, fraud or failure to satisfy fiduciary or regulatory responsibilities, or the negative publicity resulting from such activities or allegations of such activities associated with the Issuer or a relevant industry sector generally could have a material adverse effect on the Issuer's business, results of operations and/or financial condition.

The Issuer offers defined benefit pension schemes and other insurance products to its employees with which inherent funding risks are associated.

There are inherent funding risks associated with the Issuer's defined benefit pension schemes and other insurance products offered to its employees. Specifically, certain factors could result in the funding position of the schemes being materially reduced, and, in some cases, a deficit between the scheme's assets and liabilities could occur.

These factors include: (i) poor investment performance of pension fund investments, including equities, bonds and other forms of investment; (ii) employees' exceeding assumed life expectancies (which will make pensions payable for longer and therefore more expensive to provide, whether paid directly from the defined benefit schemes or secured by the purchase of annuities); (iii) adverse annuity rates (which tend in particular to depend on prevailing interest rates and life expectancy) which make it more expensive to secure benefits with an insurance company; and (iv) other events occurring which make past service benefits more expensive than predicted in the actuarial assumptions by reference to which funding requirements have been assessed.

The Issuer's success will depend upon its ability to motivate and retain key personnel.

The continued success of the business of the Issuer depends on its ability to attract, motivate and retain highly skilled management, employees and sales personnel. As a result, the inability to retain the necessary highly skilled and other personnel could have a material adverse effect on the Issuer's business, results of operations and/or financial condition.

In addition, if the Issuer loses any of its key investment managers it may also lose certain investment management mandates and funds and/or be ''put on hold'' by consultants and other controllers of investments, making the retention and winding up of mandates and funds more difficult.

The Issuer faces the risk of litigation or other proceedings in relation to its business.

The Issuer faces the risk of litigation and other proceedings in relation to its business. Even if the Issuer believes it has appropriately provided for the financial effects of litigation or other proceedings, the outcomes of any litigation may differ from management expectations exposing the Issuer to unexpected costs and losses, reputational and other non-financial consequences and diverting management attention. For example, the outcome of litigation and other proceedings may not correspond to the way the outcome is perceived by the market, and the Issuer's reputation may be impacted in a way which adversely affects its results of operations and financial conditions.

In addition, such proceedings relating to the Issuer's regulated businesses may expose it to increased regulatory scrutiny and oblige it to accept constraints which involve additional cost or otherwise put them at a competitive disadvantage. Whether or not these or other proceedings are commenced or are successful, the Issuer is exposed to the risk of negative publicity and press speculation which, whether with or without any foundation, could cause damage to its reputation and other damage to its business, including the risk that it will be subjected to greater regulatory scrutiny.

Factors which are material for the purpose of assessing the market risks associated with the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of EURIBOR and the financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Notes subject to optional redemption by the Issuer

The optional redemption feature of the Notes is likely to limit their market value. During any period when the Issuer may elect to redeem the Notes, their market value generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Issuer's obligations under the Notes are subordinated

The claims of Noteholders and Couponholders against the Issuer in respect of payments of principal and interest on the Notes will, in the event of the liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration, be subordinated in right of payment to the claims of all Senior Creditors of the Issuer. **Senior Creditors** means all creditors of the Issuer (i) who are policyholders or other unsubordinated creditors of the Issuer or (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the liquidation, dissolution or winding-up of the Issuer or otherwise) to the claims of policyholders and other unsubordinated creditors of the Issuer but have a fixed maturity, other than those whose claims rank or are expressed to rank *pari passu* with or junior to the claims of the Noteholders. Although subordinated notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a real risk that an investor in the Notes will lose all or some of his investment should the Issuer become insolvent.

Under certain conditions, interest payments under the Notes may be deferred

If the Issuer discloses in its quarterly report to *Kredittilsynet* that it is in breach of the applicable regulatory capital or capital ratios required to be maintained for life insurance companies generally under Norwegian law and regulations and/or by the Norwegian Ministry of Finance or *Kredittilsynet* on the next following Interest Payment Date or if no distribution or dividend has been made on or in respect of any Junior Securities or Parity Securities (subject to various exemptions) or in respect of any class of Storebrand ASA's share capital since the date as provided in the Conditions, the Issuer shall be entitled to defer payment of interest accrued in respect of the Notes and any such deferral shall not constitute a default in respect of the Notes.

All deferred interest, and interest on that deferred interest, on the Notes shall become due and payable in accordance with Condition 5.2(b) (*Arrears of Interest*). After the Issuer has fully paid all deferred interest on the Notes, if the Notes remain outstanding, future interest payments on the Notes will be subject to further deferral as described above.

Any deferral of interest payments is likely to have an adverse effect on the market price of the Notes. In addition, as a result of the interest deferral provision of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Under certain conditions, amounts of principal may be reduced

Under Norwegian legislation, the Issuer's subordinated capital (which would include principal in respect of the Notes) may, in certain circumstances, be cancelled, as described in Condition 3 (*Reduction of Amounts of Principal*).

The Issuer shall give not more than 30 nor less than 5 Business Days' prior notice to the Trustee, the Principal Paying Agent and to the Noteholders of any such cancellation of principal in respect of the Notes.

To the extent that only part of the outstanding principal amount of the Notes has been cancelled as provided above, interest will continue to accrue in accordance with the Conditions on the then remaining outstanding principal amount of the Notes.

Meetings of Noteholders, modification and waiver

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of the Noteholders or Couponholders, agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Trust Deed.

Change of law

The Conditions are based on English and Norwegian law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English or Norwegian law or administrative practice after the date of this Prospectus.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

The Notes will not have an established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Notes, which initially pay interest at a fixed rate, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Credit ratings may not reflect all risks

The Notes will be rated Baa1 by Moody's Investors Service Limited and BBB+ by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Conditions of the Notes

*The following is the text of the conditions of the Notes (the **Conditions**) which (subject to modification and save for the paragraphs in italics) will be endorsed on each Note in definitive form (if issued):*

The €300,000,000 Fixed/Floating Rate Perpetual Subordinated Notes (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Notes) of Storebrand Livsforsikring AS (the **Issuer**) are constituted by a Trust Deed dated 26 February 2008 (the **Trust Deed**) made between the Issuer and Citicorp Trustee Company Limited (the **Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Notes (the **Noteholders**) and the holders of the interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** respectively, which expressions shall, unless the context otherwise requires, include the talons for further interest coupons (the **Talons**) and the holders of the Talons).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 26 February 2008 (the **Agency Agreement**) made between the Issuer, Citibank, N.A. as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor thereto) and the other paying agent named therein and any successors thereto (together with the Principal Paying Agent, the **Paying Agents**), Citibank, N.A. as agent bank (the **Agent Bank**, which expression shall include any successor thereto) and the Trustee are available for inspection during normal business hours by the Noteholders and the Couponholders at the registered office for the time being of the Trustee, being at the date of issue of the Notes at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. Form, Denomination and Title

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denomination of €50,000, each with Coupons and one Talon attached on issue.

1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. Status and Subordination

2.1 Status

The Notes and Coupons constitute, in the case of the Notes, undated and, in the case of the Notes and the Coupons, unsecured and subordinated obligations of the Issuer, conditional as described below, and at all times rank *pari passu* without any preference among themselves and at least equally with Other *Pari Passu* Claims outstanding from time to time (whether actual or contingent).

The right to payment in respect of the Notes and the Coupons is subordinated in the event of the liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration in the manner provided in the Trust Deed to the claims of Senior Creditors and (except in the event of the liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration) all payments of principal and interest in respect of the Notes and the Coupons are conditional upon the Issuer being Solvent at the time of payment by the Issuer and (except as aforesaid) no principal or interest shall be payable in respect of the Notes or the Coupons except to the extent that the Issuer could make such payment in whole or in part, rateably with the payments in respect of Other *Pari Passu* Claims, and still be Solvent immediately thereafter.

The payment of interest on the Notes is also subject to the provisions of Condition 5 (*Deferral of Payments*).

The provisions of this Condition 2 apply only to the principal and interest in respect of the Notes and nothing in this Condition 2 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

2.2 No Set-off

No Holders of Notes or Coupons who shall be indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed to the Issuer in respect of such indebtedness.

2.3 Limitation on other Undated Subordinated Indebtedness

The Issuer shall not, without the prior approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders create, assume, grant or permit to be outstanding any further Undated Subordinated Indebtedness (whether actual or contingent) unless such Undated Subordinated Indebtedness is subordinated in right of payment, subject to applicable law, in the event of liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration so as to rank *pari passu* with or junior to the claims of the Noteholders and Couponholders. Any such Undated Subordinated Indebtedness qualifying as Tier 1 Capital may only rank junior to the claims of the Noteholders and Couponholders.

3. Reduction of Amounts of Principal

*The payment obligations of the Issuer under the Notes and the Coupons will be performed in full for so long as the Issuer is able to meet all of its liabilities (whether subordinated or not) as they fall due. Pursuant to the Norwegian Act on Guarantee Schemes for Banks and Public Administration (the **Act**) of 6 December 1996, Section 3-1(1), the Board of Directors and the Managing Director of a financial institution (such as the Issuer) are separately obliged to notify Kredittilsynet if there is reason to think that:*

1. *there may be a failure in the ability of the institution to meet its liabilities as they fall due; or*
2. *the institution will not be able to meet the minimum requirements on capital adequacy or other statutory requirements on solidity or security; or*
3. *events have occurred that may lead to a serious depletion of confidence or losses that will significantly reduce or threaten solidity.*

Pursuant to Section 3-1(2) of the Act, if the external auditor of the institution becomes aware of any such conditions, he shall notify Kredittilsynet unless he has already been informed by Kredittilsynet that such notice has been received from the Board of Directors and the Managing Director of the institution.

Section 3-2 of the Act provides that Kredittilsynet, upon receipt of the notice referred to in Section 3-1 or Kredittilsynet itself having reason to believe that the conditions stipulated under Section 3-1 have occurred, shall, in consultation with the institution, consider what measures are necessary. If no required measures are implemented by the institution itself, Kredittilsynet may summon a shareholders' meeting without observing set notice periods to require a change in the composition of the corporate bodies of the institution as well as stipulate such conditions and guidelines that it deems necessary for the continued operation of the institution on a sound economic basis and in an otherwise proper way.

Section 3-4 of the Act states that a shareholders' meeting shall be called if a significant part of the institution's equity has been lost or if the audited statement of financial position shows that more than 25 per cent. of the share capital of the institution has been lost. The shareholders' meeting shall decide whether the institution has sufficient capital to continue its operations in a proper way. A decision to such effect requires a qualified majority and approval by Kredittilsynet. If such decision is not reached, the shareholders' meeting may by a simple majority resolve that the total business of the institution shall be taken over by another institution. In the absence of any such decision, the institution shall be liquidated by a board appointed by Kredittilsynet.

Section 3-5 of the Act provides that if the audited statement of financial position shows that only 25 per cent. or less of the share capital of a financial institution is intact, the board shall present to the general meeting a description of the institution's financial position, accompanied by a proposal to write down the share capital against losses shown in the audited statement of financial position. If the general meeting does not pass a resolution pursuant to the write-down proposal within the period stipulated by Kredittilsynet, the Ministry of Finance may decide that the share capital shall be written down by the amount of capital shown to have been lost by the audited statement of financial position.

Pursuant to Section 3-6 of the Act, subordinated capital (which term under the Act includes, but does not distinguish between, dated and undated subordinated indebtedness) may be written down if the audited *accounts of a financial institution show that a substantial part of the institution's subordinated capital has been lost. Such a write-down may be resolved by a shareholders' meeting acting upon a proposal which the Board of Directors is obliged to submit under such circumstances. If the shareholders' meeting does not resolve on a write-down, the Ministry of Finance may decide that the subordinated capital shall be written down to the extent required to cover the loss of such capital.*

If the Board of Directors were required to submit such a proposal, the Issuer has undertaken below that such a proposal would include a recommendation from the Board of Directors that principal in respect of tier one indebtedness should be written down prior to any principal in respect of undated tier 2 subordinated indebtedness (including the Notes). It should be noted that such a recommendation would not bind the decision to be taken at such a shareholders' meeting which could resolve to write-down principal in respect of subordinated indebtedness (whether dated or undated and whether tier one or tier two) in such order as the shareholders determine. If the shareholders' meeting does not resolve on a write-down, the Ministry of Finance may decide that the subordinated capital shall be written down to the extent required to cover the loss of such capital.

Section 3-6 will apply irrespective of whether an institution is under public administration or not. However, in view of the circumstances under which the board of an institution must propose a write-down to the shareholders' meeting, it seems reasonable to assume that public administration of the relevant financial institution will be one of the alternatives that will be considered by the regulatory authorities at such time.

Pursuant to Section 4-5 of the Act, the Ministry of Finance may place a financial institution such as the Issuer under public administration if the Issuer cannot meet its liabilities as they fall due and the economic conditions for future activity are not present. The same applies if the Issuer will not be able to satisfy capital adequacy or solvency (if applicable) requirements, unless a temporary dispensation is given. If the Issuer is placed under public administration Kredittilsynet shall appoint an administration board, which replaces all the corporate bodies of the institution.

Pursuant to Section 4-6 of the Act, while under public administration, no payment may be made to creditors without the consent of Kredittilsynet.

A public administration proceeding may result in one of the following three outcomes (i) the institution is allowed to resume operation (Section 4-9) after, if necessary, a financial restructuring, (ii) the institution may be merged with or taken over by another institution, or (iii) if (i) or (ii) has not materialised or does not seem imminent within one year of being placed under public administration, the institution shall be dissolved.

Note: The above is a summary of the provisions of the Act as such provisions apply to a Norwegian insurance company facing equity/liquidity problems as described. The summary does not purport to reflect all relevant and detailed rules of such Act.

Pursuant to the above, and subject to applicable provisions of Norwegian law, the Issuer undertakes that it will recommend that its shareholders cancel all principal in respect of all Tier 1 Capital and all paid up equity and equity fund/retained earnings of the Issuer before cancelling any principal in respect of the Notes. Cancellations of principal in respect of the Notes shall occur *pari passu* amongst the Notes and on a *pro rata* basis with all Other *Pari Passu* Claims.

The Issuer shall give not more than 30 nor less than 5 Business Days' prior notice to the Trustee, the Principal Paying Agent and to the Noteholders in accordance with Condition 12 (*Notices*) of any cancellation of principal in respect of the Notes pursuant to this Condition 3 (*Reduction of Amounts of Principal*).

To the extent that only part of the principal amount of the Notes has been cancelled as provided above, interest will continue to accrue in accordance with these Conditions on the remaining outstanding principal amount of the Notes.

4. Interest

4.1 Interest Payment Dates

The Notes bear interest on their outstanding principal amount from and including the Interest Commencement Date, payable annually in arrear on 26 June (each a **Fixed Interest Payment Date**) and thereafter on 26 March, 26 June, 26 September and 26 December in each year (together with each Fixed Interest Payment Date, each an **Interest Payment Date**). There will be a long first Interest Period from and including the Interest Commencement Date to but excluding 26 June 2009 with (subject to the provisions of Condition 5) €6,256.49 per Note due on such date. If any Interest Payment Date (other than a Fixed Interest Payment Date) would otherwise fall on a day which is not a Business Day it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

Whenever it is necessary to compute an amount of interest in respect of the Notes for a period other than an Interest Period and such period ends prior to the Reset Date or on the Reset Date, such interest shall be calculated by applying the Fixed Rate of Interest to the outstanding principal amount of such Note (taking into account any adjustment to such amount during such Interest Period), multiplying such sum by the Fixed Day Count Fraction and rounding the resultant figure to the nearest cent, half a cent being rounded upwards, or otherwise in accordance with applicable market convention.

Whenever it is necessary to calculate an amount of interest in respect of the Notes for a period other than an Interest Period and such period begins on or after the Reset Date, such interest shall be calculated on the basis of the actual number of days in the relevant period divided by 360 and otherwise in accordance with Condition 4.4 (*Determination of Floating Rate of Interest and Interest Amount*) below.

4.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

4.3 Interest Rate

The rate of interest payable in respect of each Interest Period ending prior to or on the Reset Date shall be 9.404 per cent. per annum (the **Fixed Rate of Interest**). Thereafter, the rate of interest payable from time to time in respect of the Notes (the **Floating Rate of Interest**) will be determined on the basis of the following provisions:

(a) on each Interest Determination Date, the Agent Bank will determine the Screen Rate at approximately 11.00 a.m. (Brussels time) on that Interest Determination Date. If the Screen Rate is unavailable, the Agent Bank will request the principal Euro-zone office of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in euro are offered by it to prime banks in the Euro-zone interbank market for three months at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question and for a Representative Amount;

(b) the Floating Rate of Interest for the Interest Period shall be the Screen Rate plus the Margin or, if the Screen Rate is unavailable, and at least two of the Reference Banks provide such rates, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as established by the Agent Bank of such rates, plus the Margin; and

(c) if fewer than two rates are provided as requested, the Floating Rate of Interest for that Interest Period will be the arithmetic mean of the rates quoted by major banks in the Euro-zone, selected by the Agent Bank, at approximately 11.00 a.m. (Brussels time) on the first day of such Interest Period for loans in euro to leading European banks for a period of three months commencing on the first day of such Interest Period and for a Representative Amount, plus the Margin. If the Floating Rate of Interest cannot be determined in accordance with the above provisions, the Floating Rate of Interest shall be determined as at the last preceding Interest Determination Date (unless such Interest Determination Date was in respect of an Interest Period ending prior to or on the Reset Date, in which case the Floating Rate of Interest shall be determined by the Agent Bank in its sole discretion, acting in good faith and in a commercial and reasonable manner).

4.4 Determination of Floating Rate of Interest and Interest Amount

In respect of each Interest Period starting on or after the Reset Date, the Agent Bank shall, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, but in no event later than the third Business Day thereafter, determine the euro amount (the **Interest Amount**) payable in respect of interest on each Note for the relevant Interest Period. The Interest Amount shall be determined by applying the Floating Rate of Interest to such principal amount, multiplying the sum by the actual number of days in the Interest Period concerned divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

4.5 Publication of Floating Rate of Interest and Interest Amount

The Agent Bank shall cause the Floating Rate of Interest and the Interest Amount for each Interest Period starting on or after the Reset Date and the relative Interest Payment Date to be notified to the Issuer, the Paying Agents and the Trustee and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed (by no later than the first day of each Interest Period) and to be published in accordance with Condition 12 (*Notices*) as soon as possible after their determination, and in no event later than the second Business Day thereafter. The Interest Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

4.6 Determination by the Trustee

If the Agent Bank defaults at any time in its obligation to determine the Floating Rate of Interest and Interest Amount in accordance with the above provisions, the Trustee shall (or shall at the expense of the Issuer appoint an agent to) determine the Floating Rate of Interest and Interest Amount in the manner provided in Condition 4.3 (*Interest Rate*) and Condition 4.4 (*Determination of Floating Rate of Interest and Interest Amount*) and the determinations shall be deemed to be determinations by the Agent Bank.

4.7 Notifications, etc. to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 (*Interest*), whether by the Reference Banks (or any of them), the Agent Bank or the Trustee (or its agent), will (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Trustee, the Agent Bank, the Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default and bad faith) no liability to the Issuer, or the Noteholders or the Couponholders shall attach to the Reference Banks (or any of them), the Agent Bank or, if applicable, the Trustee (or its agent) in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition.

4.8 Agent Bank

The Issuer shall procure that, so long as any of the Notes remains outstanding (as defined in the Trust Deed), there is at all times an Agent Bank for the purposes of the Notes and the Issuer may, subject to the prior written approval of the Trustee, terminate the appointment of the Agent Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the Floating Rate of Interest and the Interest Amount for any Interest Period, the Issuer shall, subject to the prior written approval of the Trustee, appoint the Euro-zone office of another major bank engaged in the Euro-zone interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed.

5. Deferral of Payments

5.1 Interest Deferral

Subject to the paragraph below, on any Optional Interest Payment Date, the Issuer may in the manner described below elect not to pay the interest in respect of the Notes accrued in the Interest Period ending on the day immediately preceding such date. If the Issuer so elects, it shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose, provided that nothing in this Condition 5.1 (*Interest Deferral*) shall be construed to permit the Issuer to defer any interest otherwise due and payable on any Interest Payment Date except under the circumstances specified in the definition of Optional Interest Payment Date. Any interest in respect of the Notes not paid on an Interest Payment Date pursuant to this Condition 5 (*Deferral of Payments*), together with any other interest in respect thereof not paid on any other Interest Payment Date pursuant to this Condition 5 (*Deferral of Payments*) and any interest not paid pursuant to Condition 2.1 (*Status*) because the Issuer was not or would not be Solvent, shall, so long as the same remains unpaid, constitute **Arrears of Interest**.

On any Optional Interest Payment Date with respect to which a Capital Disqualification Event has occurred and is continuing and provided there is no Breach in effect and such payment would not cause a Breach (as defined in the definition of Optional Interest Payment Date), the Issuer shall be obliged to pay the interest accrued in the Interest Period which ends on that Interest Payment Date.

5.2 Arrears of Interest

(a) Interest will not accrue on Arrears of Interest.

(b) Arrears of Interest may, at the option of the Issuer, be paid in whole or in part at any time, but all Arrears of Interest in respect of the Notes for the time being outstanding shall become due in full on the earlier of:

(i) seven Business Days following the date on which the Issuer next satisfies the Capital Adequacy Requirements (as defined in the definition of Optional Interest Payment Date) *provided that* (A) the Issuer shall be deemed not to have satisfied the Capital Adequacy Requirements if the payment of such Arrears of Interest would result in a Breach (as defined in the definition of Optional Interest Payment Date) and (B) no Arrears of Interest shall be payable pursuant to this paragraph (i) if the test set out in paragraph (a) of the definition of Optional Interest Payment Date is satisfied on such date; or

(ii) the date on which the Notes are to be redeemed pursuant to any provision of Condition 7 (*Redemption and Purchase*); or

(iii) the date on which an order for the liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration is made; or

(iv) the next Interest Payment Date on which a payment of interest is made on the Notes; or

(v) subject as provided below, the date on which the Issuer or any other person declares or pays any distribution or dividend or makes any other payment on or in respect of any Junior Securities or Parity Securities, or the date on which any dividend or other distribution on or payment on or in respect of any class of Storebrand ASA's share capital is irrevocably declared.

Arrears of Interest shall not be due solely by virtue of (i) any payment on or in respect of the Issuer's outstanding Floating Rate Dated Subordinated Notes due June 2014 issued on 9 June 2004 or Perpetual Step-Up Subordinated Floating Rate Notes issued on 24 February 1998 and amended on 17 December 2002; or (ii) any payment on any Parity Securities the terms of which do not allow the issuer of the relevant securities to defer, pass on or eliminate the relevant payment.

If notice is given by the Issuer of its intention to pay the whole or any part of Arrears of Interest the Issuer shall be obliged to make such payment upon the expiration of such notice.

In the event of any liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration, unpaid interest in respect of the Notes, including any Arrears of Interest, shall rank *pari passu* with the principal of the Notes and the Noteholders shall be entitled to claim for such principal, unpaid interest and Arrears of Interest on the Notes.

5.3 Notification of Non-Payment of Interest

The Issuer shall give to the Trustee and the Noteholders in accordance with Condition 12 (*Notices*) not less than 5 days' nor more than 14 days' prior notice:

(a) of (subject as provided below) any Optional Interest Payment Date on which, pursuant to the provisions of Condition 5.1 (*Interest Deferral*) above, the Issuer will not pay any amounts of interest in respect of the Notes; and

(b) of any date upon which, pursuant to the provisions of Condition 5.2(b) (*Arrears of Interest*) above, amounts in respect of Arrears of Interest shall become due and payable.

Once notice of any mandatory or optional payment of amounts in respect of Arrears of Interest has been given by the Issuer, the Issuer shall be bound to make such payment to which such notice refers.

5.4 Partial Payment of Arrears of Interest

If amounts in respect of Arrears of Interest become partially payable:

(a) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period; and

(b) the amount of Arrears of Interest payable in respect of any Note shall be *pro rata* to the total amount of all unpaid Arrears of Interest accrued to the date of payment.

6. Payments and Exchanges of Talons

6.1 Payments in respect of Notes and Coupons

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

6.2 Method of Payment

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by euro cheque.

6.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all relative unmatured Coupons (which expression shall, for the avoidance of doubt, include Coupons falling to be issued on exchange of matured Talons). Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

6.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*).

6.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 9 (*Prescription*)):

(a) is or falls after the relevant due date;

(b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and

(c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET Settlement Day.

In this Condition, **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

6.6 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 9 (*Prescription*). Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

6.7 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

(a) there will at all times be a Principal Paying Agent;

(b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city approved by the Trustee which so long as the Notes are admitted to official listing on the Luxembourg Stock Exchange shall be Luxembourg or such other place as the *Commission de Surveillance du Secteur Financier* may approve;

(c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and

(d) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer is incorporated.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12 (*Notices*).

7. Redemption and Purchase

7.1 No Fixed Redemption Date

The Notes are perpetual notes in respect of which there is no fixed redemption date and will only be redeemable or payable in accordance with the following provisions of this Condition.

7.2 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that, as a result of:

(a) any amendment to, clarification of or change (including any announced prospective change) in the laws or treaties (or regulations thereunder) of the Relevant Jurisdiction affecting taxation;

(b) any governmental action; or

(c) any amendment to, clarification of, or change in the official position or the interpretation of any such governmental action or pronouncement,

in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification or change is effective or such pronouncement or decision is announced on or after 26 February 2008, there is more than an insubstantial risk that:

(i) the Issuer is, or will be, subject to more than a *de minimis* amount of other taxes, duties or other governmental charges or civil liabilities with respect to the Notes;

(ii) the treatment of any of the Issuer's items of income or expense with respect to the Notes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, which subjects the Issuer to more than a *de minimis* amount of additional taxes, duties or other governmental charges; or

(iii) the Issuer would be required to pay additional amounts, as provided or referred to in Condition 8 (*Taxation*),

the Issuer may at its option (subject to the Issuer having received the prior approval of *Kredittilsynet*), having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the Notes prior to the Reset Date, at any time, or thereafter, on any Interest Payment Date, (A) in the case of (i) and (iii) above, at their principal amount, or (B) in the case of (ii) above, at their Make-Whole Redemption Price, together in each case with any accrued interest and Arrears of Interest.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two (2) members of the Board of Directors stating that any or all of the requirements referred to at (i), (ii) or (iii) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

7.3 Redemption at the Option of the Issuer

The Issuer may (subject to receiving the prior approval of *Kredittilsynet*), having given:

(a) not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (*Notices*); and

(b) notice to the Trustee and the Principal Paying Agent not less than 15 days before the giving of the notice referred to in (a), (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes on the Reset Date or any Interest Payment Date thereafter at their principal amount together with any accrued interest and Arrears of Interest.

7.4 Capital Disqualification Event Redemption and Conversion

If a Capital Disqualification Event has occurred, the Issuer may, prior to the Reset Date, at any time, or thereafter, on any Interest Payment Date, (subject to receiving the prior consent of *Kredittilsynet*), having given:

(a) not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (*Notices*); and

(b) notice to the Trustee and the Principal Paying Agent not less than 15 days before the giving of the notice referred to in (a),

(which notices shall be irrevocable and shall specify the date fixed for redemption), either:

(i) redeem all (but not some only) of the Notes at their Make-Whole Redemption Price, together with any accrued interest and Arrears of Interest; or

(ii) convert or exchange all (but not some only) of the Notes to or for another series of listed debt securities of the Issuer provided that, subject to any changes necessary to remove the Capital Disqualification Event or to prevent a Capital Disqualification Event from occurring, the Issuer has satisfied the Trustee that:

    (A) the replacement debt securities will have the same material terms as the Notes; and

    (B) the terms of the replacement debt securities are no less favourable to Noteholders than the current terms of the Notes.

Prior to converting or exchanging the Notes as described above, the Issuer shall deliver to the Trustee a certificate signed by two (2) members of the Board of Directors stating that the requirements referred to at (ii)(A) and (B) above have been met, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

7.5 Purchases

The Issuer or any of its Subsidiaries may (subject to receiving the prior consent of *Kredittilsynet*), at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.

7.6 Cancellations

All Notes which are (a) redeemed, or converted or exchanged pursuant to Condition 7.4 (*Capital Disqualification Event Redemption and Conversion*) or (b) purchased by or on behalf of the Issuer or any of its Subsidiaries pursuant to Condition 7.5 (*Purchases*) above and surrendered for cancellation will forthwith be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be held, reissued or resold.

7.7 Notices Final

Upon the expiry of any notice as is referred to in Condition 7.2 (*Redemption for Taxation Reasons*),7.3 (*Redemption at the Option of the Issuer*) or 7.4 (*Capital Disqualification Event Redemption and Conversion*) above, the Issuer shall be bound to redeem, convert or exchange (where applicable) the Notes to which the notice refers in accordance with the terms of such paragraph.

8. Taxation

8.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future Taxes imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

(a) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon; or

(b) presented for payment in the Kingdom of Norway; or

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or

(e) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Presentation Date (as defined in Condition 6.5 (*Payment only on a Presentation Date*)).

8.2 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

9. Prescription

Notes and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 6 (*Payments and Exchanges of Talons*). There shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue under this paragraph or Condition 6 (*Payments and Exchanges of Talons*).

10. Enforcement

There are no events of default.

10.1 Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (b) it has been indemnified and/or secured and/or pre-funded to its satisfaction.

10.2 Enforcement by the Noteholders

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

Neither the Trustee nor any Noteholder or Couponholder is, as a matter of Norwegian law, entitled to petition for the winding-up of the Issuer.

11. Replacement of Notes, Coupons and Talons

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Paying Agent in Luxembourg upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. Notices

All notices to the Noteholders will be valid if published (a) in a leading English language daily newspaper of general circulation in London, and (b) if and for so long as the Notes are listed on the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, *www.bourse.lu.* It is expected that such publication will be made in the *Financial Times* in London and the *d'Wort* or the *Tageblatt* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

13. Meetings of Noteholders, Modification, Waiver and Authorisation

13.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than three quarters, or at any adjourned such meeting not less than one quarter, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

13.2 Modification, Waiver and Authorisation

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is in the opinion of the Trustee proven.

13.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver or authorisation), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

13.4 Notification to the Noteholders

Any modification, abrogation, waiver or authorisation shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12 (*Notices*).

14. Indemnification of the Trustee and its contracting with the Issuer

14.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

14.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15. Further Issues

The Issuer is at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

16. Governing Law and Submission to Jurisdiction

16.1 Governing Law

The Trust Deed, the Notes and the Coupons are governed by, and will be construed in accordance with, English law, except for Conditions 2 (*Status and Subordination*), 3 (*Reduction of Amounts of Principal*), 5.1 (*Interest Deferral*) and 7.4 (*Capital Disqualification Event Redemption and Conversion*), which shall be governed by, and construed in accordance with, Norwegian law.

16.2 Jurisdiction of English Courts

The Issuer has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee, the Noteholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes or the Coupons and accordingly has submitted to the exclusive jurisdiction of the English courts.

The Issuer has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Trust Deed, the Notes or the Coupons respectively (together referred to as **Proceedings**) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

16.3 Appointment of Process Agent

The Issuer has, in the Trust Deed, irrevocably and unconditionally appointed Clifford Chance Secretaries Limited at its registered office for the time being (at 26 February 2008 being 10 Upper Bank Street, London, E14 5JJ, United Kingdom) as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

17. Rights of Third Parties

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. Definitions

In these Conditions, except where otherwise defined:

Accrual Date means, in respect of any period, the date from which interest begins to accrue for such period.

Arrears of Interest has the meaning given in Condition 5.1 (*Interest Deferral*).

Assets means, at any time, the non-consolidated total assets of the Issuer, as shown by the then latest published audited balance sheet of the Issuer, but adjusted for contingencies and for subsequent events, all valued in such manner as the Board of Directors or the board of administration of the Issuer (as the case may be) may determine.

Board of Directors means the board of directors of the Issuer.

Business Day means a day which is both a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and a TARGET Settlement Day.

Calculation Agency Agreement means any agreement entered into by the Issuer, the Trustee and the Calculation Agent in respect of any of the functions expressed to be performed by the Calculation Agent under these Conditions.

Calculation Agent means the independent investment bank of international repute, appointed on the terms of a Calculation Agency Agreement, selected by the Issuer and approved by the Trustee, such approval not to be unreasonably withheld, for the purposes of performing any of the functions expressed to be performed by it under these Conditions.

A **Capital Disqualification Event** occurs if, as a result of any change in the Norwegian Secondary Regulation of 22 December 2006 No 1616 or the minimum capital adequacy requirements of the Norwegian Ministry of Finance or in the application or official interpretation thereof at any relevant time, the Notes would not be of a kind capable of counting as cover for Regulatory Capital Requirements applicable to the Issuer or the Storebrand Life Group.

Determination Period means each period from (and including) a Fixed Rate Determination Date to but excluding the next Fixed Rate Determination Date (including the period commencing on the first Fixed Rate Determination Date prior to, and ending on the first Fixed Rate Determination Date falling after the Interest Commencement Date).

Euro-zone means the region comprised of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended.

Fixed Day Count Fraction means (i) the actual number of days in the period from (and including) the Accrual Date to (but excluding) the date on which it falls due (the **Accrual Period**), divided by (ii) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date. In the case of the first Interest Period, the Fixed Day Count Fraction shall be the sum of (i) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the number of days in such Determination Period; and (ii) the number of days in such Accrual Period falling in the next Determination Period divided by the number of days in such Determination Period.

Fixed Interest Payment Date has the meaning given in Condition 4.1 (*Interest Payment Dates*).

Fixed Rate Determination Date means 26 June in each year.

Fixed Rate of Interest has the meaning given in Condition 4.3 (*Interest Rate*).

Floating Rate of Interest has the meaning given in Condition 4.3 (*Interest Rate*).

Interest includes, where appropriate, Arrears of Interest.

Interest Amount has the meaning given in Condition 4.4 (*Determination of Floating Rate of Interest and Interest Amount*).

Interest Commencement Date means 26 February 2008.

Interest Determination Date means the second TARGET Settlement Day before the commencement of the Interest Period for which the rate will apply.

Interest Payment Date has the meaning given in Condition 4.1 (*Interest Payment Dates*).

Interest Payments means payments of interest in respect of the Notes.

Interest Period means the period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date.

Junior Securities means any class of the Issuer's share capital together with any other securities of any member of the Storebrand Life Group ranking or expressed to rank junior to the Notes either issued directly by the Issuer or, where issued by a Subsidiary, where the terms of the securities benefit from a guarantee or support agreement entered into by the Issuer which ranks or is expressed to rank junior to the Notes.

Kredittilsynet means the Financial Supervisory Authority of Norway (or any successor thereto).

Liabilities means, for the purposes only of the definition of Solvent, at any time, the non-consolidated liabilities of the Issuer, as shown by the then latest published audited balance sheet of the Issuer, but adjusted for contingencies and for subsequent events, all valued in such manner as the Board of Directors or the board of administration of the Issuer (as the case may be) may determine.

Make-Whole Redemption Price means, in respect of each Note, (i) the outstanding principal amount of such Note or (ii) if redemption occurs before the Reset Date and this is higher, the price, expressed as a percentage (rounded to four decimal places, 0.00005 being rounded upwards), at which the then current yield on the Notes on the Reference Date (assuming for this purpose that the Notes are to be redeemed at their principal amount on the Reset Date) is equal to the then current yield (determined by reference to the middle market price) at 11.00 a.m. (Frankfurt time) on the Reference Date of the Reference Bond plus 1.00 per cent., all as determined by the Calculation Agent.

Margin means 6.00 per cent. per annum.

Optional Interest Payment Date means any Interest Payment Date:

(a) where no declaration or payment of any distribution or dividend or other payment on or in respect of any Junior Securities or Parity Securities has been made by the Issuer or any other person (other than (i) any payment on or in respect of the Issuer's outstanding Floating Rate Dated Subordinated Notes due June 2014 issued on 9 June 2004 or Perpetual Step-Up Subordinated Floating Rate Notes issued on 24 February 1998 and amended on 17 December 2002; or (ii) any payment on any Parity Securities the terms of which do not allow the issuer of the relevant securities to defer, pass on or eliminate the relevant payment) at or since the annual general meeting of shareholders of the Issuer immediately prior to that Interest Payment Date, and no dividend or other distribution on or payment on or in respect of any class of Storebrand ASA's share capital was irrevocably declared at or since the annual general meeting of its shareholders immediately prior to that Interest Payment Date; or

(b) following the date as of which the Issuer's most recent quarterly report to *Kredittilsynet* disclosed that it was in breach (a **Breach**) of the capital adequacy or solvency requirements of *Kredittilsynet* (or of such other governmental authority as shall at the time be the promulgator of such requirements) applicable to the Issuer from time to time (the **Capital Adequacy Requirements**), provided that such Interest Payment Date shall not be an Optional Interest Payment Date if, since the date of publication of such report, the Issuer has at any time been in compliance with the Capital Adequacy Requirements and will after such payment still be in such compliance and, *provided further*, that in the event that such report does not disclose a Breach, the relevant Interest Payment Date shall still be deemed to be an Optional Interest Payment Date if immediately after such payment there would be a Breach.

Other *Pari Passu* Claims means claims of creditors of the Issuer that are subordinated so as to rank *pari passu* with the claims of the Noteholders and the Couponholders.

Parity Securities means any securities of the Issuer together with any other securities of any member of the Storebrand Life Group ranking or expressed to rank *pari passu* with the Notes, either issued directly by the Issuer or, where issued by a Subsidiary, where the terms of the securities benefit from a guarantee or support agreement entered into by the Issuer which ranks or is expressed to rank *pari passu* with the Notes.

Presentation Date has the meaning given in Condition 6.5 (*Payment only on a Presentation Date*).

Reference Banks means the principal Euro-zone office of each of four major banks engaged in the Euro-zone interbank market selected by the Agent Bank, provided that, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such.

Reference Bond means the 4.25 per cent. German Bundesobligationen due 12 October 2012 or, if such stock is no longer in issue, such other German Bundesobligationen as the Calculation Agent may, with the advice of the Reference Market Makers and in consultation with the Issuer, determine to be appropriate.

Reference Date means the date which is the three Business Days prior to the date fixed for redemption pursuant to Condition 7.2 (*Redemption for Taxation Reasons*) or 7.4 (*Capital Disqualification Event Redemption and Conversion*) above.

Reference Market Makers means three brokers or market makers of Bunds selected by the Calculation Agent and approved for this purpose by the Trustee or such other three persons operating in the Bunds market as are selected by the Calculation Agent in consultation with the Issuer and approved for this purpose by the Trustee.

Relevant Date means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12 (*Notices*).

Relevant Jurisdiction means the Kingdom of Norway or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal or interest on the Notes or Coupons.

Representative Amount means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time.

Reset Date means the Interest Payment Date falling on 26 June 2013.

Screen Rate means the rate for three month deposits in euro which appears on the Reuters page EURIBOR01 (or such replacement page on that service which displays the information).

Senior Creditors means all creditors of the Issuer (i) who are policyholders or other unsubordinated creditors of the Issuer or (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the liquidation, dissolution or winding-up of the Issuer or otherwise) to the claims of policyholders and other unsubordinated creditors of the Issuer but have a fixed maturity, other than those whose claims rank or are expressed to rank *pari passu* with or junior to the claims of the Noteholders.

The Issuer shall be **Solvent** if:

(a) it is able to pay its debts as they fall due; and

(b) its Assets exceed its Liabilities (other than its Liabilities to persons who are not Senior Creditors).

A report as to the Solvency or lack of Solvency of the Issuer by two (2) members of the Board of Directors or, in certain circumstances as provided in the Trust Deed, accountants of international repute appointed by the Board of Directors or (if the Issuer is in liquidation, dissolution, administration or other winding-up in the Kingdom of Norway) its board of administration shall in the absence of manifest error be treated and accepted by the Issuer, the Trustee and the Noteholders and Couponholders as correct and sufficient evidence thereof.

Storebrand Life Group means the Issuer and its Subsidiaries.

Subsidiary means a subsidiary undertaking of the Issuer within the meaning of the Private Companies Act of Norway, section 1-3.

TARGET Settlement Day means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

Taxes means taxes, duties, assessments or governmental charges of whatever nature.

Tier 1 Capital means capital which is treated as issued Tier 1 Capital by *Kredittilsynet*.

Undated Subordinated Indebtedness means any indebtedness of the Issuer:

(i) that by its terms or otherwise is in any respect junior or subordinate in right of payment (whether upon liquidation, dissolution, administration or other winding-up of the Issuer or otherwise) to any other indebtedness of the Issuer; and

(ii) the principal of which has no fixed maturity.

Undated Tier 2 Capital has the meaning given to that term from time to time by *Kredittilsynet* or any successor regulatory body.

Summary of Provisions Relating to the Notes While Represented by the Global Notes

The following is a summary of the provisions to be contained in the Global Notes which will apply to, and in some cases modify, the Conditions while the Notes are represented by the Global Notes.

1. Exchange

The Temporary Global Note generally will be exchangeable, in whole or in part, for interests in the Permanent Global Note not earlier than 40 days after the issue date of the Notes upon certification as to non-U.S. beneficial ownership.

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only if one of the following events (each an **Exchange Event**) occurs:

(a) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available; or

(b) the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two (2) members of the Board of Directors is given to the Trustee.

Thereupon (in the case of (a)) the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer and (in the case of (b) above) the Issuer may give notice to the Trustee and the Noteholders, of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may or, in the case of (b) above, shall surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes in the denomination of €50,000 (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (a) above, in the place in which the relevant clearing system is located.

2. Payments

On and after 6 April 2008, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

Payments of principal and interest in respect of the Notes will not be made within the United States.

3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 12 (*Notices*), provided that, so long as the Notes are listed on the Luxembourg Stock Exchange, notice will also be given by publication in a daily newspaper published in Luxembourg and/or on the Luxembourg Stock Exchange's website, www.bourse.lu, if and to the extent that the rules of the Luxembourg Stock Exchange so require. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

4. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (which certificate or other document may comprise any form of statement or print-out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Cedcom System)) as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

5. Prescription

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 18 (*Definitions*)).

6. Cancellation

Cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

7. Euroclear and Clearstream, Luxembourg

References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

8. Legend

The following legend generally will appear on the Notes:

''Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code.''

Use of Proceeds

The net proceeds of the issue of the Notes, amounting to approximately €298,125,000, will be applied by the Issuer for its general corporate purposes.

Description of the Issuer

1 Business Description

1.1 Overview

The Issuer is a wholly-owned subsidiary of Storebrand ASA (''Storebrand ASA'' and, together with its consolidated subsidiaries, the ''Storebrand Group''). The Issuer's principal business areas are pensions and life insurance, where the Issuer is a leader in the Norwegian market. The Issuer's head office is in Oslo, and it has a network of branch offices throughout Norway. The Issuer has gradually increased its activities in the Swedish market in recent years, and currently offers occupational pension products and life insurance products through its branch in Sweden. The recent acquisition of SPP in the fourth quarter of 2007 greatly expands the Issuer's operations in Sweden, and gives the Issuer a strong presence in the Nordic market.

The Issuer offers a wide range of products for occupational pensions, individual pension savings, life insurance and health insurance for companies, public sector entities and private individuals. The Issuer reported total profit (after allocation to policyholders) of NOK 1,365 million for 2007. Total premiums written in the same period (excluding reserves transferred) in the Issuer amounted to NOK 16.6 billion, of which occupational pension products accounted for 63 per cent. In the first nine months of 2007, the Issuer had a 37 per cent. market share in the Norwegian private occupational pension market measured by new premiums written.

The Issuer's goal is to be the leading and most respected institution in the market for long-term savings and insurance. The Issuer is working to achieve this goal through a focus on operational excellence, customer orientation, growth and risk adjusted profitability and has developed detailed strategic and operating initiatives at every level within the Issuer to support these objectives. As a result of the acquisition of SPP, the Issuer's strategy is to pursue these goals on a pan-Nordic basis.

The Issuer believes it has a strong position in the long-term savings markets, based on a number of strategic and operating strengths. It has developed a range of initiatives to further strengthen its position as described below.

1.1.1 Capture Growth Opportunities in a Fast-Growing, Highly Attractive Market

Based on macro-economic trends, such as demographic development, increasing wealth and changes in state pension coverage, the Issuer believes that the long-term savings markets in the Nordic region in general, and the occupational pensions market in particular, are highly attractive. In the period from 2003 to 2006, AuM in the Norwegian private occupational pensions market has shown a CAGR of 6.8 per cent. The growth rate for premium income in Sweden has been 2 per cent. per annum for the competitive market.

The Issuer is well-positioned to achieve additional future growth due to its brand strength, high levels of customer satisfaction, its strong and diversified product and distribution platform, and the considerable skill base among its employees.

Examples of various growth initiatives and opportunities include:

- Increasing its leading position in the Norwegian mandatory occupational pension (''MOP'') market through focusing on product innovation, customer segmentation and efficient distribution;
- Focusing on risk products, particularly health insurance and group life insurance as well as individual risk products, benefiting from strong underlying market growth in these areas;
- Responding to legislative changes in the past few years that have created increased opportunities in the attractive and growing public sector pension market; and
- Implementing initiatives including worksite marketing to increase cross-selling of products across the Storebrand Group.

1.1.2 Optimise Multi-Channel Distribution Platform

The Issuer has established a broad, multi-channel distribution platform in Norway in order to optimise its ability to attract business from corporate and private clients, selling products for the entire Storebrand Group. In the corporate segment, products are distributed through a captive sales force, through brokers, trade organisations and through both an in- and outbound call-centre. In the retail segment products are distributed through independent financial advisors, third party distributors, a captive and an agent advisory sales force, work-site distribution and direct channels (in- and outbound call centre and Internet). The Issuer believes that it has built strong capabilities to serve the fast-growing brokers/independent financial advisors/third party channels, and will continue to develop these channels.

Recent distribution-related initiatives include:

- Distribution through employer organisations and trade associations, such as the Confederation of Norwegian Enterprise, which is the main representative body for Norwegian employers and currently has a membership of more than 17,000 companies ranging from small family-owned businesses to multinational companies;
- Sales effectiveness programmes, based on the Issuer's lean methodology (see ''Achieve Operational Excellence through Investment in People and Continuous Process Improvement'' below); and
- Work-site marketing programmes, including direct marketing, work-site conferences and an employee web-site, promoting the Issuer's and the Storebrand Group's products.

1.1.3 Achieve Operational Excellence through Investment in People and Continuous Process Improvement

The Issuer's employees, their skills and expertise and their job satisfaction play a central role in the Issuer's ability to achieve its business objectives. The Issuer is a preferred employer within the Norwegian financial services industry and has for a long time focused on training and appropriately incentivising its employees and agents. The Issuer implemented, among other initiatives, a mandatory training programme for management in 2006, and further strengthened its focus on professional development by recruiting and investing in web-based training facilities. The Issuer believes that this focus will contribute positively to retention levels and operating results.

The Issuer's objective is to develop its core processes to make them more efficient, more responsive and more customer friendly than those of comparable financial institutions in the Nordic region. Repetitive processes are automated through solutions, such as the self-service portal provided to all corporate clients, which are supported by effective work flow systems. In general the systems are flexible and allow the Issuer also to tailor solutions to customers with complex needs, to support new products, to support process innovations, and to accommodate new legislation. To further improve core processes, the Issuer has adapted and tailored a lean methodology programme. The lean methodology focuses on customer quality, process quality, culture, management and productivity. The programme was launched across the Issuer in 2006, and is expected to have more than 80 per cent. coverage of the Issuer's employees by 31 December 2008. the Issuer's overall target is to raise productivity by 20 per cent. when the programme is completed. The experience so far is ahead of initial expectations.

1.1.4 Tailor Products and Distribution to Customer Needs and Leverage Regulatory and Other Developments

The Issuer's pension, health and life insurance product offerings are tailored to the distinct needs of SMEs, large corporations and municipalities. In order to align with SMEs' expectations and financial strengths, the Issuer has developed standardised and effective distribution and administrative solutions. The Issuer provides extensive and tailored solutions to large corporations in order to become the preferred provider to corporate clients.

1.1.5 Optimise Risk Capital in a Dynamic and Evolving Environment

The life insurance sector is evolving away from capital requirements based on simple but inflexible charges against technical reserves and sums insured towards capital requirements which are increasingly driven by qualitative and economic factors. The recent introduction of the New Insurance Act and the eventual introduction of Solvency II, expected to be in 2012, are key milestones in this regard.

The Issuer believes these changes will have a significant impact on the competitive environment across the life and pensions sector, and has undertaken preparatory work to position itself accordingly, including product development, client advisory and tailored investment management. The Issuer is participating in discussions with Norwegian and European regulators as part of the preparatory processes leading up to the introduction of Solvency II. The Issuer expects a number of consequences for the industry from these developments, including:

- Improved ability for insurers to adjust pricing and policy terms to reflect actual, economic risks;
- Increasing benefit of diversification between products and geographies will favour larger pension providers and life insurance companies with broader product and geographic ranges through lower resulting capital charges;
- Increasing IT and other costs relating to risk management governance systems, compliance, financial reporting and product development further highlight the need for scale; and
- The greater financial flexibility of listed insurers to more easily participate in consolidation is expected to improve their competitive position compared to mutuals.

As part of the Issuer's initiatives to optimise its risk capital as well as its internal and external financial reporting, economic capital and economic value are becoming critical management tools and metrics and are increasingly used for performance measurement, product development and pricing and other processes internally. An increasing emphasis on market consistent valuation techniques also supports the Issuer's preparations for Solvency II and other regulatory changes which increasingly focus on realistic views of risk and capital.

1.1.6 Achieve Top-Tier Investment Returns

Achieving attractive investment returns is a critical success factor for the majority of the Issuer's products. Storebrand Investments carries out asset management on behalf of the Issuer, and the company has a strong track record of generating attractive investment returns, with achieved returns comparing favourably against relevant benchmark indices. Storebrand Investments offers a full range of asset management services including discretionary management of Norwegian and international securities, global specialist products with a target absolute return and cost-effective management of market risk.

1.1.7 Maintain Focus on Customer Satisfaction

Customer satisfaction is a critical success factor and is central to the Issuer's objective to be the leading and most respected institution in the Nordic market for long-term savings and life insurance. The Issuer has invested significantly over the last four years in systematically monitoring the views and attitudes among customers through independent market studies. The Issuer has the highest customer satisfaction in the occupational pensions market of all Norwegian market competitors according to the Norwegian National Customer Satisfaction Barometer (*Norsk Kundebarometer*) (the ''National Customer Satisfaction Barometer'').

1.1.8 Maintain Strong Commitment to Corporate Social Responsibility

The Issuer's commitment to corporate responsibility represents a long-term strategy that is firmly anchored in the Issuer's corporate vision and values.

The Issuer's detailed corporate responsibility policies provide that the Issuer's AuM will not be invested in companies that the Issuer believes to be involved in serious violations of human rights, corruption, severe environmental damage, or the production of cluster munitions, landmines, nuclear weapons or tobacco.

1.2 History of the Issuer

The following table summarises the history of the Issuer:

1767	Norges Brannkasse (UNI) is established.
1847	Christiania Almindelige Brandforsikrings- Selskab for Varer og Effecter (Storebrand) is established.
1861	Idun Life, the first private life insurance company in Norway is established.
1917	Occupational pension is launched in Norway.
1983	The Norden group and the Issuer merge to create a significant life insurance company in Norway.
1984	Norske Folk and Norges Brannkasse form UNI Forsikring.
1990	UNI Forsikring and Storebrand merge to create UNI Storebrand, which retained its name until the change to Storebrand in 1996. From its creation, the new group was a significant participant in both the life insurance and the non-life insurance markets in Norway.
2006	MOP is introduced in the Norwegian market. A change in Norwegian legislation allows for the merger of the unit-linked provider Storebrand Fondsforsikring AS (wholly owned by Storebrand ASA) and the Issuer.
2007	The Issuer acquires SPP to create a leading life and pensions group in the Nordic region.

1.3 Recent Developments

1.3.1 Acquisition of SPP

On 21 December 2007, the Issuer acquired from Svenska Handelsbanken AB (publ.) (''Handelsbanken'') (i) SPP Livförsäkring (''SPP''), including its existing subsidiaries, (ii) Handelsbanken Life & Pension Limited (formerly Euroben) (''Handlesbanken Life & Pension''), (iii) SPP Fonder AB (''SPP Fonder''), (iv) Handelsbanken Varumärkes AB (''Handelsbanken Varumärkes'') and (v) 50 per cent. of the preference shares in Nordben Life and Pension Insurance Co. Ltd. (''Nordben''), for a net purchase price of SEK 16.0 billion (NOK 13.6 billion), excluding interest. The acquisition is referred to herein as the ''Transaction''.

In addition, the Issuer acquired the asset management of SPP's occupational pension assets (traditional life insurance and unit-linked) as well as the mutual funds that are approved by the Premium Pension Authority in

Sweden (the ''PPM'') and certain other SPP mutual funds, which are currently performed by Handelsbanken Asset Management. These asset management services will continue to be performed by Handelsbanken Asset Management for the 12 months following closing of the Transaction.

The following provides a brief description of the principal entities acquired by Storebrand:

- SPP is a leading Swedish life insurance and occupational pension provider active within all product and service areas. SPP provides both unit-linked products, traditional insurance with guaranteed interest rate and defined benefit products as well as consulting services covering occupational pensions, and insurance and administrative solutions for municipalities and other organisations;
- Handelsbanken Life & Pension is a Dublin-based entity that offers larger companies tailor-made pension plan solutions. This company is currently owned by Handelsbanken Liv Försäkringsaktiebolag (''Handelsbanken Life'');
- SPP Fonder is a limited liability company, currently with no active operations or employees;
- Handelsbanken Varumärkes is the company owning the trademark SPP and is currently a subsidiary of Handelsbanken Life; and
- Nordben is a Guernsey-based niche company offering flexible group and individual life and pension insurance solutions for expatriates, foreign nationals employed by Nordic companies, and internationally mobile employees.

In addition, the asset management of SPP's occupational pension assets (traditional life insurance and unit-linked) as well as its PPM mutual funds and certain other SPP mutual funds (together with the entities described in the previous paragraph, the ''SPP Business'') are also included in the Transaction. On 31 December 2007, the SPP Business had AuM of SEK 152.3 billion (NOK 130.3 billion), of which SEK 93.0 billion (NOK 78.6 billion) were traditional life assets, SEK 30.8 billion (NOK 26.0 billion) were unit-linked assets and SEK 28.5 billion (NOK 24.1 billion) were in mutual funds (PPM and other mutual funds excluding unit-linked). SPP's asset management is currently performed by Handelsbanken Asset Management. An asset management agreement has been put in place between SPP and Handelsbanken for a transitional period, whereby Handelsbanken will continue to manage SPP's investment assets for a period of 12 months from closing of the Transaction. Selected Handelsbanken funds will be distributed by Storebrand, and Handelsbanken funds will be included in Storebrand's unit-linked portfolio offering.

Handelsbanken and SPP have entered into an agreement governing the provision of certain transitional services for a period of 24 months from the closing of the Transaction, with an option for Storebrand to extend for a further period of up to a maximum of 18 months.

As part of the Transaction, Storebrand has been granted a two year exclusive right from the closing of the Transaction to acquire Handelsbanken Life's occupational pension business through a portfolio transfer. The purchase price shall equal 1.2 times the embedded value of the portfolio at the closing date of the Transaction. Furthermore, Storebrand will have a three year exclusive distribution agreement with Handelsbanken for the sale of occupational pensions through the Handelsbanken network from the closing of the Transaction. The parties have undertaken to negotiate in good faith to enter into a more detailed agreement in relation to this.

1.4 Business Description of the Issuer

The Issuer is one of the largest life insurance companies in Norway, and enjoys a leading position in the Norwegian long-term savings market (with a market share of 23.2 per cent. based on premium income in the first nine months of 2007),[2] principally through its pension products. The Issuer offers a wide range of products for occupational pensions, individual pension savings, life insurance and health insurance for companies, public sector entities and private individuals. For the year ended 31 December 2006, the Issuer's pension insurance accounted for 72 per cent. of the Issuer's policyholders' funds, with individual pensions and life insurance products representing 28 per cent. of total customer funds under management. In terms of premiums, occupational pension products accounted for 63 per cent. and individual pension and life insurance products accounted for 33 per cent., respectively, for the nine months ended 30 September 2007.

As at 31 December 2007, the Issuer managed approximately NOK 161 billion in customer funds (including unit-linked). The Issuer had a 26 per cent. share of the total Norwegian life insurance market measured in terms of customer funds under management as at 30 September 2007. The market share in the private occupational pensions market was approximately 43 per cent. as at 30 September 2007 based on customer funds under

2 Source: Table 1a, Norwegian Financial Services Association's (''FHN'', website address: www.fnh.no) life statistics as at 30 September 2007.

management, which represent amongst others in excess of 24,000 corporate customers with 450,000 employees. In addition, the Issuer serves some 300,000 individual customers. The Issuer also has more than 415,000 paid-up policies as at year end 2007. Many of the largest companies in Norway are customers of the Issuer.

Important growth areas for the Issuer in recent years include defined contribution pensions for the corporate market, pension schemes for Norwegian municipalities and independent public sector entities such as utilities and public transportation. The Issuer has also opened a branch office in Sweden, which offers pension and mutual fund products to the Swedish market. The recent acquisition of SPP in the fourth quarter of 2007 greatly expands the Issuer's operations in Sweden, and gives the Issuer a strong presence in the Nordic market.

1.4.1.1 Corporate Life

Occupational Pensions Market

The Issuer's occupational pension products consist of defined benefit products, defined contribution products and paid-up policies, each of which is more fully described below.

Key success factors for the occupational pension market include:

- *High customer satisfaction*: The Issuer believes that having satisfied customers is a key to profitability and long-term growth. In 2007, the Issuer was for the fourth year in a row the highest-scoring company in the National Customer Satisfaction Barometer of customer satisfaction and loyalty in the occupational pensions market;
- *Asset management with high performance*: Excess investment return in the long term is key to the success of a pension scheme. The Issuer's pension assets are managed by Storebrand Investments, in accordance with guidelines issued by the Issuer. The Issuer achieved a value adjusted return of 7.3 per cent. in 2007;
- *Broad and flexible product range*: The Issuer offers a complete range of occupational pension products as further described in this Section;
- *High quality and efficient administration*: Many changes occur within a pension scheme during a single year, such as salary changes, new members and claims generation processes that require accurate premium and benefit calculations. Incorrect or late calculations may result in economic losses for the Issuer and dissatisfied customers. The Issuer has set up Internet portals for both employers and employees as a tool for self-administration of the pension schemes and fund savings. In addition, internal work processes have been reengineered to address the new products and the changed requirements with many small enterprises as customers; and
- *Efficient distribution to SMEs and highly qualified advisors for large clients*: To distribute its products, the Issuer makes use of its internal sales force, a financial advisor network and insurance brokers. In the SME-market, the Issuer focuses on collaboration and agreements with employers' organisations and trade associations. Storebrand has entered into agreements with the Confederation of Norwegian Enterprise, the Federation of Norwegian Commercial and Service Enterprises and the Norwegian Association of Authorised Accountants. These agreements have increased the efficiency of distribution of the Issuer's products and have played a significant role in strengthening the Issuer's position in the market. For larger clients, the Issuer has allocated significant resources to develop and maintain highly qualified key account managers.

The Issuer's success in this market reflects its experience and expertise, the quality and competitiveness of its pension products and its straightforward service solutions, combined with collaboration and agreements with the most important trade associations and employers' organisations in Norway.

In the occupational pensions market, the value of total assets under management was NOK 452 billion as at 30 September 2007. This number includes AuM for all life companies which are members of FNH. From 2000 to 2006, the Compound Annual Growth Rate (CAGR) was 15 per cent.[3]

Mandatory Occupational Pensions

Following the introduction of MOP in 2006, the Issuer reinforced its position for defined contribution occupational pension schemes. The Issuer, in Norway, achieved a 33 per cent. market share based on new premiums written in 2006 and a 36 per cent. market share based on new premiums written in the first nine months of 2007 for defined contribution occupational pensions. The new requirements for MOP caused a significant increase in the number of companies offering products in this area. However, sales figures demonstrate that the established pension suppliers have obtained most of the new business in this market. The

3 Source: Calculated based on FNH figures.

Issuer's success has been based on distribution through employer and trade associations, easy-to-understand products and efficient administration. The result has been an increase of Storebrand's client base of more than 16,800 corporate clients with more than 230,000 employees. A number of large companies such as Norgesgruppen, Manpower, ICA and Statoil Detalj have chosen Storebrand as their supplier for MOP products. Annual premium for MOP schemes as at 1 January 2008 was NOK 702 million.[4] The number includes savings only. In addition, in MOP there is a mandatory waiver of contribution premium.

Storebrand also believes that MOP has increased the awareness of the need for private savings. Storebrand believes that this customer base will be important for the Issuer's business in the retail market in future years. By closely following up with its corporate customers and offering their employees attractive solutions for their insurance needs as well as building up their own savings, the Issuer will seek to build a life-long collaboration with both corporations and their employees.

Following the introduction phase of MOP in 2006, the Issuer has focused on the market for transfers between pension suppliers, selling MOP to new companies and exploiting cross-selling opportunities.

Defined Benefit Products

The Issuer currently enjoys a leading market position in private occupational defined benefit products with a market share in Norway, as at 30 September 2007, of 38 per cent. based on new premiums written.

In defined benefit plans, the employer designates the level of pension benefits as a percentage of the employee's salary (typically between 60 and 70 per cent.). A portion of the pension is paid out under the national pension scheme, directly from the state, with the occupational pension supplier, such as the Issuer, providing a fixed portion based on the estimated state pension pay-out. For an explanation of a Defined Benefit Product see the definition below.

The Issuer offers various types of defined benefit schemes that meet different objectives. For example, the Issuer offers a tax-favourable scheme for all part-time employees above the age of 20 who work a minimum of 20 per cent. of statutory full-time. Storebrand also offers a pre-retirement scheme or a pension scheme for employees with high salaries (above approximately NOK 800,000 a year). Premiums paid to the two latter scheme types are taxable for the members when they are paid.

The defined benefit schemes offered by Storebrand include old-age pensions, spousal pensions, child pensions, disability pensions and a waiver of premium. The product is modularised, which means that the customer chooses what benefit coverage should be included, the level of the benefit and the length of the payout period. A spousal pension is payable to the spouse on the death of a member. The pension is usually paid for life. A child pension is payable to the children of a member upon the death of such a member. The pension is usually paid until the child reaches a specified age, usually 18 or 21. A disability pension is paid to the member after a specified period of absence from work because of disability. This period is at least one year. The pension is usually defined as a percentage of salary and is payable until the member reaches the normal retirement age or returns to work. The spousal, child and disability pensions normally increase annually during any payment period.

Since 1 January 2008, the Issuer has offered various ways of investing in pension reserves. Customers may now choose from a predefined set of investment portfolios. The investment return achieved depends on the investment choices made by the Issuer.

Prior to 1 January 2008, active defined benefit programmes (i.e. non-paid up policies) had a profit-sharing model where the employer and the Issuer shared any returns in excess of the guaranteed policy amounts. However, after the changes to the New Insurance Act which took effect on 1 January 2008, any excess profit return is, by law, only allocated to the employer (see ''The Issuer's Response to the New Insurance Act'' below for a further description of the New Insurance Act). This change in the profit-sharing model requires providers of defined benefit products to carefully price their plans. Rather than receiving a share of profits, the occupational pension provider needs to ensure that the product price covers the investment risk as well as any other fee. The Issuer believes it is well-positioned for this change and has developed a new generation of defined benefit products in response to the new legislation (see ''The Issuer's Response to the New Insurance Act'' below for a further description of these products).

In recent years, many companies that operate defined benefit pension schemes have been re-evaluating their pension arrangements. Around 130 of Storebrand's corporate customers, representing some 17,000 employees in total, transferred from defined benefit to defined contribution schemes during 2006. The Fafo Institute for Labour and Social Research has recently estimated that the number of employers in Norway operating defined contribution schemes will outstrip the number of defined benefit schemes in 2007. In 2002, by contrast, defined

4 Source: Storebrand, estimated annual premium based on information registered on each MOP contract.

contribution pensions accounted for only 2 per cent. of the occupational pensions market. Despite this shift, in terms of the value of customer funds under management, defined benefit schemes will continue to dominate for many years to come.

This movement away from defined benefit plans requires less capital to be tied up by occupational pension providers, such as the Issuer. In defined contribution plans, the occupational pension provider has less risk since it does not provide any guarantees with regard to the pension pay out amount on the policy, in contrast to defined benefit plans, where the occupational pension providers guarantee the pay-out amount on the policy.

The population of Norway is ageing with fewer children being born. The share of the population above 67 years old is expected to grow from 13 per cent. in 2007 to over 18 per cent. by 2030, while the population between 16 and 66 is expected to decline from 66 per cent. to 63 per cent. in 2030. This will lead to a growing imbalance between the size of the workforce and the number of people not working. This development has consequences for both the public pension scheme and private sector pension schemes, and a change in the overall pension system is expected. The Norwegian government has therefore decided that the public pension scheme will be reformed in 2010. Similarly, Norwegian life insurance companies have, through the Norwegian Financial Services Organisation, decided to use updated population statistics as a base for price changes which began in 2008. The current premiums paid to a defined benefit scheme are mainly based on statistics from late the 1950s with heavy safety margins.

Consequences for the defined benefit schemes due to the various regulatory changes include the following:

- Life-long retirement pensions will be more expensive as people live longer;
- Spousal pensions/benefits will be less expensive because fewer people get married;
- Child pensions/benefits become less expensive as Norwegians have fewer children and they are born later in life; and
- Disability pensions will not change significantly in price.

Definition of Defined Benefit Product (defined contribution pension scheme): A defined benefit pension scheme helps to reduce the loss of income experienced at retirement, and represents an important supplement to the public pension scheme. The pension is structured so that the national insurance scheme and defined benefit pensions in total represent a certain percentage of leaving wage at retirement. 66 per cent. of leaving wage is considered a good level, and this is similar to the pension received by public sector employees.

In a defined benefit pension scheme there are also insurances baked into the pension product to ensure that employees have a financial safety net for themselves and their families — both before and after retirement. The Issuer offers various insurance covers, which can be combined based on the customers' need and wishes.

In case of disability:

Disability pension secures monthly payments for employees to compensate for loss of income if the person becomes unable to work. Disability pension should have a similar level to the retirement pension. It is based on salary at the time of disability, and as if the employee had stayed with the company until retirement. In case of partial disability the pension payments are proportionately adjusted to reflect the degree of disability.

The employer does not make payments in respect of future retirement pension, spouse pension and/or child pension whilst the employee is disabled. The employees can also be insured so that a one-off payment is made in the case of permanent disability (group life insurance).

At death:

Spouse/partner pension secures monthly payments to the employee's surviving dependents in case of death. The level of spouse/partner pension is often 60 per cent. of retirement pension. If the member dies before retirement, the spouse/partner pension is calculated based on salary at the time of death, and as if the employee had stayed with the company until retirement. Child pension secures monthly payments for the employee's children until they reach the age of 21 in case of death. The level of child pension is usually 50 per cent. of the company's retirement pension level. The employees can also be insured so that the surviving dependents receive a one-off payment in the event of death (group life insurance).

Pensions are paid monthly from retirement, disability and/or to dependents. It is usually paid for the rest of a person's life, but the customer can also arrange for the pension to be paid for only a limited period, minimum 10 years. Pension payments are taxed as ordinary income.

Defined Contribution Products

The Issuer currently enjoys a leading market position in defined contribution occupational pension products with a market share, as at 30 September 2007, of 36 per cent. based on new premiums written.

Defined contribution plans, in which a percentage of the employee's salary is invested in selected funds, with payout amounts corresponding to investment performance, did not receive favourable tax treatment prior to 2001 in Norway. However, the majority of employers setting up pension schemes to meet the MOP requirements have chosen the defined contribution alternative, under which the employees contribute at least 2 per cent. of each employee's salary to the scheme.

In defined contribution plans, the employer generally decides what suite of investment choices will be offered to its employees, and the investment return achieved depends on the investment choices made by the company or the individual employees. The Issuer offers a wide range of funds and investments portfolios. Externally managed funds are also included in the set of available funds. All expenses, including fund investment fees, are to be paid by the employer, while the gross investment returns are earned by employees. Most companies with these schemes allow their employees to choose between three investment alternatives with different risk profiles. In response to the introduction of MOP, the Issuer has developed a new standard defined contribution product, Storebrand Folkepensjon, which was specifically designed for companies required to establish an occupational pension scheme for their employees in 2006. The Storebrand Folkepensjon product offers a choice of three profiles with differing exposures to equities: Cautious (approximately 20 per cent. equities), Balanced (approximately 50 per cent. equities) and Aggressive (approximately 80 per cent. equities). The product provides a solution that makes it relatively easy for companies to administer their pension arrangements. For an explanation of a Defined Contribution Product see the definition below.

If a member of a defined contribution scheme dies, the pension capital is paid out to the member's beneficiaries. A defined contribution scheme with tax benefits is required to contain a waiver of contribution cover. This is a disability coverage that ensures a member's pension contributions are paid while the member is disabled.

Just as it does with defined benefit schemes, the Issuer offers defined contribution pension schemes meeting the legal requirements for tax-favourable pension schemes. In addition, the Issuer offers product solutions for pre-retirement pension and employees with high salaries.

The defined contribution schemes offered include old-age pension, spousal pension, child pension, disability pension and a waiver of contribution. Again, as with defined benefit schemes, the defined contribution product is modularised, meaning that the customer chooses what benefit coverage should be included, the level of the contribution and the length of the payment out period.

Definition of Defined Contribution Product (defined contribution pension scheme): Issuer defined contribution pension is a pension paid for by the company at agreed contribution levels. The savings are held in funds or on the life insurance company's general pension asset pool and the contributions are paid to a personal pension account for each employee. This pension product secures predictable pension costs for companies both today and in the future.

The company contributes an agreed amount for each employee or a percentage of each employee's salary. The contribution is paid to an individual pension account in the Issuer. Beyond paying the agreed contribution the company has no financial commitments, and thus has good control of current and future pension costs. The amount of the retirement pension paid from age 67 depends on the size of the contribution and return achieved until retirement. The pension scheme is also tax efficient for the employees. The amount saved can vary from 2 to 8 per cent. of the employees gross salary, subject to certain rules and limitations.

The Issuer offers two different asset management options for defined contribution pension customers:

Individual investment choice: The employee makes his or her own investment choice, and can in this way influence the size of their future pension to some extent. The pension funds are invested in mutual funds, and the Issuer offers both Norwegian and international equity funds as well as various bond funds and bank funds.

Guaranteed return: The employee's pension assets are invested in the Issuer's life insurance asset pool and the employee has no say in how the assets are managed. The pension funds are secured by an annual guarantee against loss.

Paid-Up Policy Products

A paid-up policy is a confirmation of the pension rights earned from a company's occupational pension plan. An employee who leaves a company before retirement age will receive a paid-up policy unless the employee's plan membership lasted for less than 12 months. Alternatively, paid-up policies result when an employer changes pension plan, i.e. from defined benefit to defined contribution. When such a switch occurs, the employee receives a paid-up policy for the defined benefit pension plan that is no longer active. All paid-up policies have an annual minimum interest rate guarantee. Storebrand had as at 31 December 2007 more than 415,000 paid-up policies (from defined benefit policies) with pension reserves totalling NOK 46 billion.[5]

The Issuer expects the market for paid-up policies to grow strongly and become more competitive in future years as a result of the introduction of MOP and the increase in the number of companies transferring from defined benefit to defined contribution schemes. This market has already attracted new participants in Norway, such as Silver and Gjensidige. The Issuer meets this competition by offering products with competitive prices and investment returns, emphasising its long experience in managing pension assets, and ensuring financial security for the customer. Over recent years, the Issuer has achieved significant savings in the cost of managing paid-up policies through improved efficiency, and this increases the expected level of pension accruing in a paid-up policy. The Issuer works continuously on measures to raise the pension benefits accruing in paid-up policies. In 2006, the Issuer offered customers with more than one paid-up policy the opportunity to automatically combine their policies. This not only simplifies the customer's pension arrangements but also reduces costs and thereby increases pension benefits. Customers are also offered simple procedures to transfer paid-up policies from other companies and combine them with their paid-up policy with the Issuer.

There is also a small but growing market for paid-up policies from defined contribution pension schemes. If an employee's membership in a defined contribution pension scheme is terminated, the employee retains the right to the pension capital accrued on the date the employee withdraws from the scheme unless the plan membership has lasted for less than 12 months. A pension capital certificate, which is the defined contribution scheme equivalent of a paid-up policy for a defined benefit scheme, is issued to the employee. Storebrand expects the market for paid-up policies to grow strongly in future years following the introduction of MOP due to the fact that more employees now have occupational pensions and that the employees covered by MOP typically have a higher employment turnover than others.

Storebrand had as at 31 December 2007 approximately 40,000 pension capital certificates (from defined contribution policies), with customer funds totalling NOK 660 million. Storebrand believes that there in Norway will be a strong growth with regard to total customer funds for pension capital certificates over the next 5 to 10 years. PA Consulting Group expects that the total Norwegian market will be NOK 20 billion in 2012 and NOK 50 billion in 2017. The growth is driven by a high number of companies transferring from defined benefit to defined contribution, high employment turnover (assumes 4.5 years of average service) and the level of annual investment return (assumes 6.5 per cent.)[6]

Public Sector Pension Products

In Norway, a public sector employee has the right to a defined benefit pension plan equal to 66 per cent. of his or her final salary upon completing 30 years of service. These rights include disability, spousal and child pensions. Public sector pensions, including rights of previous employees, are increased annually, roughly in line with general wage growth. Any pension rights exceeding the expected state pension amount are insured with life insurance companies or with pension funds. By regulation, these rights must be fully funded at all times. Although the majority of funded public sector pension products are bought by municipalities there are also a number of independent public sector entities buying these products.

The main pension product is strictly defined in the agreement between the employer and employees in the public sector and includes spousal pension, child pension, disability pension and a waiver of premium.

In the case of defined benefit schemes under the New Insurance Act, the Issuer has from 1 January this year offered various ways of investing the pension reserves. The customer may choose from a predefined set of investment portfolios and the investment return achieved depends on the investment choices made by the customer.

Other than the Norwegian government in its capacity as an employer, public sector employers may transfer their pension schemes. For municipalities, buying is done through a tender process following public procurement rules and normally only occurs once per year. The Issuer currently competes against two other life insurance companies in the public sector market: KLP and Vital. KLP currently dominates the market, with each of the Issuer and Vital holding smaller percentages. However, the Issuer aims to significantly grow its market share by positioning itself as an economically superior alternative to KLP.

The Issuer's market share for defined benefit schemes in the Norwegian public sector as at 30 September 2007 amounts to 10 per cent. based on gross premiums and 8 per cent. based on customers funds under management.

5 Source: Storebrand.
6 Source: PA Consulting Issuer report: Perspective on Norwegian Pension Industry Q3 2007.

Corporate Life Insurance Market

Group Risk Insurance and Worker's Compensation

The Issuer offers its customers in the corporate market group life insurance for their employees at disability and/or death. In addition, the Issuer also offers coverage of death to the employee's spouse or partner. The compensation is paid as a lump-sum in the amount determined in the insurance policy, and compensation payments are not subject to income tax. The insurance premium is divided by the number of employees and taxed as income for each of the insured employees. The Issuer's market share in the segment for group life insurance is 18 per cent. based on gross premiums as at 30 September 2007. The market has been relatively stable in recent years.

Corporate customers can also buy worker's compensation insurance for employees from the Issuer. Worker's compensation insurance is a legal requirement for companies. Minimum requirements in respect of cover and compensation amount are determined by law and include compensation for medical invalidity, disability and death. For these types of insurance the insurance event (accident or illness) must occur at the work place. Storebrand's market share in Norway is approximately 3.0 per cent. based on gross premiums.[7]

Group risk insurance and worker's compensation plans are annually renewable contracts and the premiums may therefore vary from year to year.

Group Health Insurance

The Issuer offers its customers health insurance for their employees. Health insurance covers prompt access to treatment and the cost of such treatment.

1.4.1.2 Individual Life Insurance and Pensions

Savings Related Insurance Products

After 2 to 3 years of record sales by the Issuer of savings-related life insurance products with guaranteed minimum return (''Livkonto''), sales in this area levelled off in 2006 partly due to increased general interest rates. Nonetheless, sales of Livkonto by the Issuer totalled more than NOK 3.7 billion in 2007 (including payments from existing customers), and as at 31 December 2007 the Issuer managed NOK 14.3 billion of investments in this product. Market share as at 30 September 2007 was 30 per cent. and 42 per cent. for sales and investments managed respectively.

Storebrand also has a long history in individual pension plan products. In 2006, the Norwegian government decided to abolish the favourable treatment of private pension savings. As a result, contributions to personal pension plans (''IPA Pensions'') are no longer tax deductible and life annuity policies are no longer exempt from wealth tax. As at 31 December 2007, the Issuer managed some NOK 20.3 billion of IPA Pensions and life annuity policy assets and contributions to IPA Pension and life annuity policies totalled NOK 1.3 billion in 2007 (including payments from existing customers). Market share as at 30 September 2007 was 26 per cent. and 37 per cent. for assets under management and contributions respectively. A new tax-efficient pension savings product is expected to be available to customers in 2008.

The Issuer also offers unit-linked based pension savings products. As at 31 December 2007, Storebrand managed 1.0 billion in individual endowment insurance (Fondskonto Link), in addition to NOK 3.9 billion in unit-linked based pension savings products. The Issuer had a market share of 11 per cent. and 17 per cent. respectively as at 30 September 2007 in Norway.

Life and Disability Insurance

The Issuer has a long tradition in individual life and disability insurance and offers a wide range of products in the retail market. Individual risk insurance has been highly focused in Storebrand the last year, and the Issuer has seen approximately a 50 per cent. increase in sales of individual risk insurance in 2007 compared to 2006.

Critical Illness

The Issuer was the first company in Norway to launch critical illness insurance in 1995. With a market share of 47 per cent., based on premium income for 2007, the Issuer is the market leader in Norway. In May 2007, Storebrand was the first company in Norway to offer cancer insurance. This type of insurance cover is sold mainly through the Internet and call centres and has a simplified underwriting process. From its launch to 31 December 2007, Storebrand has sold approximately 3,400 cancer insurance policies.

7 Source: Storebrand estimate. Total market gross premium has been captured from FNH.

Child Insurance

The Issuer offers life and disability insurance coverage for children in Norway. Approximately 37,000 children are insured by the Issuer, which amounts to a market share of 12 per cent. in the Norwegian market based on premium income as at 31 December 2007.

1.4.1.3 Swedish Operations

The Issuer opened its Swedish branch office in September 2005. The Issuer's Swedish branch has so far focused on sales of traditional life and pension insurance products with guaranteed returns. The products are regulated by Norwegian insurance legislation, meaning that the Issuer, in contrast to its Swedish competitors, offers an attractive guarantee structure as well as a statutory right to transfer, which are not currently available for policies governed by Swedish law. In autumn 2006, the Issuer launched a pension-backed mortgage product in collaboration with Ikano Bank, representing its first product of this type available in the Swedish retail market. In 2007, it has expanded its activities to include unit-linked products leading to the Issuer being positioned as an alternative supplier in the Swedish market with a wide range of products, including an innovative combination of traditional insurance-based savings and unit-linked products. The launch of the Swedish branch and sales in the Swedish market also provide an important stimulus in developing Storebrand's pensions business in Norway, not least by providing experience from operating under a different national framework.

In December 2007, the Issuer acquired SPP. SPP is a leading Swedish life insurance and pension provider with a 10.3 per cent. market share in the competitive Swedish occupational pensions market in 2006. SPP has a leading position in the conventional segment with a 12.6 per cent. market share and in the tick-the-box market with a 6.3 per cent. market share. In addition, SPP has a 3.5 per cent. market share in the private pension segment.[8] Based on new sales of occupational pensions, the SPP Business had a market share in the Swedish occupational pensions market of 14.1 per cent. for the nine months ended 30 September 2007. Corresponding figures for the same period in 2006 and 2005 were 12.9 per cent. and 10.0 per cent.[9] SPP also provides advanced consulting services covering occupational pensions, as well as insurance and administrative solutions for municipalities and organisations. Sales mainly occur via SPP's internal sales team, insurance agents and direct marketing. SPP currently purchases IT services and asset management from its parent company Handelsbanken.

SPP is active in all segments of the Swedish life insurance market, including the tick-the-box occupational pensions market, the conventional occupational pensions market, and private life insurance market is also the only company represented within all products and service areas with both unit-linked, traditional insurance with guaranteed interest rate, defined benefit products, and additional consulting and administrative services. SPP has the ability to provide a ''one stop shop'' for all the pension needs of its customers, providing a strong competitive advantage. SPP's extensive experience and customer base in all sectors is expected to provide scope for increasing its market share.

SPP's key products are defined contribution pensions, defined benefits pensions, unit-linked pensions and occupational health insurance products (''disability insurance'') and pension advisory services.

1.4.1.4 The Issuer's Response to the New Insurance Act

The main provisions in the New Insurance Act have been in force since 1 January 2008. The New Insurance Act, with some exemptions, applies to all life insurance and pension products. The main changes include:

- a new profit model;
- a clear split between assets of the policyholders and the insurance company;
- transparent pricing with all prices invoiced up front;
- the separation of all prices into administration fees, asset management fees, price of interest guarantee and risk cover premiums; and
- more flexible and individualised investment portfolios for defined benefit pension products.

In the corporate market, the new profit model applies to all group risk products, defined benefit pension products, public sector pension products and defined contribution products. A modified profit-sharing model applies to paid-up policies.

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8 Source for market shares in this paragraph: Handelsbanken/SPP based on statistics from Sveriges Försäkringsförbund (The Swedish Insurance Federation).

9 Source: Handelsbanken.

In the individual market, the new profit model applies to all new life insurance products and pension products offered by the Issuer. For traditional individual pension products, the Issuer continues to apply its current profit-sharing model under the new legislation. However, it is not allowed to make new sales on such products.

During late 2006, the Issuer established a group initiative on the New Insurance Act, with a core group of representatives from all business and staff units influenced by the new legislation. A comprehensive set of programmes were initiated, with the core group acting as the coordinating and governing body. Key responsibilities within the various units have been:

- *Corporate Market*: Develop products and solutions to address changes in the profit-sharing model, new pricing structures and investment choices for defined benefit schemes in the public and private sectors;
- *Individual Market*: Introduce new generation of guaranteed pension products for individuals to replace the current products;
- *Asset Management*: Distinguish between the assets of the policyholders and the insurance company and explore asset management solutions and operations; and
- *Issuer Finance*: Develop portfolio structures and risk management principles, profitability assessments and accounting.

Since 1 January 2008, the Issuer has offered a new generation of guaranteed pension products for individuals, a specific investment portfolio for paid-up policies and defined benefit solutions with standardised investment choices and various lengths of interest rate guarantees. The new products were developed during the 18 months period leading up to the implementation of the New Insurance Act through an innovative process with a clear market focus with regular follow-up from the Issuer management. To ensure that the new product generation strengthens the Issuer's market position, it has developed a set of scenarios and monitored the market development to provide a basis for input on overall priorities on product design and IT strategy. Based on feedback from current and potential new customers, the Issuer believes that it has prepared well for the New Insurance Act.

1.4.2 Storebrand Real Estate

Storebrand Real Estate is a wholly owned subsidiary of the Issuer which manages, amongst others, the real estate portfolio of the Issuer.

Storebrand Real Estate offers a full range of real estate management services, including transaction management, asset management and property management. As at 30 September 2007, Storebrand Real Estate had 21 employees, all located at the head office in Oslo. Storebrand Real Estate's main focus is value creation for the clients. This is achieved through actively managing the portfolio to maximise long-term rental value and actively managing the portfolios risks. Storebrand Real Estate is also focused on being a frontrunner in energy-saving initiatives and all issues regarding health and safety in the properties managed by Storebrand Real Estate.

1.4.3 Storebrand Real Estate Holding

Storebrand Real Estate Holding is a wholly owned subsidiary of the Issuer. It acts as a holding company for a large portion of the Issuer's real estate investment portfolio. The Issuer portfolio is one of Norway's largest real estate portfolios with a total value as at 31 December 2007 of NOK 25.4 billion. The gross annual rental income was NOK 1.4 billion. The portfolio consists of the following:

- *Office buildings in Oslo*: The office portfolio represents 44 per cent. of the value of the total portfolio. The largest part of the portfolio is in the central business district. Storebrand Real Estate Holding is also represented in other office locations in Oslo such as Nydalen, Skøyen and Lysaker;
- *Retail*: The retail portfolio represents 39 per cent. of the value of the total portfolio. The portfolio consists mainly of large shopping centres. These shopping centres are managed by Steen & Strøm ASA, which is a leading Norwegian operator of shopping centres;
- *International real estate funds*: The fund portfolio represents 10 per cent. of the value of total portfolio. The portfolio consists of 18 funds in Europe and one in Asia. All the funds are non-listed and all except one are closed-ended;
- *Logistics*: The logistics portfolio represents 5 per cent. of the value of Storebrand Real Estate Holding's total portfolio. The portfolio consists of logistics facilities in prime logistics locations; and
- *Others*: The real estate portfolio also consists of office buildings in locations other than Oslo as well as some residential developments. These represent about 2 per cent. of the value of total portfolio.

The Storebrand Group rents its headquarters at Filipstad Brygge in the central business district in Oslo from Storebrand Real Estate Holding. As a cost saving measure, and to accommodate for growth, the Storebrand Group has decided that it will move its headquarters to Lysaker Park in the second half of 2009. The new headquarters is also owned by Storebrand Real Estate Holding. All office lease contracts between the Storebrand Group and Storebrand Real Estate Holding are managed by Storebrand Real Estate and entered into on arm's-length terms.

1.4.4 Distribution of the Issuer's Corporate and Retail Products and the Storebrand Group's Retail Products

To comply with the MiFID requirements, the Issuer has established the investment company, Storebrand Finansiell Rådgivning AS (''Storebrand Financial Advisory''). Storebrand Financial Advisory offers the investment services ''reception and transmission of orders in relation to one or more financial instruments'' and ''investments advice'' mostly to private individuals. Storebrand Financial Advisory consists of approximately 120 financial advisers transferred from the Issuer in the fourth quarter of 2007, in addition to distribution through tied agents. Storebrand Financial Advisory sells products to the retail market on behalf of Storebrand Group, and Storebrand Group pays commissions negotiated on arm's-length basis for products sold.

1.4.4.1 Distribution of Occupational Pensions

Distribution in the Norwegian occupational pension market is handled through independent brokers, ''tied'' agents and the Issuer's internal sales force. Brokers and ''tied'' agents have a market share of the Issuer's sales of approximately 40 per cent., while approximately 60 per cent. of the sales are handled through the Issuer's internal sales force.

In line with other market participants, the Issuer no longer pays commissions to insurance brokers since 1 January 2008. Instead brokers invoice their customers for the customer services they provide. Customers that decide to use an insurance broker are then charged a slightly lower administration fee from the Issuer than those customers who have purchased their pension schemes directly from the Issuer and have their customer service relationship here.

The Issuer has divided its own sales force into different market segments in order to specialise in the different target markets. The market consists of small businesses (1-20 employees), medium size businesses (20-250 employees) and key accounts (above 250 employees). In the smallest market segment, the Issuer reaches the market through a call centre while there are approximately 80 specialised sales people and key account managers in the other market segments. Key account managers are responsible for both new business sales and servicing of existing accounts. In addition to the distribution of pension products, the Issuer also uses its internal sales force for the distribution of health insurance. It will also play an instrumental role in cross-selling to employees in the company pension schemes.

An important initiative in the corporate market is the establishment of agreements with the various employer organisations. The two biggest agreements are through NHO and HSH. The Issuer considers this an important way to gain market share, especially in the small business segment.

1.4.4.2 Retail Distribution for the Storebrand Group

The Issuer distributes its retail products and the retail products of other Storebrand Group companies through four channels: exclusive financial advisors, direct sales, tied agents and non-exclusive external distributors.

The financial adviser channel is the Issuer's largest and most important distribution channel, with approximately 160 advisers located in 40 company-owned offices throughout Norway and offers customers comprehensive financial advice on savings and banking as well as insurance. Approximately 40 of the advisers are bank and insurance advisers currently employed by the Issuer, the remaining approximately 120 financial advisers have been transferred to Storebrand Financial Advisory. The Issuer's financial advisors handle the majority of the Storebrand Group's long-term savings customers and the largest share of its life insurance customers.

The direct sales channel serves customers through a customer centre staffed by around 60 advisors handling both incoming and outgoing calls. The Storebrand Group's website is also a part of the direct sales channel.

Tied agents are independent insurance brokers who have exclusive distribution agreements with the Storebrand Group, but who are not employed by the Issuer. Tied agents service the Issuer's life insurance customers as well as the Storebrand Group's long-term savings customers. There are currently approximately 60 tied agents.

Sales through non-exclusive external distributors are an important part of the Storebrand Group's focus on the retail market. The share of new sales to the retail market arranged through this channel, including tied agents, was almost 40 per cent. in the first nine months of 2007. In order to further increase its distribution capacity in this market, the Issuer has invested in selected external distributors as a part owner. The Issuer owns 48 per cent. of Caveo ASA, an investment firm with approximately 100 advisers working from 15 offices around Norway. This includes in Økonomiforvaltning AS, which Caveo ASA acquired in 2007. Caveo ASA acts as an independent distributor, but collaborates with the Issuer both operationally and strategically.

The insurance agents and the external distributors receive transaction-based fees plus portfolio-based fees. The Issuer and Storebrand Financial Advisory receive commissions on sales of products for other Storebrand Group companies through their distribution channels.

1.4.4.3 Distribution in Sweden

In Sweden, Storebrand has adapted to the Swedish market's business practices. Distribution is carried out using brokers who are paid a fee for the services they provide. The broker-controlled nature of the Swedish market involves brokers establishing long-term marketing plans for the life insurance companies and fund managers they wish to sell products for over a three to five year horizon. This in turn means that life insurance companies are dependent on being included in the marketing plans of larger brokers to avoid exclusion from the broker market for at least the next three years. Storebrand's branch office in Sweden has been included in the marketing plans of several large insurance brokers in Sweden, including AON and Søderberg, and Storebrand's launch of unit-linked products in the Swedish market and simple, customer-friendly purchase and service solutions have increased the company's attractiveness to brokers.

Storebrand believes SPP has strong distribution capabilities through a highly experienced sales force as well as separate specialist organisations for municipalities and international businesses. The direct and Internet distribution channels are also considered important by SPP and it is currently seeking to reinvigorate its participation in the broker channel, providing it with access to all key distribution channels. SPP's own sales force comprises approximately 117 people in six regions: Umeå, Gävle, Stockholm, Linköping, Göteborg and Malmö. SPP is one of the few companies in the Swedish market with the capability to serve municipalities and to offer a full range of product solutions. The Electum brand is important to SPP when serving the municipality segment.

1.4.5 Breakdown of Total Revenue

The table below specifies the Issuer's total operation income by activity and geographic split. The information has been derived from the Issuer's interim and annual reports from the actual periods.

NOK million	**2007**	**2006**	**2005**	**2004**[1]
	(unaudited)	*(audited)*		
Life insurance activities, of which:	32,230	33,106	30,538	27,460
Norway	32,113	33,045	30,532	27,460
Sweden	117	61	6	—

1 2004 figures are shown in Norwegian GAAP.

1.4.6 Investments

The Issuer achieved a value-adjusted investment return of 7.3 per cent. for 2007 as a whole. Value-adjusted return including unrealised gains on financial fixed assets was 6.6 per cent., whilst the booked investment return was 8.9 per cent. for 2007. The total return on SPP's investment portfolio was 0.4 per cent. in 2007.

In response to the turbulent financial market conditions seen at the start of 2008, the Issuer, including SPP, has effected solvency-based risk management and has accordingly markedly reduced the equity exposure of its investment portfolios. The proportion of equities held by the Issuer (Norway) has been reduced from 26 per cent. at 31 December 2007 to 17 per cent. at 7 February 2008. As at 7 February 2007, additional statutory reserves amounted to NOK 5.8 billion and the market value adjustment reserve stood at approximately NOK 1.5 billion. The equivalent proportion of equities held by SPP has been reduced from 40 per cent. at 31 December 2007 to 32 per cent. at 31 January 2008. SPP's conditional bonus (policyholders' buffer capital) amounted to SEK 9.7 billion at 31 January 2008.

As at 31 December 2007, the Issuer had an investment portfolio, including bank accounts, amounting to NOK 184 billion in total. The investment portfolio was split between Norwegian equities (3 per cent.), foreign equities (25 per cent.), real estate (12 per cent.), money market instruments (6 per cent.), bonds held to maturity (22 per cent.), other bonds (25 per cent.), loans (1 per cent.) and other financial assets (5 per cent.). In addition, the Issuer held assets in defined contribution and unit-linked amounting to NOK 9 billion and other assets amounting to NOK 9 billion.

The following two tables show the spilt of the bond investment portfolio of the Issuer by credit rating of the investments as at 31 January 2008:

Issuer marked to market long bond positions as of 31 January 2008

NOK billion	AAA	AA	A	BBB	Total
Issuer					
Agency	1.1	0.1			1.2
Asset backed	1.2	0.0		0.0	1.3
Banking	0.1	5.1	5.8	9.3	20.3
Basic industry	0.0			0.1	0.1
Collateralised loan obligations	0.2				0.2
Commercial mortgage backed	0.9		0.1		1.0
Communications				0.3	0.3
Consumer non-cyclical			0.1		0.1
Energy			0.3		0.3
Finance and investment		0.3	0.9	0.2	1.3
Government guaranteed	0.8	0.5	0.1		1.5
Pfandbriefe	0.1	0.1	0.1		0.2
Real estate				0.2	0.2
Residential mortgage backed	3.1	0.1	0.0		3.2
Sovereign	10.6	0.4	2.0		13.1
Supranational	0.2				0.2
Utility				0.1	0.1
Total	18.5	6.5	9.4	10.2	44.5

Issuer hold-to-maturity bonds as of 31 January 2008

NOK billion	AAA	AA	A	Total
Issuer				
Banking	0.9	4.5		5.4
Finance and investment	0.8			0.8
Government guaranteed	18.9			18.9
Local authority	2.0	0.4		2.4
Local authority guaranteed		0.9		0.9
Sovereign	11.2		2.0	13.2
Total	33.8	5.8	2.0	41.7

The following table shows the split of bond investment portfolio of SPP by credit rating of the investments as at 31 January 2008:

SPP marked to market long bond positions as of 31 January 2008

SEK billion	AAA	AA	A	BBB	Total
Issuer					
Agency					
Asset backed					
Banking		9.5	1.9		11.4
Basic industry					
Collateralised loan obligation					
Commercial mortgage backed					
Communications					
Consumer non-cyclical			0.1		0.1
Energy					
Finance and investment	1.0	0.1	1.1		2.2
Government guaranteed	0.7				0.7
Pfandbriefe	11.9				11.9
Real estate		1.0			1.0
Residential mortgage backed					
Sovereign	34.6				34.6
Supranational	0.9				0.9
Utility		0.3	0.3		0.6
Industrial		0.0	1.0		1.0
Telecom			0.2		0.2
Local government	0.2				0.2
Total	49.2	10.9	4.5		64.6

1.4.7 Risk Management

The Issuer is exposed to various categories of risk. Identifying and managing operational risk is an integrated part of management responsibility throughout the organisation. In addition, the management groups within the Issuer carry out an annual risk evaluation in order to produce an overall risk summary and recommendations for improvement.

The majority of savings-related life insurance products incorporate a guaranteed minimum return. These savings products currently offer an average annual guaranteed return of approximately 3.5 per cent. for the Issuer's

Norwegian portfolio. The average guaranteed return is falling since, under current regulations, the return guaranteed on new policies cannot exceed 2.75 per cent. The Issuer seeks to optimise investment returns for its customers, whilst minimising the risk that such returns fall below the guaranteed minimums. This places particular demands on how the Issuer invests in financial securities and other assets, and on the quality of its risk management. To manage these demands, every year in December the Issuer presents an investment strategy to the Board of Directors, which is monitored continuously and revised every June. The investment strategy establishes risk limits for the Issuer and client buffer capital exposure. The allocation of assets by the mandated investment teams is using the limits and guidelines for credit and counterparty exposure, foreign exchange risk and the use of derivatives, set forth in the investment strategy.

Continuous monitoring of the investment portfolio allows the Issuer to take risk management actions on a daily basis if necessary, creating value for both customers and the Issuer. The investment risk management of the Issuer primarily focuses on the potential for a drastic decline in equity markets, a drop in interest rates lasting for a long period of time and an increase in the volatility in financial assets. A fall in equity markets increases the likelihood that investment returns fall below pre-determined limits. These limits, as well as the allowed probability for the return to fall below them, are set on an annual basis at the beginning of each calendar year. In accordance with The Issuer's investment strategy the financial assets portfolio is being evaluated on a daily basis to address the then current investment risk, including entering into necessary transactions to retain the risk bearing capacity.

Since the acquisition of SPP, the investment strategy and monitoring of the investment portfolio now also includes investments held by SPP.

Low interest rates reduce the interest earned on the proportion of financial assets invested in interest-bearing securities, and make it more difficult to generate the guaranteed minimum annual interest without recourse to the Issuer's additional statutory reserves and market value adjustment reserves. Sharply rising interest rates, on the other hand, causes losses in the form of lower prices for interest-bearing securities such as commercial paper and bonds. However, higher interest rates both in Norway and internationally have the effect of improving the Issuer's risk-bearing capacity. The Issuer has invested a significant proportion of its financial assets in bonds classified as hold to maturity with a running yield of over 5 per cent. The Issuer's booked return on its defined benefit investment portfolio in 2007 was 8.9 per cent. (7.1 per cent. in 2006), which exceeds its current average guaranteed rate of 3.5 per cent. on policies. Under current legislation and regulations, the technical insurance reserves that the Issuer is required to hold are not affected by changes in market interest rates.

The Issuer manages this risk exposure in several ways. First, it attaches considerable importance to building sufficient risk capital to absorb losses. Second, risk exposure is diversified as much as possible through investment in assets that are not expected to cause losses at the same time. Third, risk bearing capacity is managed dynamically through changes to asset allocation between debt and equity securities. Finally, hedging instruments, such as options, are used.

In early 2004, the Norwegian parliament approved a number of significant changes to the New Insurance Act, aiming to make pricing more transparent and providing a clearer separation between customers' assets and the insurance companies' assets. The change in regulation gives the Issuer the opportunity to establish different asset allocation profiles for different clients. With regards to risk management, this has lead to segregated risk management in these different asset allocation profiles, and as such the risk management actions becomes more tailored under the new legislation. It also allows for separation of customer's capital and the insurer's capital; increasing the opportunity to tailor the overall risk management operation. The New Insurance Act came into effect from 1 January 2008 (the New Insurance Act itself came into force on 1 July 2006, but the transitional regulations mean that the new business rules came into effect from 1 January 2008).

The Norwegian authorities specify that the Issuer's risk capital is the total of the market value adjustment reserve, additional statutory reserves core capital in excess of the regulatory minimum and accrued earnings. Risk exposure is monitored using stress testing that estimates potential loss in the event of extreme market movements. The Issuer ensures that it meets all regulatory requirements, such as capital ratio and solvency capital ratio, by a satisfactory margin. The target solvency margin set by the Issuer is 150 per cent.

Insurance policies are long-term agreements, and involve uncertainty in respect of assumptions about future rates of mortality and invalidity. The Issuer uses tariffs drawn up on the basis of statistical experience, and these tariffs are notified to the authorities. Insurance risk is separately monitored for every line of insurance in the current insurance portfolio. The risk result (the result arising from the incidence of mortality and/or disability during a period deviating from the assumptions used for tariff premiums) 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 Issuer has collected for the period and the sum of provisions and payments that must be made for insured events that occur in that period. The risk result takes into account insured events that have not yet been reported but which, on the basis of its experience, assumes will have occurred. The Issuer follows developments in mortality and invalidity rates very closely, and adjusts its reserves in accordance with these trends.

The Issuer currently has reinsurance programmes in place, including proportional treaties for life and pension business and for workmen's compensation business. The Issuer has also bought extensive excess of loss reinsurance. All reinsurance is bought from the world's major reinsurance companies with Swiss Re and Munich Re leading the major programmes. The Issuer does not have significant outstanding balances from reinsurers.

Liquidity Risk Management

The Issuer has established good liquidity buffers in the Issuer's investment portfolios, including significant holdings in liquid money market portfolios, and continuously monitors liquidity reserves against internal requirements.

1.4.7.1 Operational Risk Management

The Issuer has regularly tested business continuity plans which are considered adequate and requires its material outsourcers to maintain similar arrangements. Additionally, the Issuer has core controls in place to maintain integrity and efficiency of its IT systems. The Issuer also has procedures and structures in place to monitor the internal control and compliance environments including risk management, internal audit and compliance functions throughout the Issuer.

2 Regulatory overview

2.1 Norway

2.1.1 General

The Issuer is subject to the supervision of *Kredittilsynet* (the ''Norwegian FSA'') and regulated by the Norwegian Insurance Act (Act 10 June 2005 no. 44 (*Norwegian forsikringsloven*)), the Financial Institutions Act (*Norwegian finansieringsvirksomhetsloven*) and furthermore to various regulatory regimes.

The most relevant Norwegian regulatory legislation applicable to Norwegian insurance companies are:

- the Insurance Act (Act 10 June 2005 no. 44 (*Norwegian forsikringsloven*)); regulating, *inter alia*, the authorisation of insurance companies, organisational requirements, insurance activity, winding-up of insurance companies, foreign insurance companies (the ''Insurance Act'');
- the Insurance Contracts Act (Act 16 June 1989 no. 69 (*Norwegian forsikringsavtaleloven*)); regulating the relationship between the insurance company, the policyholder and the insured;
- the Financial Institutions Act (Act 10 June 1988 no. 40 (*Norwegian finansieringsvirksomhetsloven*)); regulating, *inter alia*, the authorisation of financial institutions, organisational requirements, finance activity, capital adequacy requirements; and
- the Financial Supervision Act (Act 7 December 1956 no. 1 (*Norwegian Kredittilsynsloven*)); regulating the supervision of *inter alia* financial institutions and investment firms by the FSA.

Detailed secondary regulations have been given by the Ministry of Finance and the Norwegian FSA pursuant to each of the above acts.

The Insurance Act distinguishes between life insurance and non-life insurance. The Insurance Act requires that life insurance must be carried out by a life insurance company, and that non-life insurance must be performed by a non-life insurance company. Hence, life and non-life insurance activity may not be carried out by the same entity. Life and non-life insurance companies are subject to similar organisational requirements, while the rules governing the insurance activity (rules on premiums and insurance technical allocations) differ. The Norwegian FSA may however authorise non-life insurance companies to write life insurance in the form of pure risk insurance contacts of a maximum of one year's duration and reinsurance in the field of life insurance.

According to Section 6-1 of the Insurance Act an insurance company may only carry out insurance activity and activities that are naturally associated with insurance activity. This prohibition implies, among other things, that an insurance company is subject to restrictions from borrowing money to finance its activities.

According to Section 6-2 of the Insurance Act an insurance company may not own, or by voting represent, more than 15 per cent. of the shares or interests in a company carrying on activities which pursuant to Section 6-1 may not be carried on by insurance companies. This prohibition does not apply where the overall value of such investments is less than the assets of the insurance company that remain after deduction of technical provisions covering the insurance liabilities, provided that the financial risks related to the investment are limited to the value of the investment in question. The Ministry of Finance can consent to exceptions from the above prohibition. Exceptions may however only be granted in special cases and can be made subject to conditions. The provisions of Section 6-2 do, however, not apply to the right of insurance companies to own shares or interests in other financial institutions. This also includes broker firms, estate agencies, asset management companies and foreign financial institutions.

2.1.2 Authorisations and Approvals

Authorisation to conduct insurance activity is granted by the Norwegian Ministry of Finance. Such authorisation will include a licence to perform insurance activity in one or more insurance classes, or part of a class, and may be subject to conditions set by the Ministry of Finance. An authorisation cannot be withheld unless there is reason to assume that the company will not fulfil the requirements set by or pursuant to the law, or that the initial capital is not in reasonable proportion to the planned activity, or that authorisation will otherwise adversely affect the policyholders or groups of policyholders.

Pursuant to the Financial Institutions Act, acquisition of qualifying holdings in a financial institution is subject to prior approval by the Ministry of Finance or the Norwegian FSA. A qualifying holding is a holding that represents 10 per cent. or more of the capital or voting rights in a financial institution or allows for the exercise of significant influence on the management of the institution and its business. Approval may only be granted if the acquirer is considered appropriate according to the Financial Institutions Act (the so-called ''fit and proper'' evaluation). Furthermore, new approvals are required for holdings that reach or exceed certain thresholds (20 per cent., 25 per cent., 33 per cent. and 50 per cent.). If an acquisition applied for will give the acquirer a holding equal to or exceeding 25 per cent., authorisation will be refused unless it is irrefutably documented to the Ministry of Finance that the acquirer will be fit and proper. Approvals to acquire 25 per cent.but less than 100 per cent. of a financial institution have only been granted in a very limited number of cases.

In the event of a reduction of holdings, any person proposing to dispose of a qualifying holding or to reduce such a holding so that it falls below the equivalent thresholds is required to notify the Norwegian FSA.

An owner's overall holding is computed on the basis of the owner's holdings of shares and (i) holdings which the owner is entitled by an agreement to acquire on its own initiative, (ii) holdings for which the owner is entitled by agreement to exercise voting rights (but not voting rights proxy as mentioned in Section 5-2 in each of the Norwegian Public Limited Companies Act and the Norwegian Private Limited Companies Act when no compensation is given for that proxy and (iii) holdings which a person or institution closely linked (family or institution owned or controlled by the holder) owns or is entitled to acquire or to exercise voting rights for. Agreements on acquisition subject to authorisation under the financial legislation shall not be included for the purpose of calculating holdings as mentioned above, unless the agreement in question entails that (i) the owners are entitled to compensation equalling more than 5 per cent. of the market value of the shares at the time of the offering, (ii) the owners are entitled to a loan from the offeror or (iii) the owners' right to exercise voting rights attached to the shares are restricted.

Moreover, pursuant to the Financial Institutions Act formation of a financial group (a group of companies consisting of mainly financial institutions) and any amendments to the structure of such group are subject to approval from the Norwegian FSA. This requirement is in addition to the licence requirement related to the activity of the individual entities in the group. Furthermore, the formation of a financial group that includes an insurance company is also subject to an approval requirement pursuant to the Insurance Act.

2.1.3 Insurance Activity and Related Activities

In order to secure the insurance companies' ability to cover their liabilities, the business activities of the insurance companies are subject to various regulations. These regulations are implementations into Norwegian law of EU directives. The most relevant regulations in relation to the insurance activity and related activities are:

- regulations on how the company shall estimate and collect its insurance premiums;
- regulations on how the insurance company shall assess its liabilities towards the policyholders and the insured and ensure coverage of those liabilities;
- regulations on how the insurance company shall manage its capital (capital management); and
- regulations that require the insurance company to have a certain amount and type of capital in place (capital adequacy requirements and solvency margin capital).

2.1.4 Premiums, Insurance Technical Allocations and Asset Management

According to the Insurance Act a non-life insurance company shall determine premiums that are in reasonable proportion to the risk it assumes and the services the company offers. It is the insurance company that is responsible for setting the premiums, and under Norwegian law there is no advance approval requirement of the premiums charged by the companies. However, the Norwegian FSA shall, pursuant to the Insurance Act, supervise the premiums to ensure that they fulfil the requirements under the Insurance Act. According to the requirements the premiums must be reasonable and proportionate, and moreover sufficient to ensure coverage of the liabilities under the insurance contracts. The insurance company may not charge premiums that discriminate unfairly between products, combinations of products or groups of customers.

The Ministry of Finance may prohibit the use of premiums that are deemed to be unsatisfactory or unreasonable by the Ministry of Finance.

Insurance companies are also required to make insurance allocations to cover the liabilities derived from the company's insurance activity. This means that the company must calculate its insurance liabilities and ensure that the company has the necessary assets to cover such liabilities. The assets must meet the requirements in the regulations issued by the Ministry of Finance under the Insurance Act. Further, these assets must provide coverage of the company's calculated total liabilities with regard to the insurance technical allocations.

An insurance company shall provide for prudent asset management. The asset management concerning such company's assets that cover the insurance technical allocations is subject to detailed rules set forth in a regulation adopted under the Insurance Act.

2.1.5 Capital Requirements

Insurance companies within the EU and EEA are subject to solvency margin requirements.

The solvency margin expresses the risk related to an insurance company's insurance liabilities, and the insurance company must at all times maintain sufficient equity capital to meet its required solvency margin. An insurance company must calculate its solvency margin either based on their incoming premiums or based on their claims payments over the last three years. If the solvency margin exceeds the minimum solvency margin, the solvency margin capital shall be equal to the actual solvency margin.

The EU is currently preparing new rules for solvency margin capital requirement (Solvency II). These rules are expected to be adopted at the earliest in 2010.

Pending the adoption and implementation of Solvency II, Norwegian insurance companies are subject to both capital adequacy requirements and the mentioned solvency margin requirements. According to the Insurance Act, insurance companies shall at all times have a capital adequacy which constitutes at least 8 per cent. of the company's assets and the company's off balance sheet liabilities, calculated in accordance with principles for risk-weighting that apply to banks under the Basel I regime. Qualifying capital can be in the form of core and supplementary capital. Core capital will typically consist of equity capital, while supplementary capital can be subordinated loan capital.

The capital requirements must be complied with at all times. Insurance companies are obligated to document their fulfilment of the requirements by reporting to the Norwegian FSA on a quarterly basis.

The principles for risk-weighting of insurance companies' commitments are set out in a regulation issued under the Insurance Act. This regulation also states that if an insurance company, subject to this regulation, has ownership interests that amount to 20 per cent. or more of the share capital or voting rights in another financial institution (i.e. in a financial group), the capital adequacy requirements shall also be applicable on a consolidated basis.

2.1.6 Other Requirements and Regulations

Chapter 13 of the Insurance Act regulates the winding-up and merger of insurance companies. A resolution to wind up or dissolve an insurance company must be approved by the Ministry of Finance. When it is decided to wind up the company, writing of new and old (renewal) insurance contracts shall not take place.

Insurance companies are not subject to ordinary bankruptcy rules. Instead, they are governed by the Act on Guarantee Schemes for Banks and Public Administration (Act 6 December 1996 no. 75) (*Norwegian Banksikringsloven*). Subject to this act, the Ministry of Finance can decide that an insurance company shall be subject to public administration if it does not meet the capital requirements or is unable to meet its liabilities as they come due. The same applies if there is reason to believe that the company is not solvent and that there is no basis for further sound management of the company.

If an insurance company comes under public administration its corporate bodies are replaced by an administration board appointed by the Norwegian FSA and the business of the company is suspended, either temporarily until the situation has been rectified or permanently by liquidation. In such a situation, no new insurance policies are to be issued and existing insurance policies must be transferred to another insurance company or written down, in the case of life insurance, or terminated with three months' notice, in the case of non-life insurance. Payments to policyholders and other creditors shall be subject to consent from the Norwegian FSA.

2.2 Sweden

As regards life insurance, Storebrand has a life insurance branch in Sweden and has recently acquired SPP through the Transaction. Both SPP and Storebrand's Swedish branch offer corporate life, occupational pension and retail life insurance products.

Storebrand's branch is subject to the supervision of the Norwegian FSA. The branch office's activities in Sweden must however be carried on in compliance with Swedish law as regards for example the marketing of insurance products.

2.2.1 Regulation of Swedish Insurance Companies

2.2.1.1 Overview of Relevant Legislation

This Section focuses on Swedish legislation applicable to life insurance companies. The most relevant Swedish legislation applicable to insurance companies are:

- the Swedish Insurance Business Act (SFS 1982:713) (*Swedish försäkringsrörelselagen*) (the ''Insurance Business Act'') which regulates the conducting of an insurance business, including, *inter alia*, authorisation of insurance companies, organisational requirements, capital requirements, winding-up of insurance companies, etc.;
- the Act on Foreign Insurers' and Occupational Pension Providers' Operations in Sweden (SFS 1998:293) (*Swedish lagen om utländska försäkringsgivares och pensionsinstituts verksamhet i Sverige*) which regulates the activities of foreign insurers' secondary establishments in Sweden; and
- the Swedish Insurance Contracts Act (SFS 2005:194) (*Swedish försäkringsavtalslagen*) regulating the relationship between the insurance company and the policyholder and the insured.

The legislation is supplemented by detailed regulations given by the Swedish Financial Supervisory Authority (*Swedish Finansinspektionen*) (the ''Swedish FSA'').

As at 1 July, 1995, the Swedish insurance legislation was adapted to the EU's Third Non-Life and Life Insurance Directives, and since 1 January, 1996, the EU regulations for annual and consolidated accounts in insurance undertakings have been part of Swedish law.

Similar to the Norwegian regulations, the Insurance Business Act distinguishes between life and non-life insurers. In general terms, a life insurer cannot carry on non-life business and vice versa. There are some exceptions, though: certain critical illness- and accident insurance policies (*Swedish lång sjuk- och olycksfallsförsäkring*) can be issued by both life- and non-life insurers.

As regards corporate regulations and the general conduct of business, there are only minor differences between the two categories. For obvious reasons, the regulations differ in the context of technical provisions.

As in Norway, insurance companies may only engage in other business that has a natural connection with insurance activities, such as accident prevention and third party claims handling. The borrowing of monies is, in general terms, prohibited but the Swedish FSA may grant exemptions.

The rather complex risk spreading regulations in Section 7 of the Insurance Business Act prohibit an insurance company from investing more than certain fractions of its assets matching the technical reserves in other companies, unless the investment is considered as ''strategic'', i.e. in an entity that carries on business that has a natural connection with the insurance business.

2.2.1.2 Authorisations and Approvals

In order to establish an insurance company or expand a company's product portfolio, a concession (authorisation) is required. Such authorisations are normally issued by the Swedish FSA but in matters of principle or of great importance, the application will be referred to the Swedish government (i.e. the Department of Finance) for a final decision. An application is granted if the insurance company is deemed to be able to satisfy the requirements for sound insurance operations. Authorisation is obtained in one or more direct insurance classes and/or for reinsurance. The company must apply for registration with the Swedish Companies Registration Office within 6 months from obtaining authorisation. The failure to do so will result in the revocation of the authorisation. When the company is registered, it can commence its insurance business activities.

A qualified direct or indirect holding in an insurance company is subject to the approval of the Swedish FSA. A qualified holding is defined as a direct or indirect holding of 10 per cent. or more of the share capital or the voting rights of the company or a holding that otherwise entails a substantial influence over the management of the company (Section 1, Art. 9 a in the Insurance Business Act).

The management of an insurance company is subject to the approval of the Swedish FSA. The management of the company comprises the members of the board that are elected by the general meeting of shareholders, the managing director (*Swedish verkställande direktör*) and the deputy managing director(s), if any. The same applies to the management of the parent company, if the parent company is an insurance holding company, which is defined as a company, not being an insurance company itself, that has the main purpose of owning and administering shares in subsidiary insurance companies (Section 7 a, Art. 9 a and Section 1, Art. 9 e of the Insurance Business Act).

The insurance company shall establish guidelines for the calculation of the technical provisions, which shall be submitted to the Swedish FSA prior to the commencement of its business.

2.2.1.3 Capital Requirements

As in Norway, the Swedish insurance companies must comply with the solvency margin requirements established by the European Union.

Furthermore, the Insurance Business Act contains regulations on capital adequacy. An insurance company must at all times have enough capital to fulfil its liabilities towards the policyholders. The technical provisions, including provisions for claims cost, claims handling costs and administrative costs and guaranteed and conditional returns, shall equal the company's corresponding liabilities. In all calculations, and especially calculations related to occupational pension insurances, all applied methods shall be prudent.

The insurance company shall hold assets that at all times cover its liabilities (i.e. the technical provisions), net of reinsurance. The Insurance Business Act contains very detailed regulations on the kind of assets to be used for coverage. The regulations, based on risk spreading principles, weigh different types of assets and set forth the fractions to which they may be used as matching assets. The assets shall be registered in a separate ledger, which shall evidence each asset and its value at any given moment. The company shall appoint an individual to be responsible for keeping the ledger and that person shall be reported to the Swedish FSA.

Information on the technical provisions shall be reported to the Swedish FSA on a quarterly basis.

The board of directors of the company shall establish asset management guidelines. The company (i.e. generally the managing director) shall appoint an asset management committee, which shall supervise the asset management and to which managerial queries may be addressed.

The capital base of the company consists of core capital (equity), supplementary capital (subordinated loans and shareholder's contributions), and untaxed reserves. The capital base may not be less than EUR 3 million.

2.2.1.4 Winding-up and Bankruptcy

The regulations on winding-up and bankruptcy of insurance companies do not materially differ from those of regular limited liability companies.

The general meeting of shareholders may decide that the company shall be wound-up. If the equity is less than one third of the registered share capital, the board of directors and the shareholders must take appropriate actions to either strengthen the capital base or to wind up the company.

When an insurance company is declared in bankruptcy by a court decision, an official receiver is appointed, with the objective to liquidate the company's assets. The Swedish FSA may appoint an independent receiver.

2.2.1.5 Other Requirements and Regulations

The insurance company shall make necessary arrangements for the handling of personal data and sensitive personal information (e.g. information in medical journals) and appoint an officer designated to personal data matters.

The company must establish efficient complaints handling procedures and appoint an officer responsible for the complaints handling.

Furthermore, the company must adopt various policies and guidelines, e.g. a reinsurance policy, a policy on governance and internal control, a policy for the reporting of incidents of significant importance, guidelines for the handling of conflicts of interest, and a policy for the prevention of money laundering and financing of serious crimes. The company shall also establish internal functions for compliance, risk control and independent monitoring (internal audit).

The Swedish FSA shall appoint one or more auditors, unless the insurance company's business activities are of minor proportions. The auditor's tasks are set forth in an instruction established by the Swedish FSA and such tasks are conducted in cooperation with the auditor(s) elected by the general meeting of shareholders.

The Act on Supervision over Financial Conglomerates (SFS 2005:531), based on the EU conglomerate directives, sets forth the joint supervision over companies belonging to the same group within the financial sector in the EEA. The Swedish FSA coordinates the supervision if the ultimate parent company is, *inter alia*, a Swedish insurance company or a Swedish insurance holding company. Furthermore, the said act sets forth that the joint capital base and capital adequacy requirements for financial conglomerates shall be calculated according to the relevant sector regulation. If the ultimate parent company is an insurance company, the basis for calculation shall be Method 2 as set forth in Appendix 1 to the Conglomerate directive (the joint and account method).

3 Legal Information, Organisation and Management

3.1 Company details

Storebrand Livsforsikring AS is a private limited liability company incorporated on 30 October 1990 under the laws of the Kingdom of Norway. Storebrand Livsforsikring AS is registered in the Norwegian Register for Business Enterprises, company registration number 958995369.

Storebrand Livsforsikring AS employs approximately 1,111 people and has its headquarters in Oslo.

Registered address:
Storebrand Livsforsikring AS
Filipstad Brygge 1
N-0114 Oslo Norway

Postal address:
Storebrand Livsforsikring AS
P.O. Box 1380 Vika
N-0114 Oslo Norway

Telephone number: +47 22 31 50 50.

3.2 Ownership and Control

Storebrand Livsforsikring AS is a wholly owned subsidiary of Storebrand ASA. Storebrand ASA is a company listed on the Oslo Stock Exchange, ticker code STB. For shareholder information on Storebrand ASA, please see the investor relations website of the Storebrand Group at: http://www.storebrand.no/ir.

3.3 Major Shareholders

Storebrand ASA is the sole shareholder of Storebrand Livsforsikring AS, with full voting rights and control at the general meeting.

3.4 Laws and regulations

The principal acts regulating the activities of Storebrand Livsforsikring AS are the Norwegian Insurance Act, the Financial Institutions Act, the Norwegian Private Limited Companies Act, the Norwegian Securities Trading Act and the Norwegian Act on Guarantee Arrangements and Public Administration, etc. of Financial Institutions.

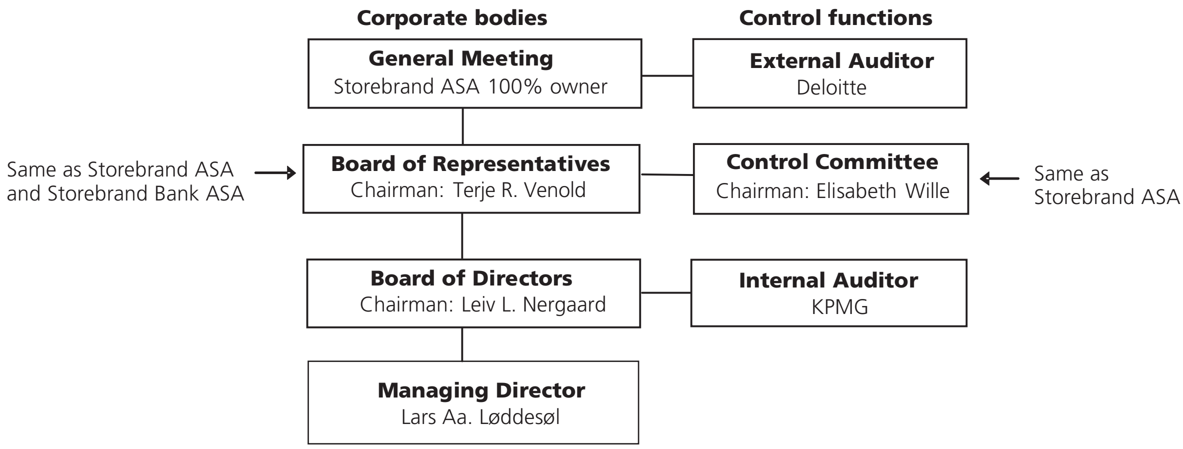
Storebrand Livsforsikring AS is regulated by the Norwegian FSA (Norwegian: *Kredittilsynet*). In accordance with Norwegian financial and insurance regulation, Storebrand Livsforsikring AS must maintain a minimum capital ratio of 8 per cent. and is also subject to minimum solvency margin capital requirements.

The Norwegian Ministry of Finance has set as a condition of its approval of the Storebrand Group's acquisition of SPP that if, for the financial years ending 31 December 2007 and 31 December 2008, the core (tier 1) capital ratio falls below 6 per cent., or if the solvency margin falls below 150 per cent. for Storebrand Livsforsikring AS (on a consolidated level), the Norwegian FSA may impose restrictions on distributions of dividend from Storebrand Livsforsikring AS.

Any credit facility extended to Storebrand Livsforsikring AS is subject to approval in credit committee and from the Board of Directors, and must meet credit policy requirements in respect of (amongst others) collateral and creditworthiness.

3.5 Organisational Structure

Storebrand Livsforsikring AS organisational and corporate governance structure is summarised as follows:



4 Members of Administrative, Management and Supervisory Bodies

4.1 The Board of Directors

The Board of Directors is responsible for the administration of Storebrand Livsforsikring AS on behalf of its shareholder. The Board of Directors must also ensure that Storebrand Livsforsikring AS is organised and operates in a satisfactory manner and in compliance with all applicable laws, regulations and mandates. Three members of the Board of Directors must be elected by and among Storebrand Livsforsikring AS employees. The remaining members of the Board of Directors are elected by the Board of Representatives.

The Board of Directors of Storebrand Livsforsikring AS currently has the following members:

Name	Function	Significant Outside Activity (where significant with respect to Storebrand Livsforsikring AS)
Leiv Lea Nergaard	Chairman	Board of Directors, Storebrand ASA; Partner at Norscan Partners AS
Andreas Enger	Member	CFO & Senior Vice president Norske Skogindustrier ASA
Nina Udnes Tronstad	Member	CEO Aker Kværner Verdal AS
Anders Røed	Member	Employee Storebrand Livsforsikring AS
Inger-Johanne Strand	Member (employee elected)	Employee Storebrand Livsforsikring AS
Gorm Leiknes	Member (employee elected)	Employee Storebrand Livsforsikring AS

There are no potential conflicts of interest between the members of the Board of Directors' duties to Storebrand Livsforsikring AS and their private interests and/or other duties.

The business address of each member of the Board of Directors is:

The Board of Directors of Storebrand Livsforsikring AS
Attn.: Chairman, Leiv Lea Nergaard
Filipstad Brygge 1
P.O. Box 1380 Vika
N-0114 Oslo
Norway

4.2 The Board of Representatives

The Board of Representatives gives recommendations to the general meetings of shareholders (the ''General Meeting'') concerning approval of the profit and loss statement and balance sheet proposed by the Board of Directors, in addition to the allocation of profit or the manner of covering losses. The Board of Representatives also elects directors, including the chairman of the Board of Directors, and determines the directors' fees, and appoints members to the election committee. Finally, the Board of Representatives issues instructions concerning the activities of the Control Committee and receives their reports. The Board of Representatives for Storebrand Livsforsikring AS has the same members as the Board of Representatives of Storebrand ASA.

The Board of Representatives of Storebrand Livsforsikring AS currently has the following members:

Name	Function	Significant Outside Activity (where significant with respect to Storebrand Livsforsikring AS)
Terje Richard Venold	Chairman	Board of Representatives, Storebrand ASA; CEO Veidekke ASA
Inger Lise Gjørv	Deputy Chairman	Board of Representatives, Storebrand ASA; County Governor of Nord-Trøndelag
Stein Erik Hagen	Member	Board of Representatives, Storebrand ASA; Independent industrialist
Trond Vidar Bjørgan	Member	Board of Representatives, Storebrand ASA; CEO Kollektivtransportproduksjon AS
Johan Henrik Andersen Jr.	Member	Board of Representatives, Storebrand ASA; CEO Ferd AS
Arvid Gundekjøn	Member	Board of Representatives, Storebrand ASA; Independent industrialist
Vibeke Hammer Madsen	Member	Board of Representatives, Storebrand ASA; Managing Director Federation of Norwegian Commercial and Service Enterprises
Merete Egelund Valderhung	Member	Board of Representatives, Storebrand ASA; Financial director in Coop Norge AS
Margareth Øvrum	Member	Board of Representatives, Storebrand ASA; Executive Vice President in StaoilHydro ASA
Roar Engeland	Member	Board of Representatives, Storebrand ASA; Group director in Orkla ASA
Olaug Johanne Svarva	Member	Board of Representatives, Storebrand ASA; Managing Director of the Government Pension Fund
Karen Helen Ulltveit-Moe	Member	Board of Representatives, Storebrand ASA; Professor in economics at the University of Oslo
Randi Synnøve Paulsrud	Member (employee elected)	Board of Representatives, Storebrand ASA; Chief Consultant, Oslo Reinsurance Company ASA
Rune Pedersen	Member (employee elected)	Board of Representatives, Storebrand ASA
Arild Thoresen	Member (employee elected)	Board of Representatives, Storebrand ASA
Paul Eggen Jr.	Member (employee elected)	Board of Representatives, Storebrand ASA
Unn Kristin Johnsen	Member (employee elected)	Board of Representatives, Storebrand ASA; Financial Consultant, Storebrand Bank
Tor Haugom	Member (employee elected)	Board of Representatives, Storebrand ASA

There are no potential conflicts of interest between the members of the Board of Representatives' duties to Storebrand Livsforsikring AS and their private interests and/or other duties.

The Business address of each member of the Board of Representatives is:

The Board of Representatives of Storebrand Livsforsikring AS
Attn.: Chairman Terje Richard Venold
Filipstad Brygge 1
P.O. Box 1380 Vika
N-0114 Oslo
Norway

4.3 The Control Committee

The Control Committee exercises supervision over the activities of Storebrand Livsforsikring AS. The committee's task is to ensure that Storebrand Livsforsikring AS complies with the laws, regulations, and the Articles of Association and resolutions adopted by the decision-making bodies in the company. The Control Committee may take up for consideration any issue concerning Storebrand Livsforsikring AS.

The Control Committee of Storebrand Livsforsikring AS currently has the following members:

Name	Function	Significant Outside Activity (where significant with respect to Storebrand Livsforsikring AS)
Elisabeth Wille	Chairman	Control Committee member, Storebrand ASA; Lawyer
Harald Moen	Member	Control Committee member, Storebrand ASA; Independent adviser
Ida Hjort Kraby	Member	Control Committee member, Storebrand ASA; Attorney, Office of the Attorney General
Ole Meidel Klette	Member	Control Committee member, Storebrand ASA; Independent adviser

There are no potential conflicts of interest between the members of the Control Committee's duties to Storebrand Livsforsikring AS and their private interests and/or other duties.

The business address of each member of the Control Committee is:

The Control Committee of Storebrand Livsforsikring AS
Attn.: Chairman Elisabeth Wille
Filipstad Brygge 1
P.O. Box 1380 Vika
N-0114 Oslo
Norway

4.4 Auditors

Deloitte AS are the external auditors to the Storebrand Group. KPMG AS are the internal auditors.

External auditors:
Deloitte AS
Karenslyst alle 20
P.O. Box 347 Skøyen
N-0213 Oslo
Norway
Deloitte is a member of The Norwegian Institute of Public Accountants

Internal auditors:
KPMG AS
KPMG Huset
Sørkedalsveien 6
P.O. Box 7000 Majorstuen
N-0306 Oslo
Norway
KPMG is a member of The Norwegian Institute of Public Accountants

5 Update on financial results for 2007 (preliminary and unaudited)

The Issuer's Preliminary unaudited accounts 2007 (not including SPP). Corresponding figures for 2006 in brackets.

The Issuer reported an operating profit of NOK 4,138 million for 2007 (NOK 5,174 million). The Storebrand Life Group reported an operating profit of NOK 4,162 million for 2007 (NOK 5,176 million), and pre-tax profit for the owner of NOK 1,365 million for 2007 (NOK 1,182 million). The earnings reported by the Issuer in accordance with IFRS were affected by a net positive non-recurring item of NOK 215 million in respect of a write-back of a previous charge to equity made in Q2 2006 as a result of IFRS 4 (Insurance Contracts) and IAS 19 (Pensions). The pension costs in question were recognised in the Issuer's 2007 accounts in accordance with NGAAP, and the non-recurring effect is a result of the model used by the company for profit sharing between the owner and policyholders.

New tariffs for premiums and reserves were introduced in 2008 to take into account the lower mortality rates among the insured population that have been observed in recent years. On this basis premium reserves were increased by NOK 3,305 million at 31 December 2007. This amount is made up of NOK 2,605 million for private sector group pension business, including individual policies deriving from group business and group association business, NOK 350 million for public sector group pension business and NOK 350 million for personal pension insurance.

Risk result for 2007 was NOK 244 million, an improvement of NOK 25 million from the previous year. The administration result for 2007 showed a loss of NOK 669 million (loss of NOK 551 million) of which products subject to profit sharing represented a loss of NOK 359 million. The interest result was NOK 7,887 million for 2007 (NOK 5,523 million). Net realised gains on securities totalled NOK 4,289 million for the year (NOK 3,417 million). The real estate portfolio recorded net upward revaluations totalling NOK 2,975 million for the year, whilst unrealised gains on investments held as current assets were NOK 3,854 million at year-end. The market value of investments held to maturity showed an unrealised gain of NOK 40 million at the end of 2007. The unrealised gain is not included in the accounts.

Transfers of pension business produced a net inflow to the Issuer of NOK 1,056 million for 2007 as a whole.

The Issuer achieved a value-adjusted investment return of 7.3 per cent. in 2007 (8.3 per cent.). Value-adjusted return including unrealised gains on financial fixed assets was 6.6 per cent. (6.5 per cent.), whilst the booked investment return was 8.9 per cent. in 2007 (7.1 per cent.).

The Issuer's total assets increased by NOK 25 billion over the course of the year to stand at NOK 197 billion at the close of 2007. The increase reflects amongst others the share issue and subordinated loan taken up by Storebrand ASA in connection with the NOK 13.8 billion SPP acquisition. The life company's overall exposure to equities, including derivative positions, reduced to 26 per cent. at the end of 2007. Net investment in bonds held to maturity reduced by NOK 2.7 billion over the course of 2007. Bonds and commercial paper held as current assets increased by NOK 1.8 billion in 2007. Other asset classes showed little change in 2007 as a whole.

The Issuer's risk capital stood at NOK 15.5 billion as at year end 2007 (NOK 16.8 billion). Risk capital includes approximately NOK 0.6 billion of additional statutory reserves in excess of one year's interest rate guarantee. The Issuer satisfies all capital adequacy requirements by a satisfactory margin. Capital adequacy was 10.0 per cent. at year end 2007 (9.7 per cent.). The Issuer's solvency margin was 136.1 per cent. at the close of 2007 (174.6 per cent.). The primary capital included in the capital adequacy and solvency margin capital calculations was increased by the share issue and subordinated loan, but was reduced by intangible assets resulting from the SPP transaction.

SPP's solvency margin was 178 per cent. at the end of 2007. The decline from 310 per cent. at the previous year-end was principally due to the extraordinary dividend paid to Handelsbanken in the year.

Purchase of SPP:

The acquisition of SPP was implemented on 21 December 2007. There were no material accounting effects in the subsequent period to 31 December 2007. SPP's earnings therefore do not affect the Issuer's earnings for 2007 as a whole. The transaction will accordingly be recognised for accounting purposes based on the equity of SPP at 31 December 2007. The acquisition will therefore have no effect on the earnings reported for 2007. The consolidated balance sheet of the Issuer at 31 December 2007 will, when published, include Storebrand Holding AB and the underlying companies.

Taxation

Norwegian Taxation

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Norway, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Norwegian tax law, to which they may be subject.

Payments of principal and interest on the Notes issued to persons who have no connection with Norway other than the holding of such Notes issued by the Issuer are, under present Norwegian law, not subject to Norwegian tax, and may therefore be made without any withholding tax or deduction for any Norwegian taxes, duties, assessments or governmental charges.

Capital gains or profits realised on the sale, disposal or redemption of such Notes by persons who have no connection with Norway other than the holding of the Notes are not, under present Norwegian law, subject to Norwegian taxes or duties.

No Norwegian issue tax or stamp duty is payable in connection with the issue or the transfer of the Notes.

The Notes will not be subject to any Norwegian wealth tax provided that the holder has no connection with Norway other than the holding of Notes and provided that the Notes have not been used in, or in connection with, any business activity operated through a permanent establishment situated in Norway.

Persons considered domiciled in Norway for tax purposes will be subject to Norwegian tax on interest received in respect of the Notes at the rate of 28 per cent. Likewise, capital gains or profits realised by such persons on the sale, disposal or redemption of the Notes will be subject to Norwegian taxation at a rate of 28 per cent. and losses will be tax deductible.

For individuals resident in Norway, the value of Notes is included when computing the Norwegian wealth tax. Norwegian limited liability companies and certain other similar companies are not subject to wealth tax. Currently, the marginal wealth tax rate is 1.1 per cent. of the value assessed.

Luxembourg Taxation

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(i) *Non-resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15 per cent. during the first three-year period starting 1 July 2005, at a rate of 20 per cent. for the subsequent three-year period and at a rate of 35 per cent. thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 15 per cent.

(ii) *Resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries) unless during such period those countries elect otherwise. A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

Subscription and Sale

J.P. Morgan Securities Ltd., Nordea Bank Danmark A/S and UBS Limited (together the **Joint Lead Managers**) and Danske Bank A/S, DnB NOR Bank ASA, Skandinaviska Enskilda Banken AB (publ) and Société Générale (together the **Co-Managers** and, together with the Joint Lead Managers, the **Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 22 February 2008, jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 100 per cent. of the principal amount of Notes, less a combined selling concession and management and underwriting commission of 0.625 per cent. of the principal amount of the Notes. The Issuer will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented, warranted and undertaken and agreed that, except as permitted by the Subscription Agreement:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue of the Notes in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Kingdom of Norway

No offering material in relation to any Notes has been or will be approved by the Oslo Stock Exchange.

Each Manager has represented, warranted and undertaken that:

(i) the Notes will not be offered or sold, directly or indirectly, within the Kingdom of Norway, and neither this Prospectus nor any other offering material relating to any Notes have been distributed or will be distributed in the Kingdom of Norway, except in accordance with the Norwegian Securities Trading Act of 29 June 2007 no. 75, in particular, the licence requirements under chapter 9 and the prospectus requirements under chapter 7; and

(ii) generally, it has complied with and will comply with all applicable provisions of the Norwegian Securities Trading Act, and any other applicable law, with respect to anything done by it in relation to any Notes in, from or otherwise involving the Kingdom of Norway.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to the categories of qualified investors (*investitori qualificati*) set out in paragraph 2(1)(e)(i) to (iii) of the Prospectus Directive 2003/71/EC and pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and the relevant implementing CONSOB regulations, as amended from time to time; or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended (**Regulation No. 11971**).

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information of the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

General

Persons into whose hands this Prospectus comes are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

General Information

Authorisation

1. The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 19 December 2007.

Listing and Admission to Trading

2. Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to the Official List of the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market.

   The total expenses related to the admission to trading of the Notes will be approximately €13,800.

Clearing Systems

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The ISIN for this issue is XS0349201847 and the Common Code is 034920184.

   The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brusssels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant change

4. There has been no significant change in the financial or trading position of the Issuer or the Storebrand Life Group since 31 December 2006 and there has been no material adverse change in the financial position or prospects of the Issuer or the Storebrand Life Group since 31 December 2006.

Litigation

5. Neither the Issuer nor any other member of the Storebrand Life Group is or has been involved in governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Storebrand Life Group.

Accounts

6. The external auditors of the Issuer are Deloitte AS, who have audited the Issuer's accounts, without qualification, in accordance with international auditing standards for each of the financial years ended on 31 December 2005 and 31 December 2006.

   Deloitte AS are members of The Norwegian Institute of Public Accountants (*DnR*). The Norwegian Institute of Public Accountants (*DnR*) is the professional body for registered public accountants (*registrert revisor*) and state authorised public accountants (*statsautorisert revisor*) in Norway.

   Deloitte AS has no material interest in the Issuer.

Documents

7. Copies of the following documents will be available from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London so long as any of the Notes remains outstanding:

   (a) the memorandum and articles of association (with an English translation thereof) of the Issuer;

   (b) the audited consolidated and non-consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2005 and 31 December 2006 (with an English translation thereof), in each case together with the audit reports prepared in connection therewith;

   (c) the most recently published audited annual financial statements of the Issuer and the most recently published interim financial statements (if any) of the Issuer (in each case with an English translation thereof), in each case together with any audit or review reports prepared in connection therewith; and

(d) the Subscription Agreement, the Trust Deed, and the Agency Agreement.

Replacement Capital Covenant

8. The Issuer intends to enter into a replacement capital covenant for the benefit of a designated series of the Issuer's debt securities. It is anticipated that the terms of such replacement capital covenant will provide that the Issuer will not repay, redeem, defease or repurchase any Notes, either directly or through any Subsidiaries, unless the principal amount of the Notes repaid, redeemed, defeased or repurchased is at least equalled by the sum of a specified percentage of the net cash proceeds received by the Issuer or any of its Subsidiaries during the six months prior to such repayment, repurchase, defeasance or redemption from the issue or sale of qualifying securities to third party investors and that the covenant will terminate on the redemption of the Notes if not terminated earlier in accordance with its terms.

Reliance by Trustee

9. The Trust Deed provides that any certificate or report of the auditors of the Issuer or any other expert called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts stated therein, whether or not any such certificate or report or any engagement letter or other document entered into by the Trustee and/or such auditors and/or expert in connection therewith contains any limit on liability (monetary or otherwise) of such auditors and/or expert.

Yield

10. The above pricing gives a yield of 9.362 per cent. per annum. The yield is calculated as of the date of this Prospectus and may fluctuate in the future. It is not an indication of future yield.

Consolidated Financial Statements of the Issuer

The consolidated audited financial statements and notes thereto for the years ended 31 December 2006 and 31 December 2005, extracted without material adjustment from the Annual Reports of the Issuer for the years ended 31 December 2006 and 31 December 2005, are set out on pages F-1 to F-103 of this Prospectus.

Report of the Board of Directors

Main features

The company's main areas of focus are pensions and life insurance products for private individuals, companies and public sector bodies. Storebrand Livsforsikring's objective is to be recognised by customers as the leading and most respected institution in the Norwegian market for long-term savings and life insurance. This can only be achieved and maintained by offering the highest quality advice, customer service and product range in the market. The Storebrand group is the only player in the Norwegian market that specialises in long-term savings and life insurance as its major area of activity, and Storebrand Livsforsikring intends to make the best possible use of this unique position.

The Norwegian life insurance market is facing a number of changes. Storebrand is making the appropriate preparations for this, including changes to product pricing, portfolio structure and risk management, as well as changes to internal systems.

Subsidiaries and associated companies

In addition to its activities in the Norwegian market, the company owns 25% of Nordben Life and Pension Insurance Company Ltd. of Guernsey. Storebrand also offers actuariel services, system and full range of oprerational services for pension funds through its subsidiaries Aktuar Systemer AS and Storebrand Pensjontjenester AS.

Storebrand opened a Swedish branch in 2005. The branch offers pension insurance in the Swedish market based on Norwegian insurance legislation. Sales are made through insurance brokers.

Storebrand Eiendomsholding AS has been incorporated as a holding company for real estate activities. The company is wholly owned by Storebrand Livsforsikring AS. Properties owned directly by Storebrand Livsforsikring AS were demerged and sold to Storebrand Eiendomsholding AS as of 30 September 2006.

Sales through external distributors represent an important part of the company's focus on the retail market. In order to strengthen distribution capacity, Storebrand has acquired a 34% interest in Caveo ASA, which has 65 advisers working from 12 offices around Norway, and has also acquired a 34% interest in Økonomiforvaltning AS.

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

Sales

Corporate market

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

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

Storebrand has established a sizeable number of framework agreements with employers' organisations and trade associations over recent years, and these agreements played an important role when mandatory occupational pension schemes were introduced. Storebrand enjoyed success in sales of mandatory occupational pension products through these arrangements.

By the close of 2006, Storebrand had set up mandatory occupational pension schemes for some 15,500 companies with 200,000 employees in total. At the start of 2007, 180,000 of these employees were pension scheme members. The number of members will increase over time as part-time employees and seasonal workers build up sufficient service to meet the requirement of 20% employment in order to become a member of their employer's pension scheme. The annual premium volume for these pension schemes as at 31 December 2006 was just under NOK 700 million. A further NOK 200 million has accrued in 2007.

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

Following the introduction of mandatory employers' pensions, the occupational pension market will in future mainly be a market for transfers between pension suppliers. Storebrand is well equipped for this change. As in 2005, Storebrand was again a winner in the market for transfers of occupational pension schemes in 2006, with transfers (sales agreed) of NOK 2.6 billion.

Many of the company's largest companies have started to evaluate whether to transfer from defined benefit to defined contribution pension arrangements. A number of companies have decided to make this change, and we expect to see further companies make this decision over the course of 2007.

Retail market

After 2-3 years of record sales of savings-related life insurance products, sales in this area levelled off in 2006, partly due to changes in the tax rules and partly due to restrictions on sales imposed by the company. Nonetheless, sales of savings-related life insurance products totalled over NOK 2.5 billion in 2006.

One of the major surprises of 2006 was the Norwegian government's decision to abolish the favourable taxation treatment of private pension saving. With effect from 12 May 2006, contributions to personal pension plans (IPA pensions) are no longer tax deductible. In addition, from 1 January 2007 annuity policies are no longer exempt from wealth tax. At the close of 2006, Storebrand managed some NOK 18 billion of investments in IPA pensions and NOK 6.5 billion of annuity policies. Contributions to IPA pension and annuity policies totalled NOK 1 billion in 2006 as compared to NOK 1.1 billion in 2005.

Financial results

Storebrand Livsforsikring AS reported a profit for the year before allocation between policyholders and the owner of NOK 5,175 million, as compared to NOK 4,372 million for 2005. (Equivalent figures for the Storebrand Livsforsikring group are a profit of NOK 5,176 million in 2006 and NOK 4,373 million in 2005). Of the profit for the year, NOK 3,994 million was allocated to policyholders (of which NOK 1,000 million was transferred to additional statutory reserves) and NOK 1,181 million was allocated to the owner. The owner's profit included NOK 135 million from products not included in profit sharing with policyholders, excluding insurance products with investment choice. Insurance products with investment choice generated a loss of NOK 77 million. The owner's profit after tax was NOK 1,181 million.

Interest result is the difference between the booked return and the guaranteed return on policies. The average guaranteed return on insurance policies in 2006 was 3.6%. Good investment returns on the assets managed for customers represent the most important element of profitability for savings-related products. The company produced a good book investment return in 2006. Interest result for the year was NOK 5,573 million for 2006, as compared to NOK 4,402 million for 2005.

Risk result arises as a consequence of the incidence of mortality and disability during the period differing from that assumed for the premium tariffs. The risk result for 2006 was NOK 220 million as compared to NOK 365 million in 2005. The decline of NOK 145 million reflects decreases of NOK 99 million for group pension business, NOK 47 million for group life business and NOK 32 million for non-life business. Individual endowment policies (single payments) and individual pension insurance showed increases of NOK 9 million and NOK 24 million respectively.

Administration result shows the difference between the administration premium charged for the year and actual operating costs. The administration result was a deficit of NOK 600 million, representing a weakening of NOK 216 million from 2005. All lines of business showed a decline in administration result. The reasons for this included increased investment management fees as a result of the good investment return achieved and costs incurred in respect of mandatory occupational pension products.

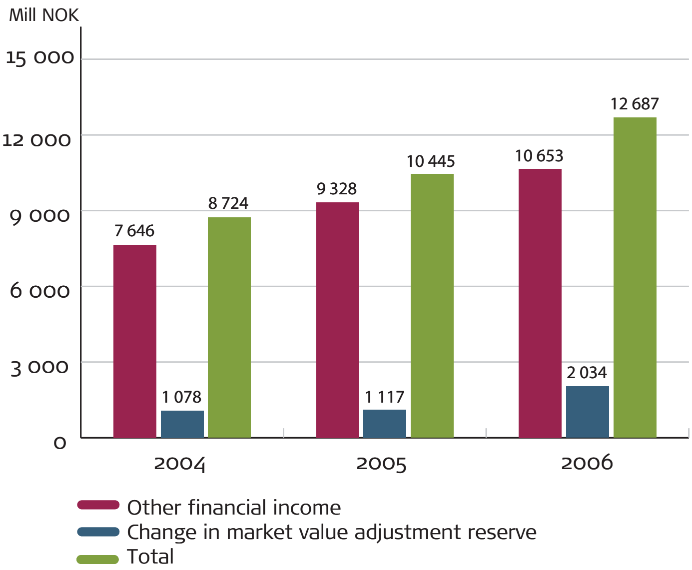
With effect from the 2005 accounting year, Storebrand has prepared its consolidated accounts in accordance with International Financial Reporting Standards (IFRS). Life insurance companies in Norway are not currently permitted to report in accordance with IFRS. Storebrand Livsforsikring AS/Group will therefore continue to produce its annual accounts in accordance with Norwegian accounting legislation and the regulations for insurance companies.

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

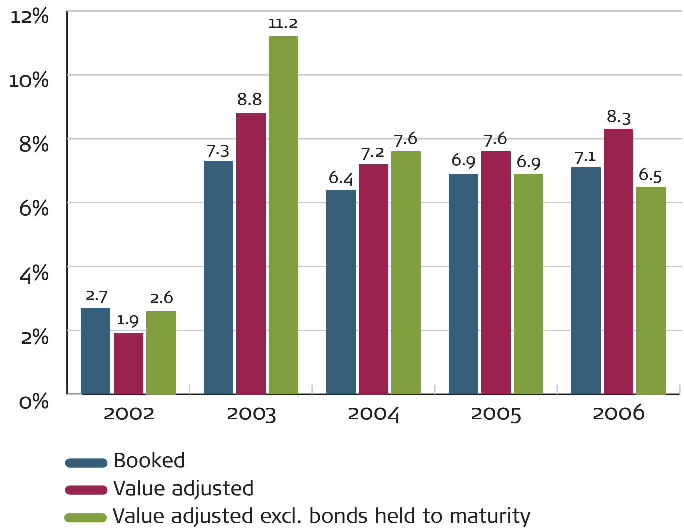
Premium income: Storebrand Livsforsikring's total premium income for 2006, including policy transfers, was NOK 19,619 million. This represents an increase of 2% from 2005, when total premium income was NOK 19,227 million. The total inflow of premium reserves from transfers between companies was NOK 5,260 million as compared to NOK 564 million in 2005. Premiums written decreased by 22% from 2005. The lines of business showing the largest percentage increase were products with investment choice, where group pension insurance was up by 139% and individual endowment/pension insurance was up by 59%. Non-life insurance (products provided within the life insurance regulatory framework) also showed good growth, with a 42% increase. Defined benefit group pension insurance and group life insurance showed increases in premium income of 16% and 6% respectively. Individual endowment insurance showed a decline of 65% due to the restrictions imposed by the company on sales of life insurance related savings products to the retail market. If these savings products are excluded, premium income showed an increase of 21%. Individual annuity/personal pension products showed a decline of 27% from 2005. This was caused by the Norwegian Government's proposal to abolish the current tax arrangements for personal pensions.

Investment return: Storebrand Livsforsikring produced a good investment return in 2006. The book value of the portfolio of investment properties was increased by NOK 928 million in 2006. The booked investment return was 7.1%, as compared to 6.9% for 2005. The value-adjusted return including gains on current asset investments was 8.3% as compared to 7.6% in 2005. At the close of 2006 unrealised gains on current asset investments totalled NOK 5,918 million, while unrealised gains on bonds held to maturity totalled NOK 1,097 million. 10 of the company's 13 discretionary investment mandates produced a better return than their benchmark index in 2006.

Net income from financial assets



Investment return



Costs: Storebrand Livsforsikring incurred operating costs of NOK 1,755 million in 2006 as compared to NOK 1,457 million in 2005. The increase of NOK 298 million was caused mainly by increased investment management fees as a result of the good investment return achieved, the new branch in Sweden, and work on mandatory employer's pension products. Policyholders' funds, excluding insurance products with investment choice, increased by 9% in 2006 and costs relative to average policyholders' funds were 1.10% in 2006, unchanged from 2005. The company has targeted further improvements in operational efficiency that will create the basis to absorb further growth in business volumes without an equivalent increase in costs.

Insurance claims and benefits: Claims and benefits paid for own account increased by 35% in 2006 to NOK 14,425 million. The change reflects a decrease in outward transfers of policyholders' assets from NOK 1,916 million in 2005 to NOK 1,477 million in 2006, and also an increase of NOK 3,361 million in cancellations and withdrawals to NOK 6,242 million in 2006. The increase in withdrawals relates to savings-related products in the retail market. Other claims and benefits paid totalled NOK 6,706 million, an increase of NOK 807 million for the year that is normal in relation to the total insurance portfolio.

Allocations to the insurance fund: Good net sales and a good investment return caused an increase in policyholders' funds of NOK 11.6 billion in 2006 to NOK 146.1 billion at 31 December 2006. Of the profit allocated to policyholders, NOK 1,644 million was allocated to the premium fund, which totalled NOK 6.8 billion at 31 December 2006. Additional statutory reserves are conditionally allocated customer funds that act as risk capital for fluctuations in the value of the investment portfolio. Additional statutory reserves were strengthened by NOK 1,000 million and totalled NOK 5.6 billion at 31 December 2006. This represents approximately NOK 0.6 billion in excess of the amount equivalent to one year's guaranteed return.

Risk management and capital adequacy

The majority of savings-related life insurance products incorporate a guaranteed minimum return. These savings products currently offer an average annual guaranteed return just under 3.6%. The average guaranteed return will fall over time since the return guaranteed on new policies cannot exceed 2.75%. The life company's financial risk relates both to its ability to generate an investment return at least equal to the guaranteed minimum return and its commitment to deliver future pension benefits. This places particular demands on how the life insurance company invests in financial securities and other assets, and on the quality of the company's risk management. Increases in interest rates over the course of 2006 helped to strengthen the life company's risk-bearing capacity. The company has invested a significant proportion of its financial assets in bonds classified as hold to maturity with a running yield of over 5%.

In early 2004, the Norwegian parliament approved a number of significant changes to the Insurance Activities Act. One important change is that insurance companies, for certain products, must charge the customer in advance for the guarantee of a minimum interest rate. The new Insurance Activities Act comes into effect from 1 January 2008 (the Act itself came into force on 1 July 2006, but the transitional regulations mean that the new business rules come into effect from 1 January 2008).

The allocation of financial assets is determined by the company's investment strategy. The investment strategy establishes guidelines for the composition of financial assets by setting limits and guidelines for the company's risk management. The strategy also includes limits and guidelines for credit and counterparty exposure, foreign exchange risk and the use of derivatives. The objective of continuous risk management is to maintain sound risk bearing capacity and to continuously adjust financial risk exposure to the company's solidity, while at the same time creating the potential for a good investment return.

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

Rising interest rates cause losses in the form of lower prices for interest-bearing securities such as commercial paper and bonds. However higher interest rates both in Norway and internationally have the effect of improving Storebrand Livsforsikring's risk bearing capacity. Low interest rates reduce the interest earned on the proportion of financial assets invested in interest-bearing securities, and make it more difficult to generate the guaranteed minimum annual return without recourse to the company's buffer reserves. The company has invested NOK 43.1 billion, a significant proportion of its financial assets, in bonds held to maturity with an average running yield of 5.2%.

Bonds, commercial paper and investments in bond funds held as current assets totalled NOK 44.5 billion at the close of 2006.

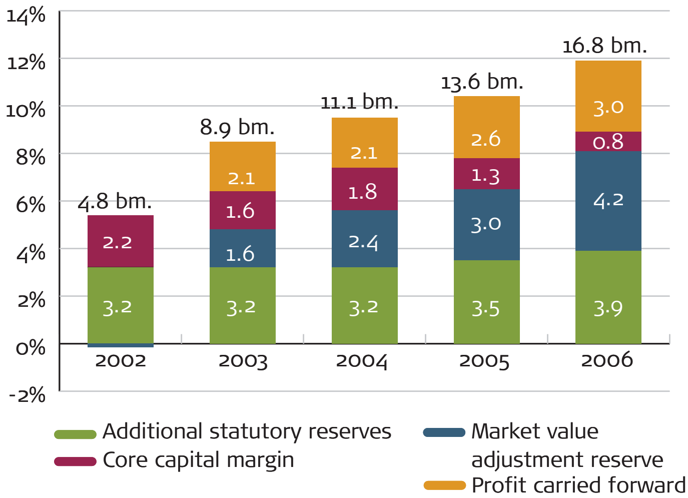
In accordance with its risk management policy, the company increased its exposure to equities, including derivatives positions, from 23% to 28% over the course of 2006. Hedging programs were again used for the equity portfolio in 2006 so that risk capital would not be unnecessarily adversely affected in the event of a sudden sharp fall in equity markets.

The company invested NOK 4 billion net in real estate in 2006, and real estate investments accounted for 11% of total investment assets at the close of 2006.

The company's lending portfolio amounted to NOK 2.3 billion at 31 December 2006, representing an increase of NOK 1.6 billion in 2006. The portfolio is made up of corporate loans.

The company's risk capital increased by NOK 3.2 billion in 2006 to NOK 16.8 billion, including NOK 0.6 billion of additional statutory reserves in excess of the amount required for one year's interest rate guarantee. Storebrand Livsforsikring satisfied all capital adequacy requirements in 2006 with a satisfactory margin. The company's solvency margin was 174.6% at 31 December 2006 as compared to 175.9% at 31 December 2005 (the minimum requirement is 100%). The Storebrand Livsforsikring group's capital ratio was 9.70% at 31 December 2006, representing a decline of 1.2 percentage points in 2006 (the minimum requirement is 8%). The decline was principally due to an increase in total assets and higher exposure to shares. The core capital margin was 6.5%.

Risk capital as % of policyholder's funds excl. additional statutory reserves



At the close of 2006, Storebrand Livsforsikring AS was rated A and A2 respectively by Standard & Poor's and Moody's. These ratings are with "stable outlook".

Regulatory matters

Norwegian life insurance companies must satisfy two sets of capital adequacy requirements – one set that monitors the company's assets (Basle) and one set that monitors liabilities (Solvency I). The Ministry of Finance resolved in December that Norwegian life insurance companies would be permitted to apply the Basle II requirements in respect of assets with effect from 1 January. This change reflected an intention to harmonise capital adequacy arrangements across the financial services sector once Basle II came into effect for other financial institutions, and was also intended to reduce the opportunity for regulatory arbitrage. For the 2007 accounting year, life insurance companies can choose to comply with either Basle I or Basle II. Life insurance companies are expected to be subject to Basle II in combination with Solvency I until the harmonised European capital adequacy requirements of Solvency II come into effect, which will be at the earliest in 2010. As part of the preparation for the introduction of the principles of Solvency II, the Ministry of Finance has asked Kredittilsynet (the Financial Supervisory Authority of Norway) to develop proposals for new stress tests that take into account the market value ("fair value") of liabilities as well as principles for risk-based supervision. The stress tests will not impose requirements for capital adequacy, but will lead to better measurement and management of risk by life insurance companies.

The EU is now working on the detailed provisions of Solvency II, and Storebrand follows the progress in this area closely. The framework directive for Solvency II is due to be published in mid-2007. Implementation of the new regulatory framework will present some particular challenges in the Norwegian market in respect of the limited size of the Norwegian bond market, currency dependency, the interrelation with the new Insurance Activities Act, the particular rules in Norway on transfers of business between companies and the level of buffer capital.

Personnel, organisation and corporate bodies

Storebrand Livsforsikring is a wholly owned subsidiary of Storebrand ASA. The Storebrand Livsforsikring group's headcount at the end of 2006 was equivalent to 1 081 full-time positions as compared to 911 at the start of the year. The average age of the employees in the Storebrand group is 42 years, with an average length of service of 10 years. All Storebrand employees are treated equally, regardless of gender, age, disability, faith, cultural differences or sexual orientation. The group carries out a systematic program of staff development, and further strengthened its focus on competence development in 2006.

In order to ensure that the group has the expertise it needs available at all times, Storebrand has developed an expertise database tool that will come into use during 2007. All the group's development and training opportunities are made readily available to employees through a competence portal.

A number of new measures have been introduced to develop expertise in technical areas and management skills. This has included the development of a compulsory module-based management program.

Storebrand has a comprehensive system for employee appraisal and remuneration. Training requirements are agreed and documented through the performance appraisal process, and managers are committed to actively monitoring the development of their employees.

Storebrand is fully committed to increasing the number of women in senior management. The group's target is for 40% female representation among its management staff and on its internal and external boards of directors. In 2006, 33% of the members of the Board of Storebrand Livsforsikring AS were women. 37.9% of the group's managers are female.

Storebrand implemented targeted measures in the period to encourage more women to take on management responsibility. This included the company's active participation in an external mentoring program for female staff, and ensuring a virtually equal participation of men and female staff on internal management development programs. The group participated in 2006 in Futura, the Norwegian Financial Services Association's management training program for women. Storebrand insists that external recruitment consultants put forward both male and female candidates on short lists for management recruiting. Employee benefits, such as flexi-working, extending full salary for sick leave to include attending to children or parents, and full salary for maternity leave, are seen as important measures in encouraging gender equality.

Storebrand produces salary statistics at specified management levels to facilitate the comparison of salaries between male and female employees.

Storebrand is committed to offering a good senior policy. The group employed 21 employees over the pension age of 65 in 2006 as compared to 13 in 2005. 45 new members of staff over the age of 45 were recruited in 2006. Storebrand carries out an annual senior survey, and one of its targets is that 90% of older employees should be satisfied with Storebrand as an employer. This target was not achieved in 2006, but continues unchanged for 2008. A particularly positive feature of the survey was that 39.4% of older employees wished to continue working after reaching 65 years of age as compared to 24.4% in 2003.

Storebrand reviewed and updated its ethical guidelines in 2006, and distributed new ethical rulebooks to all employees. In addition, ethical issues were a standard agenda item at a number of employee gatherings. Employees can seek advice anonymously from an ethics page on the Storebrand Intranet, and the company publishes its replies for all employees to see. This can also be used for employees to anonymously communicate concerns directly to the Board of Directors.

Storebrand has assisted the Norwegian Financial Services Association in producing ethical guidelines for financial advisers. These guidelines have been distributed to and reviewed by all Storebrand's advisers.

Storebrand has worked systematically to reduce absence due to illness over many years, and the group has participated in the 'Inclusive workplace' scheme since 2002. Absence due to illness in the group in 2006 was 5.1%. This represents an increase from 2005 and is somewhat above the target of 4.8%. The incidence of long-term sickness has increased, while short-term absence has remained stable. Storebrand will continue to concentrate on reducing absence due to illness, and this will include training employees in the internal procedures for sick leave that were reissued in 2006.

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

The following changes were made to the Board of Directors in 2006. Andreas Enger replaced Jan Kildal and Inger- Johanne Strand replaced Hege Hodnesdal as the employee representative.

Corporate social responsibility

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

The group's two-year corporate responsibility action plan expired in 2006. The majority of the objectives were achieved. In addition, a number of measures were implemented that were not included in the two-year plan, including investment in microfinancing. Some of the targets in the action plan proved too challenging to achieve within the timetable set for various reasons, but these objectives are included in the next two-year action plan.

In 2006, Storebrand was included in the Global 100, a list of the hundred most sustainable companies in the world. Norwegian students voted Storebrand as the best company in Norway for business ethics and corporate responsibility, and Storebrand continued to qualify for inclusion in the sustainability indices sFTSE4Good and Dow Jones Sustainability Index.

The Corporate Responsibility action plan can be found or ordered on www.storebrand.com/corporate responsibility

Storebrand's impact on the external environment

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

New life insurance legislation

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

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

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

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

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

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

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

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

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

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

Future prospects

Corporate market

Changes in the occupational pension market

Until quite recently, occupational pensions in the Norwegian market were synonymous with defined benefit pensions. The legislation permitting pensions where benefits are not defined in advance but depend on the contributions made and the return they earn was approved by the Norwegian parliament in 2001. At that time, the authorities saw defined contribution pensions as a supplement to the established defined benefit schemes, and a simpler alternative for companies that did not have a pension scheme at all.

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

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

Paid-up policies

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

Pension reform

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

The government has announced that once the new rules for the national insurance pension scheme have been approved, it will evaluate the need for changes in legislation on private sector occupational pensions, including the question of how a flexible pension age might be introduced in employers' pensions. The Norwegian Parliament is expected to debate the White Paper during the 2007 spring session. In 2006, Parliament approved a proposal by the government to withdraw the taxation incentives for personal pension contracts (IPA) and both personal and group annuities. However, in November 2006 the government parties agreed to a proposal from the opposition for general agreement on the need for a new model of tax incentives for private pension savings.

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

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

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

Focus on HSE improves employees' job satisfaction and quality of life. For employers, focus on HSE reduces the cost of absenteeism and contributes to value creation as well as reducing insurance premiums. Moreover, a reduction in absenteeism and a lower incidence of disability pensions benefits society at large. Storebrand offers lower disability premiums for businesses that enter into a Storebrand HSE agreement. This product provides both health insurance and HSE advice from Storebrand. Health insurance secures prompt access to treatment when employees fall ill, while HSE advice helps companies to work towards a better working environment and reduced sick leave. Storebrand's HSE agreement is only available to companies that have entered into a "More inclusive working life" agreement with the National Insurance Administration. For public sector customers, Storebrand has established an HSE and senior policy fund. The fund can be used for various HSE measures, as well as training and education. In addition, Storebrand offers health insurance and HSE advice for municipalities and other public sector entities.

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

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

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

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

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

The government has announced that the minimum contractual periods for tax periods on annuity policies and small IPA pension contracts will be abolished with effect from 2007. The Ministry of Finance will issue new regulations in this respect early in 2007. Storebrand is committed to finding good solutions for its IPA pension and annuity customers and retaining the assets under management for these products.

It is pleasing to see that discussions between the parties on the government's proposed pension reforms do suggest that tax shelter for private pension savings may continue in one form or another if the parties reach agreement in spring 2007. It is as yet uncertain whether any new arrangement will continue to apply to IPA contracts or annuity policies, or whether it would involve a different solution. The timing of the introduction of any new arrangements is also uncertain.

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

Growth

Storebrand Livsforsikring expects growth in its total portfolio in the corporate market of between 8% and 10% annually. The market for long-term savings continues to grow. The introduction of mandatory occupational pensions in 2006 has made Norwegians more aware of the need for personal saving. The group gained around 15,500 new corporate customers in 2006, representing some 200,000 employees in total. This major increase in the customer base will be of great importance for Storebrand's retail market activities in future years. These new customers will be offered attractive solutions for personal insurance and for personal savings.

Allocation of the result for the year

Storebrand Livsforsikring AS reports a profit available for sharing between policyholders and the owner of NOK 5,175 million for the year. After allocating NOK 1,000 million to additional statutory reserves, the profit for the year was NOK 4,175 million. The company's distributable reserves amount to NOK 3,079 million. The Board proposes the following allocation of the profit for the year:

Allocation		To the owner		To policyholders	
NOK million	Total	To the owner	%	To policyholders	%
Profit/loss for products not subject to profit allocation	57.8	57.8			
Profit/loss for products subject to profit allocation	4 116.8	1 122.7	27%	2 994.1	73%
Total	**4 174.6**	**1 180.5**		**2 994.1**	
The Board proposes that the owner's profit be allocation as follows:					
Dividend		885.3			
Transfer to the equity		295.2			

Oslo, 12 February 2007
The Board of Directors of Storebrand Livsforsikring AS
Translation, not to be signed

Leiv L. Nergaard Chairman	Camilla Grieg	Trond Wilhelmsen	Hans Henrik Klouman
	Andreas Enger	Inger-Johanne Strand	Idar Kreutzer Managing Director

Notes to the accounts

Profit and loss account Storebrand Livsforsikring

1.1.–31.12.

Storebrand Life Group					Storebrand Livsforsikring AS		
2004	2005	2006	NOK million	Note	2006	2005	2004
			TECHNICAL ACCOUNT:				
15 315.2	16 028.0	13 125.4	1.1 Gross premiums written		13 125.4	16 028.0	15 315.2
-22.4	-28.3	-56.9	1.2 Reinsurance premiums ceded		-56.9	-28.3	-22.4
2 619.3	2 317.8	6 550.0	1.3 Premium reserves transferred from other companies	4	6 550.0	2 317.8	2 619.3
17 912.1	**18 317.5**	**19 618.5**	**1. Premiums for own account**	**1,2**	**19 618.5**	**18 317.5**	**17 912.1**
		1.5	2.1 Income from shares and participations in group companies		38.2	5.5	17.3
4.4	0.4	18.0	2.2 Income from participations in associated companies		19.2	0.4	4.4
0.3			2.3 Income from receivables due/securities issued by group companies				0.4
888.7	1 052.9	1 347.3	2.4 Income from property and real estate investments		1 143.0	959.5	804.0
4 578.3	4 703.7	5 168.8	2.5 Income from other financial assets		5 168.8	4 702.0	4 577.4
202.8	263.7	967.2	2.6 Revaluation of property and real estate investments		967.2	263.7	202.8
1 077.7	1 116.8	2 033.9	2.7 Unrealised gains/reversals of unrealised losses on financial current assets		2 033.9	1 116.8	1 077.7
3.0		39.7	2.8 Reversal of write-downs of financial assets		39.7		3.0
8 286.7	10 987.7	11 050.7	2.9 Gains on sales of financial assets		11 035.7	10 987.7	8 286.7
15 041.9	**18 125.2**	**20 627.1**	**2. Income from financial assets**	**6**	**20 445.7**	**18 035.6**	**14 973.7**
		685.4	**3. Net income from financial assets with investment choice**		**685.4**		
66.5	**18.2**	**33.4**	**4. Other insurance related income**		**33.4**	**18.2**	**66.5**
-6 824.1	-8 525.5	-12 906.3	5.1 Gross claims paid		-12 906.3	-8 525.5	-6 824.1
6.8	13.8	5.9	5.2 Claims paid - reinsurance		5.9	13.8	6.8
-31.2	-20.5	-47.7	5.3 Gross change in claims reserve		-47.7	-20.5	-31.2
-3 231.5	-1 830.9	-1 476.8	5.4 Premium reserves etc. transferred to other companies	4	-1 476.8	-1 830.9	-3 231.5
-10 080.0	**-10 363.1**	**-14 424.9**	**5. Claims for own account**	**1**	**-14 424.9**	**-10 363.1**	**-10 080.0**
-11 221.5	-11 223.5	-7 774.6	6.1 To/from premium reserve in the insurance fund (gross)		-7 774.6	-11 223.5	-11 221.5
-134.2	-125.4	-147.2	6.2 Guaranteed return on premium/pension adjustment fund		-147.2	-125.4	-134.2
-500.0	-950.0	-1 000.0	6.3 Additional statutory allocations for the year		-1 000.0	-950.0	-500.0
140.9	43.2	-79.8	6.4 To/from additional statutory reserves in connection with claims/repurchase		-79.8	43.2	140.9
24.6	58.9	187.1	6.5 Transfers of additional statutory reserves from other companies		187.1	58.9	24.6
-6.9	-10.6	-17.7	6.6 To/from security reserve		-17.7	-10.6	-6.9
-21.6	-15.2	-78.2	6.7 To technical reserves for non-life insurance business		-78.2	-15.2	-21.6
		-1 561.1	6.8 To/ from reserves for life insurance with investment choice		-1 561.1		
-11 718.7	**-12 222.6**	**-10 471.5**	**6. Changes in insurance reserves etc. for own account**	**1**	**-10 471.5**	**-12 222.6**	**-11 718.7**
-357.9	-509.5	-545.7	7.1 Sales expenses (insurance)	3	-545.7	-509.5	-357.9
-523.8	-757.8	-1 005.2	7.2 Insurance related administration expenses	8	-1 005.2	-757.8	-523.8
-881.7	**-1 267.3**	**-1 550.9**	**7. Insurance related operating expenses for own account**		**-1 550.9**	**-1 267.3**	**-881.7**
-5.5	-6.5	-7.5	8.1 Administration expenses: properties and real estate investments		-7.5	-6.5	-5.5
-151.6	-80.1	-196.4	8.2 Administration expenses: other financial assets		-196.4	-80.1	-151.6
-33.6	-7.3		8.3 Interest expense arising from financial assets			-6.2	-21.3
-137.9	-153.8	-265.9	8.4 Other expenses arising from financial assets		-53.4	-72.6	-75.9
-34.1	-232.8	-39.7	8.5 Revaluation of properties and real estate investments		-39.7	-232.8	-34.1
-0.3	-4.7		8.6 Write-downs to other financial assets			-4.7	-0.3
-6 139.0	-7 325.1	-7 634.1	8.7 Loss on disposal of financial assets		-7 634.1	-7 325.1	-6 139.0
-6 502.0	**-7 810.3**	**-8 143.6**	**8. Expenses in respect of financial assets**	**6**	**-7 931.1**	**-7 728.0**	**-6 427.7**
-164.9	**-100.7**	**-60.9**	**9. Other insurance related expenses after reinsurance share**		**-60.9**	**-100.7**	**-164.9**
-1 077.6	**-1 116.8**	**-2 033.9**	**10. To/from market value adjustment reserve**		**-2 033.9**	**-1 116.8**	**-1 077.6**
2 595.6	**3 580.1**	**4 278.7**	**11. TECHNICAL INSURANCE RESULT**		**4 309.8**	**3 572.8**	**2 601.7**

Storebrand Life Group					Storebrand Livsforsikring AS		
2004	2005	2006	NOK million	Note	2006	2005	2004
-764.0	-1 054.8	-1 350.2	12.1 Transfers to the premium reserve in the insurance fund		-1 350.2	-1 054.8	-764.0
-755.4	-1 209.9	-1 643.9	12.2 Transfers to the premium and pensioner's surplus fund		-1 643.9	-1 209.9	-755.4
-1 519.4	**-2 264.7**	**-2 994.1**	**12. Funds transferred to policyholders**	**1**	**-2 994.1**	**-2 264.7**	**-1 519.4**
1 076.2	**1 315.4**	**1 284.6**	**13. BALANCE OF THE TECHNICAL ACCOUNT**		**1 315.7**	**1 308.1**	**1 082.3**
			NON-TECHNICAL ACCOUNT:				
65.7	**86.1**	**108.1**	**14. Other income**				
-176.2	**-234.4**	**-210.4**	**15. Other expenses**		**-135.2**	**-141.6**	**-119.7**
965.7	**1 167.1**	**1 182.3**	**16. PROFIT FROM ORDINARY ACTIVITIES**		**1 180.5**	**1 166.5**	**962.6**
-33.4	**26.0**	**-0.7**	**17. Tax**	**7,24**		**26.6**	**-31.0**
-0.7		**-1.1**	**18. Minority interests' share of profit**				
931.6	**1 193.1**	**1 180.5**	**19. PROFIT FOR THE YEAR**		**1 180.5**	**1 193.1**	**931.6**
			ALLOCATIONS:				
			20.1 Group contribution paid				
			20.2 Dividend paid		-885.3	-775.4	-538.7
			20.3 Transferred to other equity		-295.2	-417.7	-392.9
			20. Total allocated		-1 180.5	-1 193.1	-931.6

Balance sheet Storebrand Livsforsikring

at 31 December

Storebrand Life Group					Storebrand Livsforsikring AS		
2004	2005	2006	NOK million	Note	2006	2005	2004
			ASSETS:				
41.6	24.9	8.2	1.1 Intangible assets	19	0.5		
		5.4	1.2 Deferred tax assets	24			
41.6	**24.9**	**13.6**	**1. Intangible assets**		**0.5**		
12 872.4	14 135.7	18 169.4	2.1 Properties and real estate	18,19	17 936.8	13 963.4	12 864.9
			2.2 Shares and participations in group companies	10,14	272.4	341.2	126.5
61.6	100.0	207.9	2.3 Shares and participations in associated companies	10,20	188.7	62.0	61.6
		4.4	2.4 Shares and other equity investments	14,19	4.2		
39 351.5	40 671.6	43 098.8	2.5 Bonds to be held to maturity	14,12,20	43 098.8	40 671.6	39 351.5
267.8	607.5	2 295.6	2.6 Secured lending	14,15	2 295.6	607.5	267.8
130.8	48.6	44.2	2.7 Other lending	14,15	44.2	48.6	130.8
1.1			2.8 Other financial long term assets				
52 685.2	**55 563.4**	**63 820.3**	**Long term financial assets**		**63 840.7**	**55 694.3**	**52 803.1**
28 616.4	39 338.4	45 515.7	2.9 Shares and other equity investments	9,13,14,16,20	45 515.7	39 336.8	28 579.3
44 039.8	48 785.3	44 538.6	2.10 Bonds and other fixed income securities	11,13,14,20	44 538.6	48 785.3	44 039.8
3 032.2	1 528.5	1 743.6	2.11 Money market placements	14,20	1 743.6	1 528.5	3 032.2
374.1	438.7	858.8	2.12 Financial derivatives	13,14,20	858.8	438.7	374.1
76 062.5	**90 090.9**	**92 656.7**	**Financial assets held as current assets**		**92 656.7**	**90 089.3**	**76 025.4**
128 747.7	**145 654.3**	**156 477.0**	**2. Total financial assets**		**156 497.4**	**145 783.6**	**128 828.5**
		3 028.7	3.1 Equityfund		3 028.7		
		127.0	3.2 Bondfund		127.0		
		1 094.7	3.3 Money market fund		1 094.7		
		2.0	3.4 Combination fund		2.0		
		3 111.7	3.5 Investments fund	16	3 111.7		
		7 364.1	**3. Life insurance assets with investment choice**	**17**	**7 364.1**		
1 189.7	957.0	1 628.8	4.1 Receivables due from insurance customers (direct business)		1 628.8	957.0	1 189.7
4.3	4.3	4.3	4.2 Receivables due arising from reinsurance		4.3	4.3	4.3
566.5	1 498.8	777.6	4.3 Other receivables		617.9	1 384.0	244.3
33.5	25.6	23.0	4.4 Intra-group receivables	26	41.1	240.8	51.4
1 794.0	**2 485.7**	**2 433.7**	**4. Total receivables**		**2 292.1**	**2 586.1**	**1 489.7**
2.6	26.5	28.2	5.1 Fixed assets	19	26.3	24.2	0.5
2 053.9	1 777.6	4 057.2	5.2 Cash and bank		3 829.1	1 581.9	1 939.0
96.2			5.3 Other assets by type	8			89.6
2 152.7	**1 804.1**	**4 085.4**	**5. Total other assets**		**3 855.4**	**1 606.1**	**2 029.1**
1 390.1	1 697.0	1 996.7	6.1 Accrued but not received lease rentals, interest etc.	11,12	1 992.1	1 694.4	1 386.6
85.2	6.5	10.3	6.2 Other prepaid costs and accrued income		10.3	6.5	85.2
1 475.3	**1 703.5**	**2 007.0**	**6. Total prepaid costs and accrued income**		**2 002.4**	**1 700.9**	**1 471.8**
134 211.3	**151 672.5**	**172 380.8**	**TOTAL ASSETS**		**172 011.9**	**151 676.7**	**133 819.1**

Storebrand Life Group					Storebrand Livsforsikring AS		
2004	2005	2006	NOK million	Note	2006	2005	2004
			EQUITY AND LIABILITIES:				
1 411.2	1 411.2	1 411.2	7.1 Share capital		1 411.2	1 411.2	1 411.2
726.4	726.5	870.6	7.1 Share premium		870.6	726.5	726.4
2 137.6	**2 137.7**	**2 281.8**	**7. Total paid-in share capital**	**29**	**2 281.8**	**2 137.7**	**2 137.6**
2 366.2	2 783.9	3 079.0	8.1 Other equity		3 079.1	2 783.9	2 366.2
2 366.2	**2 783.9**	**3 079.0**	**8. Total accrued capital**	**29**	**3 079.1**	**2 783.9**	**2 366.2**
13.0	**12.7**	**13.8**	**9. Minority interests' share in equity**				
2 966.8	2 875.4	2 961.7	10.1 Other subordinated loan capital		2 961.7	2 875.4	2 966.8
2 966.8	**2 875.4**	**2 961.7**	**10. Total subordinated loan capital**	**13,25**	**2 961.7**	**2 875.4**	**2 966.8**
2 767.2	**3 884.0**	**5 917.8**	**11. Market value adjustment reserve**	**20**	**5 917.8**	**3 884.0**	**2 767.2**
111 819.5	124 051.7	133 257.3	12.1 Premium reserve for own account		133 257.3	124 051.7	111 819.5
3 706.1	4 537.5	5 550.7	12.2 Additional statutory reserves		5 550.7	4 537.5	3 706.1
4 946.2	5 228.1	6 492.8	12.3 Premium fund		6 492.8	5 228.1	4 946.2
199.2	215.0	280.0	12.4 Pensioner's surplus fund		280.0	215.0	199.2
313.8	334.3	382.6	12.5 Claims reserve for own account		382.6	334.3	313.8
81.4	96.6	174.8	12.6 Other technical reserves	23	174.8	96.6	81.4
121 066.2	**134 463.2**	**146 138.2**	**Insurance fund reserves for own account**		**146 138.2**	**134 463.2**	**121 066.2**
148.6	159.2	179.0	12.7 Security reserve		179.0	159.2	148.6
121 214.8	**134 622.4**	**146 317.2**	**12. Total insurance related reserves for own account**	**21**	**146 317.2**	**134 622.4**	**121 214.8**
		7 188.5	13.1 Premium reserve		7 188.5		
		175.6	13.2 Deposit fund		175.6		
		7 364.1	**13. Reserve for life insurance with investment choice**		**7 364.1**	**0.0**	**0.0**
187.6	245.1	207.6	14.1 Pension liabilities etc.	8	190.0	226.5	181.2
180.2	180.9	107.6	14.2 Deferred tax	24			26.6
0.3	0.3	0.3	14.3 Other reserves		0.3	0.3	0.3
368.1	**426.3**	**315.5**	**14. Total reserves for other risks and costs**		**190.3**	**226.8**	**208.1**
481.1	724.4	385.2	15.1 Accounts payable in respect of direct insurance		385.2	724.4	481.1
80.8	111.6	86.9	15.2 Accounts payable in respect of reinsurance		86.9	111.6	80.8
	684.1	626.8	15.3 Financial derivatives representing current liabilities	13,20	626.8	684.1	
1 018.3	2 301.0	1 688.0	15.4 Other liabilities		1 463.6	2 441.8	712.2
538.7	776.6	885.3	15.5 Allocated to dividend		885.3	775.4	538.7
12.8	14.9	49.8	15.6 Due to group companies	26	49.8	119.4	124.7
2 131.7	**4 612.6**	**3 722.0**	**15. Total liabilities**		**3 497.6**	**4 856.7**	**1 937.5**
46.7	42.6	57.3	16.1 Prepayments received of lease rental, interest etc.		57.3	42.6	46.7
199.2	274.9	350.6	16.2 Other accrued costs and deferred income		344.9	247.2	174.2
245.9	**317.5**	**407.9**	**16. Total accrued costs and deferred income**		**402.2**	**289.8**	**220.9**
134 211.3	**151 672.5**	**172 380.8**	**TOTAL EQUITY AND LIABILITIES**		**172 011.9**	**151 676.7**	**133 819.1**
			Off-balance sheet contingent liabilities		4 237		

Oslo, 12 February 2007
The Board of Directors of Storebrand Livsforsikring AS
Translation, not to be signed

Leiv L. Nergaard
Chairman

Camilla Grieg	Andreas Enger	Trond Wilhelmsen	Inger-Johanne Strand	Hans Henrik Klouman	Idar Kreutzer Managing Director

Cash flow analysis Storebrand Livsforsikring

1 January - 31 December

NOK million	Group 2006	Group 2005	Group 2004	Parent company 2006	Parent company 2005	Parent company 2004
Cash flow from operations						
Net premiums received - direct insurance	10 554.3	15 096.7	14 048.4	10 554.3	15 096.7	14 383.5
Net claims/benefits paid - direct insurance	-13 294.1	-8 288.9	-6 966.8	-13 294.1	-8 288.9	-6 907.7
Net receipts/ payments - policy transfers	5 073.2	486.9	-212.2	5 073.2	486.9	-612.2
Net receipts/payments - lending to customers	-1 610.0	-236.5	1 126.1	-1 610.0	-236.5	1 126.4
Net receipts/payments - loans to and claims on other financial institutions						
Net receipts/payments - customer deposits with the banking activities	121.6	106.1	98.5	118.3	104.8	98.5
Net receipts/payments - deposits from Norges Bank and other financial institutions						
Net receipts/payments - securities in the trading portfolio:						
Shares and other equity investments	274.0	-5 592.0	-6 172.4	328.7	-5 805.9	-5 653.9
Bonds and other fixed income securities	6 072.4	-694.9	1 279.2	6 056.2	-697.9	976.6
Financial derivatives and other financial instruments	-477.4	619.5		-477.4	619.5	-222.9
Dividend receipts form the trading portfolio						
Payments to suppliers for goods and services	-760.1	-53.0	-994.7	-1 023.4	-80.8	-854.4
Net receipts/payments - real estate activities	-2 003.5	-315.1	-2 111.4	-1 950.0	-162.5	-2 310.3
Payments to employees, pension scheme, employers' contribution etc.	-804.5	-599.0	-663.3	-761.8	-576.7	-393.6
Payments of tax, duties, etc.	-79.3	26.7				
Net receipts/payments - other operational activities						
Net cash flow from operations	**3 066.6**	**556.5**	**-568.6**	**3 014.0**	**458.7**	**-370.0**
Cash flow from investment activities						
Net receipts from sales of subsidiaries		0.1			0.1	
Net payments on purchase/capitalisation of subsidiaries						
Receipts from sales of property						
Payments on purchase of property	-12.4	-12.4		-12.4	-12.4	0.0
Net receipts/payments on sale/purchase of fixed assets, etc.	-31.9	-50.1	0.1	-14.2	-31.9	-4.1
Net cash flow from investment activities	**-44.3**	**-62.4**	**0.1**	**-26.6**	**-44.2**	**-4.1**
Cash flow from financing activities						
Repayment of long term lending						
Receipts from taking up term loans						
Receipts from issuance of commercial paper/short-term loans						
Repayment of commercial paper/short-term loans						
Receipts from issuance of subordinated loan capital						
Repayment of subordinated loan capital						
Interest payments on subordinated loans	-48.9	-233.0	178.2	-48.9	-233.0	178.2
Receipts from issue of bond loans and other long-term funding						
Repayment of bond loans and other long-term funding						
Receipts from issue of new share capital	53.5	0.1	750.0	53.5	0.1	750.0
Payments on redemption of share capital						
Group contribution/dividend paid	-775.4	-537.5		-775.4	-538.7	-230.3
Net cash flow from financing activities	**-770.8**	**-770.4**	**928.2**	**-770.8**	**-771.6**	**697.9**
Net cash flow for the period	**2 251.5**	**-276.3**	**359.7**	**2 216.6**	**-357.1**	**323.8**
Net change in cash and cash equivalent assets	2 251.5	-276.3	359.7	2 216.6	-357.1	323.8
Cash and cash equivalent assets at the start of the period for new companies						
Liquid assets 01.01	1 808.2	2 053.9	1 694.2	1 612.5	1 939.0	1 615.2
= Liquid assets at 31.12	**4 059.7**	**1 777.6**	**2 053.9**	**3 829.1**	**1 581.9**	**1 939.0**

Notes Storebrand Livsforsikring

00 Accounting principles

General
The Annual Accounts have been prepared in accordance with the Accounting Act of 1998, Norwegian generally accepted accounting practice, and the regulations on annual accounts of insurance companies.

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

Consolidation
The group accounts consolidate Storebrand Livsforsikring AS and all subsidiaries where Storebrand Livsforsikring AS exercises control directly or indirectly over more than 50% of the voting rights. The accounts of subsidiary companies are restated in accordance with the accounting principles that apply to life insurance companies if such restatement has a material affect. Shares in subsidiaries are eliminated in the consolidated accounts on the acquisition method. This means that the assets and liabilities are valued at actual value at the time of acquisition, and any excess value is classified as goodwill. All material transactions, receivables and payables between group companies are eliminated in the consolidated accounts.

Investments in companies where the group exercises significant influence (associated companies), are consolidated in accordance with the equity method. The equity method involves valuing the investment as Storebrand Livsforsikring's proportionate share of the associated company's equity, including any over-value or goodwill. Storebrand Livsforsikring's share of the associated company's annual profit, after deducting any goodwill depreciation, is recognised to profit and loss. Storebrand Livsforsikring is normally deemed to have significant influence over a company in which it owns between 20% and 50% of the voting capital. Interests in jointly controlled businesses are consolidated in accordance with the proportional consolidation method, i.e. by including the proportion of revenue, costs, assets and liabilities in the appropriate lines in the accounts.

Foreign companies are translated to Norwegian kroner (NOK) using the balance sheet date method. This means that assets, including any over-value on purchase, and liabilities are translated to NOK on the basis of the exchange rate prevailing on the date of the balance sheet, while the profit and loss accounts of such companies are translated to NOK at the average exchange rates for the year. Any translation differences are posted against the group's equity.

Merger
Storebrand Fondsforsikring AS was merged with Storebrand Livsforsikring AS with accounting effect from 1 January 2006. The merger was carried out with accounting continuity. Prior year figures have not been restated for the merger.

Assets and liabilities denominated in foreign currency
Liquid assets, other financial current assets and subordinated loans denominated in foreign currency are converted at the exchange rate prevailing on the date of the balance sheet. Currency derivatives are valued at actual value on the date of the balance sheet.

Profit and loss account

Premium income
Gross premiums written comprise premium amounts which fall due during the year. The result from reinsurance ceded is shown separately as a sub account of premiums for own account. Accrual of premiums earned is made through allocations to premium reserve in the insurance fund.

Claims paid
Gross claims paid during the year. The result of reinsurance ceded and the year's change in claims reserve are shown separately under the heading of claims for own account. The reserve for claims not yet settled or not yet paid out is provided for in claims reserves for own account.

Income/expense arising from financial assets
Income and expense arising from financial assets, including any change in unrealised gains or losses, are shown as gross figures in the profit and loss account. Net unrealised gains/losses on financial assets classified as current assets are transferred to a market value adjustment reserve in the balance sheet, and therefore do not affect profit. Financial expense includes administration costs associated with the financial activities

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

Movements in reserve for life insurance with investment choice
Includes the total of all movements on customers' accounts during the course of the year that involve the purchase or sale of units, and can therefore include contributions paid in, benefits paid out, market value adjustments, fees and risk premiums charged and mortality profit credited.

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

Financial assets

Financial current assets

Real estate
Properties and other real estate investments are valued at actual value. Accordingly no normal corporate depreciation is applied. Changes in valuation and gains/losses realised on the sale of properties in the year are recognised to profit and loss. Real estate assets held through a separate legal entity (limited company or general partnership) are classified and valued in the same way as directly owned properties.

Shares held as fixed assets
Investments in shares in subsidiaries and associated companies, with the exception of real estate held through a limited company or general partnership, are accounted for using the equity method.

Bonds held to maturity
Bonds acquired with the intention of holding to maturity are classified as financial fixed assets. Bonds are valued at amortised cost to the next interest fixing date using the effective yield method. Accrued premium/discount is shown in the accounts as part of income from other financial assets.
In the event of a significant adverse change in the credit standing of an issuer, the value of bonds held will be written down as necessary.

Mortgage loans – other lending
Loans are booked in the balance sheet at acquisition cost and the values are reduced by specific and general loan loss provisions in accordance with the Financial Supervisory Authority of Norway's regulations dated 21 December 2004.

Financial current assets
Financial current assets are booked at actual value. The net unrealised gain or loss for the year is transferred to the market value adjustment reserve in the balance sheet. A description of the valuation methods applied to financial current assets and the market value adjustment reserve is given below.

Shares and other equity investments
For financial assets that are listed on a stock exchange or another regulated market place, fair value is determined as the bid price on the last trading day up to and including the balance sheet date.

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 willing 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.

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

Bonds and other fixed income securities
Where trading prices from a liquid market are available for a security, the security is valued at the closing price on the last trading day immediately prior to or on the date of the balance sheet. In the case of securities where no traded price is available, a theoretical price is calculated on the basis of the yield curve for the particular market taking into account the credit standing of the issuer in question. The discount on zero-coupon securities is amortised as interest income over the period to maturity using the effective yield method. Changes in value caused by changes in the level of interest rates are treated as unrealised changes in value and are transferred to the market value adjustment reserve.

Financial derivatives
The calculation of actual value for derivatives is based on actual market values where these are available in a liquid market. If no market price is directly available, market value is calculated on the basis of the market price of the underlying instrument by using mathematical models generally accepted for pricing such instruments.

Equity options /Equity index options
Options are realised when they are exercised, mature, or are matched by an offsetting transaction.

Stock futures
Stock futures contracts (including stock index futures) are reconciled daily on the basis of the previous day's market prices. Changes in the values of futures contracts are recorded in the accounts as they occur as realised financial income or expense.

Interest-rate options/options on forward rate agreements (FRA)
The same accounting treatment is applied as for share options.

Interest rate futures
Interest rate futures are treated in the same way as stock futures.

Interest rate swaps
Interest income and expense arising from interest rate swaps is accrued to profit and loss. Current assets are recognised at market value.

Asset swap
The same accounting treatment is applied as for interest rate swaps.

FRA-Forward rate agreements
Forward rate agreements (FRA) are recognised at market value and are settled at the start of the interest rate period to which the agreement applies.

Forward foreign exchange contracts
Forward foreign exchange contracts are principally used to hedge holdings of securities, and other financial instruments. Unrealised gains or losses do not affect the market value adjustment reserve, but do affect the profit available for allocation between customers and the shareholder. Profit or loss arising from active currency positions is applied to the market value adjustment reserve.

Currency swaps
The same accounting treatment is applied as for forward foreign exchange contracts.

Credit derivatives
Credit derivatives are valued on the basis of a theoretical approach using recognised methods based on observable assumptions on the likelihood of default and recovery. ("Default rate" and "Recovery rate").

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

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. The change in the value of the hedging instrument is accordingly not transferred to the market value adjustment reserve, but is applied directly to profit and loss. The foreign exchange risk associated with investments denominated in foreign currencies is to a very large extent hedged through foreign exchange contracts on a portfolio basis.

Life insurance assets with investment choice
Total of customers' investments through Unit Linked contracts. This asset is booked at market value. This item is equal to the Reserve for life assurance with investment choice. The company is the owner of the units in which the customers have invested through the contracts.

Other assets

Intangible assets
Intangible assets acquired separately or as a group are valued at actual value at the time of acquisition. Intangible assets are depreciated linearly over their expected commercial life. If the value of an intangible asset is not limited in time and no commercial life can be estimated, the asset is not depreciated but is subject to an annual test of the need for a write-down.

Tangible fixed assets
Tangible fixed assets for own use are valued at acquisition cost reduced by accumulated depreciation. Fixed assets are written down if their realisable value is lower than book value. Realisable value is defined as the higher of net sale value and value in use calculated as a discounted cash flow.

Cash and bank
Cash and bank includes cash and bank deposits. Long-term deposits are classified as part of the item 'Money market placements'.

Long-term liabilities

Subordinated loan capital
Subordinated loan capital is valued at amortised cost using the effective yield method.

Subordinated loans denominated in foreign currency are hedged by forward foreign exchange purchases of the equivalent principal amount plus the interest which will accrue to the maturity of the forward contract. Both the loan and interest are recorded at the exchange rate prevailing on the date of the balance sheet, and the forward foreign exchange contract is recorded at current market value.

Insurance reserves - life insurance

The insurance fund

Premium reserve
Gross premium reserve represents the cash value of the company's total insurance obligations in accordance with the individual insurance contracts after deducting the cash value of future premiums. This is equivalent to the total of the amounts credited to the policyholders' accounts, as well as allocated premium reserve for policies which are not booked individually (risks with no investment content, including group life schemes etc.).

Additional statutory reserves
The company is permitted to make additional statutory allocations to the insurance fund in order to ensure the solidity of its life insurance business. The maximum additional allocation to statutory reserves is set at the difference between the premium reserve calculated on the basis of 3.5% guaranteed yield and the premium reserve calculated on the basis of actual guaranteed yield under the contracts. The Financial Supervisory Authority of Norway has specified a level for the additional statutory reserves that apply to each policy. This is defined as the premium reserve for the policy multiplied by twice the basic interest rate for the policy. The company is permitted to apply a higher multiple of the basic interest rate than that defined by the Financial Supervisory Authority of Norway. The allocation to additional statutory reserves is a conditional allocation to policyholders that is recognised in the profit and loss account as a statutory allocation and accordingly reduces net profit. Additional statutory reserves can be used to meet a shortfall in the guaranteed return. This is shown in the profit and loss account after the technical (insurance) result as amounts released from additional statutory reserves to meet the shortfall in guaranteed return.

Premium fund
The premium fund contains premiums prepaid by policyholders on individual and collective pension insurance as a result of taxation regulations.

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

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

Security fund
The security fund consists of statutory security allocations to cover unexpected insurance risks. The calculations are made in accordance with regulations published by the Financial Supervisory Authority of Norway. It is possible to increase the reserve by 50% above the minimum allocation. In special situations, the Financial Supervisory Authority of Norway may give permission for all or part of the reserve to be used to cover a fall in the value of bonds or of shares classed as current assets. The entire reserve is shown as a mandatory reserve in the accounts.

Reserve for life insurance with investment choice
Total of customers' investments at market value. This item is equal to Life insurance assets with investment choice.

Pension liabilities in respect of own employees
The company uses the Norwegian standard for pensions accounting NRS 6A, which permits the use of IAS 19 (International Financial Reporting Standards) 'Employee Benefits'.

The net pension cost for the period consists of the sum of pension liabilities accrued in the period, the interest charge on the calculated liability and the expected return on pension fund assets. Pension costs and pension liabilities for defined benefit schemes are calculated using a linear profile for the accrual of pension entitlement and expected final salary as the basis for calculating the benefit obligation, based on assumptions on discount rate, future increases in salary, pensions and social security pension benefits, the future return on pension assets and actuarial assumptions on mortality, staff turnover etc. The discount rate used is the risk-free interest rate appropriate for the remaining maturity. Where a scheme is funded, the pension assets are valued at fair value and deducted to show the net liability in the balance sheet.

The effect of differences between assumptions and actual experience and changes in assumptions is amortised over the remaining period for accrual of pensions entitlement to the extent that it exceeds 10% of the higher of either the pension liability or pension assets (corridor approach).

The effect of changes to the pension scheme is charged to the profit and loss account as incurred, unless the change is conditional on future accrual of pension entitlement. If this is the case, the effect is allocated on a linear basis over the period until the entitlement is fully earned. Social security contributions and any other employment taxes payable by the employer are included as part of the pension liability, and are included both in the balance sheet value of pension liabilities and in differences between assumptions and actual experience.

The scheme is treated as an external insurance arrangement.

Deferred tax/deferred tax assets
The accounts reconcile tax cost with the accounting profit before tax. Tax in respect of equity transactions is applied directly to equity. The tax charge in the accounts consists of tax payable for the accounting year (tax on direct taxable income for the year) and changes in net deferred tax and deferred tax assets. Deferred tax and deferred tax assets are reported on a net basis in the balance sheet. Net deferred tax assets are capitalised to the balance sheet to the extent it is considered likely that future taxable income will be sufficient to make use of the benefit they represent.

01 Profit and loss statement by class of business: Storebrand Livsforsikring AS

NOK million	Group pension private insurance	Group pension public insurance	Group life insurance	Endow-ment insurance	Annuity/ pension insurance	Non-life insurance	Total	Of this not eligible for profit allocation
1.1 Single premium	1 999.6	865.5			8.6		2 873.7	457.9
1.2 Annual premiums	4 607.1	788.7	499.1	707.6	173.4	185.7	6 961.6	2 010.3
1.3 Account products				2 776.7	513.4		3 290.1	211.9
Total premiums written	6 606.7	1 654.2	499.1	3 484.3	695.4	185.7	13 125.4	2 680.1
1.4 Reserve transfers received	2 367.3	3 892.3		5.6	284.8		6 550.0	113.3
1.5 Reinsurance ceded	-15.3		-3.0	-4.3	-0.3	-34.0	-56.9	-38.2
1 Premium income 2006	**8 958.7**	**5 546.5**	**496.1**	**3 485.6**	**979.9**	**151.7**	**19 618.5**	**2 755.2**
Premium income 2005	**6 510.1**	**1 867.2**	**467.1**	**8 261.8**	**1 104.3**	**107.0**	**18 317.5**	**882.5**
Premium income 2004	**7 147.0**	**1 453.7**	**489.5**	**7 646.5**	**1 096.5**	**78.9**	**17 912.1**	**752.3**
2 Income from financial assets	12 978.5	1 859.5	99.5	2 568.1	2 918.5	21.6	20 445.7	269.0
3 Income from financial assets with investment choice	123.2			88.7	473.5		685.4	685.4
4 Other insurance related income	21.0	3.0	0.2	4.3	4.9		33.4	0.4
5.1 Claims paid	-2 936.0	-864.5	-350.5	-789.6	-1 680.9	-42.5	-6 664.0	-633.3
5.2 Agreements terminated/withdrawals from endowment policies	-217.5			-5 950.7	-74.1		-6 242.3	-297.5
5.3 Re-insurance ceded	1.2			4.5	0.1	0.1	5.9	4.9
5.4 Movements in claims reserve	-35.3	-12.5	35.7	-30.2	-5.4		-47.7	19.3
5.5 Reserve transfers disbursed	-1 263.6	-40.5		-3.5	-169.2		-1 476.8	-155.1
5 Claims 2006	**-4 451.2**	**-917.5**	**-314.8**	**-6 769.5**	**-1 929.5**	**-42.4**	**-14 424.9**	**-1 061.7**
Claims 2005	**-4 642.6**	**-671.4**	**-316.5**	**-3 141.6**	**-1 552.7**	**-38.3**	**-10 363.1**	**-451.4**
Claims 2004	**-5 934.1**	**-583.0**	**-341.1**	**-1 658.6**	**-1 536.2**	**-27.0**	**-10 080.0**	**-420.8**
6.1 Movements in premium reserve	-6 278.9	-4 844.4	-71.3	3 257.1	162.9		-7 774.6	-341.3
6.2 Guaranteed interest on premium/ pensioners' surplus fund	-125.9	-13.9			-7.4		-147.2	
6.3 Additional statutory allocations for the year	-636.9	-93.3		-125.4	-144.4		-1 000.0	
6.4 Change in additional statutory allocations in the insurance fund	-33.6	-100.8		46.7	7.9		-79.8	
6.5 Transfers of additional statutory allocations and market value adjustment reserve	81.9	101.1			4.1		187.1	
6.6 Movement in security reserve	-10.4	-5.8	-0.7	-0.7	-0.1		-17.7	-7.8
6.7 Technical reserves for non-life insurance business						-78.2	-78.2	-78.2
6.8 To/from reserves for life insurance with investment choice	-892.5			-382.8	-285.8		-1 561.1	-1 561.1
6 Change in insurance related reserves 2006	**-7 896.3**	**-4 957.1**	**-72.0**	**2 794.9**	**-262.8**	**-78.2**	**-10 471.5**	**-1 988.4**
Change in insurance related reserves 2005	**-4 818.8**	**-1 526.2**	**-8.2**	**-5 505.8**	**-348.4**	**-15.2**	**-12 222.6**	**-106.7**
Change in insurance related reserves 2004	**-4 192.1**	**-1 107.8**	**-10.8**	**-6 065.0**	**-321.4**	**-21.6**	**-11 718.7**	**-73.3**
7 Insurance related operating costs	**-725.7**	**-98.8**	**-69.6**	**-358.2**	**-241.0**	**-57.6**	**-1 550.9**	**-473.7**
8.1 Admin. costs financial assets	-129.3	-18.5	-1.0	-25.6	-29.3	-0.2	-203.9	-3.0
8.2 Other costs financial assets	-4 916.1	-704.6	-37.7	-970.9	-1 089.7	-8.2	-7 727.2	-77.9
8 Costs related to financial assets	**-5 045.4**	**-723.1**	**-38.7**	**-996.5**	**-1 119.0**	**-8.4**	**-7 931.1**	**-80.9**
9 Other insurance related costs	-25.7	-2.4	-25.1	-3.6	-4.1		-60.9	-25.4
10 To/from market value adjustment reserve	-1 287.4	-187.1	-10.0	-257.8	-289.4	-2.2	-2 033.9	-20.8
11 Released from additional statutory reserves to meet shortfall in guaranteed return								
12 Funds transferred to policyholders	-1 964.4	-419.0		-286.1	-324.6		-2 994.1	
13 Technical result	**685.3**	**104.0**	**65.6**	**269.9**	**206.4**	**-15.5**	**1 315.7**	**59.1**
14 Other income								
15 Other costs	-86.0	-12.3	-0.7	-17.0	-19.1	-0.1	-135.2	-1.4
16 Profit from ordinary operations	**599.3**	**91.7**	**64.9**	**252.9**	**187.3**	**-15.6**	**1 180.5**	**57.7**
17 Tax								
18 PROFIT FOR THE YEAR	**599.3**	**91.7**	**64.9**	**252.9**	**187.3**	**-15.6**	**1 180.5**	**57.7**

Of which products with investment choice

NOK million	Group pension 2006	Endowment insurance 2006	Annuity/ pension 2006	Total 2006
Premiums written	988.3	581.8	41.0	1 611.1
- which saving premium	972.9	576.2	13.6	1 562.7
- which risk premium	-0.3	0.5	1.2	1.4
- which administration premium	15.7	5.1	26.2	47.0
Net transferes premium reserve	-11.0	2.0	6.2	-2.8
Net income of financial investment	14.8	5.6	41.9	62.3
Net income of financial assets with investment choice	123.2	88.7	473.5	685.4
Other insurance related income	0.1			0.1
Claims paid	-4.3	-273.4	-212.2	-489.9
Change in insurance related reserves	-1 074.2	-385.4	-273.6	-1 733.2
Insurance related operating costs	-132.6	-16.3	-60.9	-209.8
Other insurance related costs			-0.1	-0.1
Technical result	**-95.7**	**3.0**	**15.8**	**-76.9**
Other income				
Other costs				
Tax				
Profit for the year	**-95.7**	**3.0**	**15.8**	**-76.9**

02 Sales of insurance (new business) Storebrand Livsforsikring AS

Premiums: NOK million	Group pension private insurance	Group pension public insurance	Group life insurance	Endowment insurance	Annuity/ pension insurance	Non-life insurance	Total
2006	1 344.3	1.3	21.2	2 485.5	441.5	71.9	4 365.7
2005	210.6	2.6	14.6	7 150.5	584.0	35.4	7 997.7
2004	211.5	0.3	15.3	6 258.2	431.5	14.1	6 930.9

Sales consist of new and additional sales, with deductions for policies where the first premium has not been paid.
Premium reserves transferred to the company (note 4) are not included in these figures.

Of which products with investment choice

NOK million	Group pension	Endowment kapital	Annuity/ pension	Total
Sales of new business 2006	1 016.4	602.0	24.6	1 643.0

03 Sales costs Storebrand Livsforsikring AS

NOK million	2006	2005	2004
Salaries and other costs	-360.2	-320.0	-249.0
Commissions paid	-185.5	-189.5	-108.9
- of which commissions paid to other companies	-101.2	-129.4	-72.5
Total sales costs	**-545.7**	**-509.5**	**-357.9**

04 Movements of reserves to/from Storebrand Livsforsikring AS

NOK million	Group pension private insurance	Group pension public insurance	Endowment insurance	Annuity/ pension insurance	Total 2006	Total 2005	Total 2004
Funds received							
Premium reserve	2 367.3	3 892.3	5.6	284.8	6 550.0	2 317.8	2 619.3
Additional statutory reserves	82.0	101.0		4.1	187.1	58.9	24.6
Transfers of premium reserve etc.	**2 449.3**	**3 993.3**	**5.6**	**288.9**	**6 737.1**	**2 376.7**	**3 374.9**
Premium/Pension adjustment funds	216.2				216.2	97.4	220.2
Annual premium volume	336.2	139.3	0.5	5.4	481.4	263.7	298.6
Number of policies/customers	773	29	20	1 012	1 834	1 196	1 082
Funds transferred out							
Premium reserve	-1 206.0	-40.0	-3.5	-164.8	-1 414.3	-1 742.2	-3 078.9
Additional statutory reserves	-38.2	-0.4		-3.3	-41.9	-62.7	-126.1
Revaluation reserve	-19.4	-0.1		-1.1	-20.6	-26.0	-26.5
Transfers of premium reserve etc.	**-1 263.6**	**-40.5**	**-3.5**	**-169.2**	**-1 476.8**	**-1 830.9**	**-3 231.5**
Premium/Pension adjustment funds	-243.5	-0.4		-0.6	-244.5	-316.7	-480.7
Annual premium volume	-362.4	-2.6	-0.2	-4.3	-369.5	-356.1	-312.5
Number of policies/customers	-1 812	-20	-10	-735	-2 577	-1 028	-687

Of which products with investment choice

NOK million	2006
Funds received	
Transfers of premium reserve etc.	152.3
Funds transferred out	
Transfers of premium reserve etc.	-155.1

05 Profit and loss by class of insurance Storebrand Livsforsikring AS

NOK million	Group Line reference in note 1	Group pension private insurance	Group pension public in-surance	Group life insurance	Endow-ment insurance	Annuity/ pension insurance	Non-life insurance	Total 2006	Total 2005	Total 2004
1. Financial income[1]	2/3/4/8.2/9 10/15	6 816.8	956.1	51.1	1 411.9	1 994.2	11.0	11 241.1	9 123.4	7 520.0
2. Guaranteed yield		-3 489.4	-248.4	-4.0	-722.2	-1 204.4		-5 668.4	-4 764.3	-4 426.2
- of which transferred to premium fund	6.2	-125.9	-13.9			-7.4		-147.2	-125.4	-134.2
3. Interest result		**3 327.4**	**707.7**	**47.1**	**689.7**	**789.8**	**11.0**	**5 572.7**	**4 359.1**	**3 093.8**
4. Risk premium		427.9	39.2	372.6	388.5	-81.3	155.7	1 302.6	1 245.0	1 277.5
5. Risk addition		-203.8	-108.8	-314.2	-305.1	53.0	-119.2	-998.1	-798.0	-968.1
6. Net reinsurance etc.[1]	9	-22.2		-27.9	0.2	-0.2	-34.0	-84.1	-84.0	-103.6
7. Risk result		**201.9**	**-69.6**	**30.5**	**83.6**	**-28.5**	**2.5**	**220.4**	**363.0**	**205.8**
8. Administration premium		537.0	89.0	58.6	275.7	165.0	28.6	1 153.9	1 023.6	901.9
9. Operating expenses	7/8.1	-855.3	-117.3	-70.6	-383.8	-270.0	-57.8	-1 754.8	-1 353.9	-1 038.7
10. Administration result		**-318.3**	**-28.3**	**-12.0**	**-108.1**	**-105.0**	**-29.2**	**-600.9**	**-330.3**	**-136.8**
11. Change in premium/security reserve		**-10.4**	**-5.8**	**-0.8**	**-0.7**	**0.0**		**-17.7**	**-10.6**	**-180.9**
12. Gross result for sector (3+7+10+11)	6.3/12/16	3 200.6	604.0	64.8	664.5	656.3	-15.7	5 174.5	4 381.2	2 981.9
13. Profit due to policyholders	6.3/11/12	**-2 601.3**	**-512.3**		**-411.5**	**-469.0**		**-3 994.1**	**-3 214.7**	**-2 019.3**
To equity capital:										
- net return on equity etc.[2]								579.0	491.3	408.7
- 0.40% of customers' funds								567.4	520.9	454.8
- risk return on equity								48.7	47.1	46.2
- other								-14.6	107.2	52.9
14. Profit for the year	18							**1 180.5**	**1 166.5**	**962.6**

1 The items other insurance-related income (line 4 in note 1) and other insurance-related costs (line 9 in note 1) are allocated in accordance with their purpose.
2 Includes: Security reserve, subordinated loan capital, equity at book value and liabilities.

Of which products with investment choice

NOK million	Group pension 2006	Endowment kapital 2006	Annuity/ pension 2006	Total
Interest result	15.3	5.7	42.1	63.1
Risk result	-0.3	0.3	3.4	3.4
Administration result	-110.2	-3.0	-29.6	-142.8
Change in security reserve	-0.4		-0.1	-0.5
Gross result for sector	**-95.6**	**3.0**	**15.8**	**-76.8**

Surplus/deficit on result elements solely for the company's account.

06 Financial assets income and expense Storebrand Livsforsikring Group

NOK million	2006	2005	2004
Income from group and other related companies	19.5	0.4	4.7
Income from properties and real estate	1 347.3	1 052.9	888.7
Interest income bonds	4 012.5	3 716.2	3 490.9
Interest income commercial paper	99.3	207.4	273.4
Interest income lending	73.7	21.0	56.7
Interest income cash and bank	118.3	104.8	98.5
Interest income other	58.2	17.1	0.9
Share dividends	743.6	637.2	657.9
Revaluation of real estate	967.2	263.7	202.8
Reversal of write-downs of financial assets	39.7		3.0
Gain on sale of shares	10 598.5	10 051.6	7 494.6
Gain of sale of bonds	351.5	808.8	617.1
Gain on sale of commercial paper	85.5	122.2	165.0
Gain of sale of other investments	15.2	5.1	10.0
Unrealised gain on short term holdings of financial investments	2 033.9	1 116.8	1 077.7
Other income financial assets	63.2		
Financial assets income	**20 627.1**	**18 125.2**	**15 041.9**
Costs arising from real estate	-36.2	-58.5	-95.9
- of which administration costs	-7.5	-6.5	-5.5
Interest costs		-7.3	-33.6
Mark-to-market adjustment for financial assets		-4.7	-0.3
Write-downs of real estate	-39.7	-232.8	-34.1
Loss on sale of shares including FX loss	-7 024.1	-6 527.4	-4 792.1
Loss on sale of bonds including FX loss	-488.1	-662.6	-1 211.8
Loss on sale of certificates	-115.6	-135.1	-134.7
Loss on sale of other investments	-6.3		-0.4
Financial assets: Other costs	-433.6	-181.9	-199.1
- of which administration costs	-196.4	-80.1	-151.6
Financial assets costs	**-8 143.6**	**-7 810.3**	**-6 502.0**
Financial assets net income	**12 483.5**	**10 314.9**	**8 539.9**
- of which administration costs	-203.9	-86.6	-157.1
Of which in subsidiaries			
Income from financial assets	181.4	250.5	63.8
Costs arising from financial assets	-212.5	82.3	-74.3

Foreign securities are booked using the blance sheet date method.

NOK million	2006	2005	2004
Profit on shares	6 895.6	5 626.0	4 098.1
Profit on bonds	3 391.4	3 510.3	3 243.9
Profit on commercial paper	69.2	194.5	303.7
Profit on lending	67.4	21.0	56.0
Profit on real estate	2 251.9	1 037.6	973.8
Other profit	11.9	12.1	21.5
Financial assets net income	**12 687.4**	**10 401.5**	**8 697.0**
Financial assets administration costs	-203.9	-86.6	-157.1
Financial assets net income including administration costs	**12 483.5**	**10 314.9**	**8 539.9**

07 Tax charge Storebrand Livsforsikring AS

NOK million	2006	2005	2004
Profit before tax	1 180.5	1 166.5	962.6
+/- Permanent differences	-5 353.7	-4 778.9	-884.4
+/- Group contribution			
+/- Change in timing differences	828.8	-1 369.6	-295.9
Tax losses carried forward/deferred tax assets applied			
Tax base for the year			
Tax rate	28%	28%	28%
Tax			
+/- Tax at source			
+/- Tax losses carried forward			
+/- Allowance for Norwegian dividend			
Tax payable on income			
Tax on group contribution			
Deferred tax - net change		-26.6	31.0
Tax cost		**-26.6**	**31.0**
Taxes payable			
Norway			
Overseas			
Total tax payable			
Deferred tax/ deferred tax assets			
Norway		-26.6	31.0
Overseas			
Total deferred tax		**-26.6**	**31.0**
Tax on capitalised items			
Tax on group contribution			
Tax cost		**-26.6**	**31.0**

Tax charge Storebrand Livsforsikring Group

NOK million	2006	2005	2004
Pre-tax profit	1 182.3	1 167.1	965.7
Tax payable	-0.1	-0.3	-1.0
Net change in deferred tax	-0.6	26.3	-32.4
Tax on group contribution			
Tax cost	**-0.7**	**26.0**	**-33.4**

08 Pension costs and pension liabilities Storebrand Livsforsikring AS

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

Reconciliation of pension assets and liabilities in the balance sheet:

NOK million	2006	2005	2004	NGAAP 2004
Present value of insured pension benefit obligations incl. employment taxes	845.2	614.6	596.9	641.4
Pension assets at fair value	-551.4	-455.0	-423.2	-421.1
Net pension liability/ surplus for the insured schemes	293.8	159.6	173.7	220.3
Present value of uninsured pension benefit obligations incl. employment taxes	181.4	177.6	153.1	0.0
Experience adjustments and difference between actual and expected investment return not applied to profit and loss	-285.2	-110.7	-105.2	-128.6
Net pension liability in the balance sheet	**190.0**	**226.5**	**221.7**	**91.7**

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

NOK million	2006	2005	2004
Net pension liability at 1.1. including provision for employment taxes	794.2	773.9	430.9
Net pension cost recognised in the period including provision for employment taxes	72.1	52.8	35.2
Interest on pension liabilities	34.9	32.1	23.3
Experience adjustments	143.3	-13.4	97.0
Pension paid	-17.9	-9.7	-4.3
Changes to the pension scheme		-43.4	
Other changes			167.8
Net pension liability at 31.12.	**1 026.6**	**792.2**	**750.0**

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

NOK million	2006	2005	2004
Fair value pension assets at 1.1.	455.8	423.2	229.4
Expected return	27.8	24.5	18.3
Experience adjustments	-10.3	0.2	-8.1
Premium paid	86.9	50.8	40.4
Changes to the pension scheme		-36.9	
Pension paid	-8.8	-6.8	-2.3
Other			145.5
Net pension assets at 31.12.	**551.4**	**455.0**	**423.2**

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

	2006	2005	2004
Properties and real estate	11%	10%	10%
Bonds held to maturity	28%	28%	31%
Loans	1%	1%	
Shares and other equity investments	29%	27%	22%
Bonds and other securities - fixed yield	28%	29%	25%
Certificates		4%	10%
Other short term financial assets	2%	1%	3%
Total	**100%**	**100%**	**100%**

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

Net pension cost in the profit and loss account, specified as follows:

NOK million	2006	2005	2004	NGAAP 2004
Current service cost including provision for employment taxes	50.5	55.1	35.2	28.6
Interest on pension liabilities	34.9	32.0	23.3	23.2
Expected return on pension assets	-27.8	-24.5	-18.3	-19.0
Experience adjustments	2.0	2.5		1.0
Changes to the pension scheme		-6.5		
Net pension cost booked to profit and loss in the period	**59.7**	**58.6**	**40.3**	**33.8**

Net pension cost is included in operating costs.

Main assumptions used when calculating net pension liability at 31.12:

Financial:	2006	2005	2004	NGAAP 2004
Discount rate	4.3%	4.7%	4.7%	5.5%
Expected return on pension fund assets in the period	5.6%	6.0%	6.0%	6.0%
Expected earnings growth	4.3%	3.0%	3.0%	3.0%
Expected annual increase in social security pensions	4.3%	3.0%	3.0%	3.0%
Expected annual increase in pensions in payment	1.7%	2.0%	2.0%	2.0%

Actuarial:

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

Net pension liability/ surplus pr. 31.12:	2006	2005	2004
Discountes current value of defined benefit pension liabilities	1 026.6	792.2	750.0
Fair value pension assets	-551.4	-455.0	-423.2
Deficit	**475.2**	**337.2**	**326.9**

Pension costs and pension liabilities Storebrand Livsforsikring Group

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

Reconciliation of pension assets and liabilities in the balance sheet:

NOK million	2006	2005	2004	NGAAP 2004
Present value of insured pension benefit obligations incl. employment taxes	902.2	658.4	641.7	687.0
Pension assets at fair value	-589.1	-489.8	-457.4	-455.1
Net pension liability/ surplus for the insured schemes	313.1	168.6	184.3	231.9
Present value of uninsured pension benefit obligations incl. employment taxes	192.9	189.3	164.0	
Experience adjustments and difference between actual and expected investment return not applied to profit and loss	-298.4	-112.8	-109.2	-140.4
Net pension liability in the balance sheet	**207.6**	**245.1**	**239.2**	**91.5**

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

NOK million	2006	2005	2004
Net pension liability at 1.1. including provision for employment taxes	849.3	829.6	477.9
Net pension cost recognised in the period including provision for employment taxes	76.0	55.5	34.3
Interest on pension liabilities	37.3	33.9	25.5
Experience adjustments	151.0	-18.4	104.4
Pension paid	-18.6	-9.7	-5.4
Changes to the pension scheme		-43.4	
Other changes			168.7
Net pension liability at 31.12.	**1 095.1**	**847.5**	**805.4**

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

NOK million	2006	2005	2004
Fair value pension assets at 1.1.	490.6	457.5	257.4
Expected return	30.0	22.7	20.1
Experience adjustments	-12.1	0.2	-5.2
Premium paid	89.6	53.0	42.5
Changes to the pension scheme		-36.9	
Pension paid	-9.0	-6.8	-3.3
Other			146.0
Net pension assets at 31.12.	**589.1**	**489.7**	**457.4**

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

	2006	2005	2004
Properties and real estate	1%	10%	10%
Bonds held to maturity	28%	28%	31%
Loans	1%	1%	
Shares and other equity investments	29%	27%	22%
Bonds and other securities - fixed yield	28%	29%	25%
Certificates		4%	10%
Other short term financial assets	2%	1%	3%
Total	**100%**	**100%**	**100%**

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

Net pension cost in the profit and loss account, specified as follows:

NOK million	2006	2005	2004	NGAAP 2004
Current service cost including provision for employment taxes	53.1	58.2	38.4	30.3
Interest on pension liabilities	36.8	34.5	25.5	24.1
Expected return on pension assets	-29.2	-26.6	-20.1	-19.6
Experience adjustments		2.5		1.0
Planendringer		-6.5		
Changes to the pension scheme				
Net pension cost booked to profit and loss in the period	**60.7**	**62.1**	**43.8**	**35.8**

Net pension cost is included in operating costs.

Main assumptions used when calculating net pension liability at 31.12:

Financial:	2006	2005	2004	NGAAP 2004
Discount rate	4.3%	4.7%	4.7%	5.5%
Expected return on pension fund assets in the period	5.6%	6.0%	6.0%	6.0%
Expected earnings growth	4.3%	3.0%	3.0%	3.0%
Expected annual increase in social security pensions	4.3%	3.0%	3.0%	3.0%
Expected annual increase in pensions in payment	1.7%	2.0%	2.0%	2.0%

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

Net pension liability/ surplus pr. 31.12:	2006	2005	2004
Discountes current value of defined benefit pension liabilities	1 095.1	847.5	805.7
Fair value pension assets	-589.1	-489.7	-457.4
Deficit	**506.0**	**357.8**	**348.3**

As fund investments represent an increasing proportion of the company's assets, indirect investments in fund where Storebrand Kapitalforvaltning manages allocation and risk are reported in all relevant notes to the accounts in 2006.

09 Shares and other equity investments

NOK million	Number held	Interest	Acquisition cost[1]	Market value	Market value include indirect investment in fund
Norwegian finance industry					
DnB NOR	5 088 403	0.4%	407.2	450.3	457.2
ABG Sundal Collier	1 239 537	0.4%	10.0	16.1	16.2
Sparebanken Rogaland G	5 950	0.0%	1.1	1.1	1.1
Total Norwegian finance industry			**418.3**	**467.6**	**474.6**
Other Norwegian shares					
Steen & Strøm	3 598 144	12.9%	196.5	1 205.4	1 205.4
Orkla	3 112 452	1.5%	751.7	1 098.7	1 104.8
Norsk Hydro	4 152 336	0.3%	697.7	803.5	815.2
Telenor	3 844 764	0.2%	378.8	450.8	458.2
Statoil	1 822 472	0.1%	309.3	301.2	309.0
Petroleum Geo-Services	1 127 201	0.6%	108.1	165.1	160.5
Yara International	1 058 980	0.3%	107.0	150.1	151.3
Veidekke	625 512	2.2%	32.1	148.2	148.5
Prosafe	1 435 460	0.6%	100.0	127.0	138.2
SeaDrill Ltd	1 278 922	0.3%	91.2	134.6	135.6
Tandberg Television	1 237 477	1.6%	91.1	96.8	97.5
Pan Fish	13 776 152	0.4%	91.7	78.5	89.8
Ganger Rolf	336 482	0.9%	37.0	80.4	80.8
Tandberg	450 223	0.4%	32.8	42.3	66.0
APL	1 021 917	2.3%	42.9	62.8	63.3
Arrow Seismic	804 332	4.3%	39.7	60.3	60.7
Wavefield Inseis	1 107 300	1.1%	29.6	39.9	60.3
Aker	137 749	0.1%	42.3	55.2	55.6
Subsea 7	464 315	0.3%	45.1	53.4	53.8
Aker Kværner	99 050	0.2%	46.2	77.1	53.6
Deep Ocean	1 769 765	2.0%	37.0	52.2	52.6
Det Norske Oljeselskap	4 281 741	0.5%	49.8	49.2	49.6
Renewable Energy Corporation	430 489	0.1%	41.1	49.1	49.4
Fred. Olsen Energy	153 558	0.2%	38.8	44.8	45.3
Tomra Systems	1 039 277	0.6%	53.1	44.7	45.1
Schibsted	196 774	0.3%	35.4	43.9	44.3
Glava	65 000	6.9%	42.6	42.3	42.3
Reservoir Exploration Technology - B	764 600	3.0%	30.8	41.7	42.0
Scorpion Offshore Ltd	561 729	1.1%	38.7	40.4	40.8
Wilh. Wilhelmsen A	156 180	0.3%	20.4	37.1	37.3
Odfjell A	291 382	0.3%	32.0	33.5	33.9
Oceanteam ASA	523 700	4.6%	26.8	33.5	33.7
Grenland Group	1 153 830	4.3%	35.5	32.2	32.4
TGS Nopec Geophysical Company	192 662	0.2%	16.7	24.9	30.1
Proserv Group Preferanse	990 000	14.7%	26.8	28.3	28.3
Aker Yards	56 370	0.2%	21.0	27.2	27.5
SeaBird Exploration BVI	635 880	0.8%	18.6	25.1	25.2
Ability Group	471 270	0.7%	23.3	24.0	24.2
Elixia Holding AS A-aksjer	1 387 474	12.8%	23.1	23.1	23.1
Other			513.0	481.9	460.9
Total Norwegian mutual funds			**4 395.3**	**6 410.5**	**6 476.2**
Norwegian shares and other equity investments			**4 813.5**	**6 878.0**	**6 950.7**
Of which listed Norwegian equities			4 334.1	6 392.1	6 443.6

NOK million	Number held	Interest	Acquisition cost[1]	Market value	Market value include indirect investment in fund
Australia					
BHP Billiton	449 220		42.1	55.8	63.2
Aust & Nz Bank Group	231 977		23.1	32.1	46.4
National Australian Bank	202 725		30.0	40.2	45.6
Commonwealth Bank of Australia	161 907		28.8	39.3	44.3
Westpac Banking Corp	234 375		23.9	27.9	31.5
Westfield Group	193 330		16.5	19.9	22.2
			164.4	215.2	253.2
Belgium					
Fortis B	139 564		36.3	37.0	57.9
Kredietbank	23 005		15.0	17.5	23.0
			51.3	54.6	80.9
Canada					
Royal Bank of Canada	79 592		23.2	23.6	61.1
Manulife Financial	85 507		18.1	18.0	47.1
Bank of Nova Scotia	61 258		17.3	17.1	44.2
Suncor Energy	29 189		13.4	14.3	38.8
Barrick Gold	79 153		15.8	15.2	38.5
Canadian Imperial Bank of Commerce	23 415		11.6	12.3	32.0
CanadiaN Nat. Resources	35 502		10.4	11.8	30.5
Bank of Montreal	30 273		12.1	11.2	29.0
Nexen Inc	20 290		6.9	7.0	28.6
Canadian National Railway	38 897		10.6	10.4	26.3
Talisman Energy	85 137		8.9	9.0	24.9
Telus Corp	20 509		7.5	5.9	24.7
Petro-Canada	30 613		8.0	7.8	23.0
Sun Life Financial Inc	34 997		9.5	9.2	21.9
			173.4	172.9	470.9
Cayman Island					
SBL Vintage 1999 Ltd – Class B-1	320 197 832		320.2	381.0	381.0
			320.2	381.0	381.0
Denmark					
Superfos Industries	287 074		31.2	29.5	29.5
Novo-Nordisk B	31 713		12.3	16.4	21.8
			43.6	45.9	51.3
Finland					
Orion OYJ					39.4
Nokia A	472 821		62.2	60.1	39.1
Dynea Oy A	218 687		30.2	23.6	23.6
			92.4	83.7	102.1
France					
Total (PAR)	245 859		102.6	110.3	153.4
Sanofi-Aventis	114 298		65.6	65.6	99.3
Societe Generale	47 875		51.6	50.5	73.2
Cap Gemini	15 351		5.3	6.0	67.6
Axa	204 188		51.2	51.4	65.1
Vallourec	5 494		8.1	9.9	64.2
France Telecom	195 304		35.7	33.6	56.7
Vivendi	137 810		32.2	33.6	54.6
Sodexho Alliance	15 073		4.1	5.9	53.4
Suez	114 463		32.3	36.9	47.4
Neopost	2 118		1.6	1.7	42.0
Credit Agricole	88 539		24.8	23.2	39.5
Cie De St Gobain	40 548		19.4	21.2	37.2
Danone	27 573		24.8	26.0	33.7

NOK million	Number held	Interest	Acquisition cost[1]	Market value	Market value include indirect investment in fund
France cont.					
Schneider Electric	31 216		20.6	21.6	27.2
Michelin B	21 282		7.8	12.7	26.6
L Oreal	33 392		21.1	20.8	26.4
Air Liquide	13 303		17.6	19.6	24.8
LVMH	30 440		20.4	20.0	24.3
Vinci	24 855		15.8	19.8	24.2
Veolia Environment	35 231		11.0	16.9	22.7
Lafarge	17 919		14.3	16.6	21.9
			588.0	623.7	1 085.6
Greece					
Coca-Cola HBC	19 607		3.5	4.8	45.1
			3.5	4.8	45.1
Ireland					
CRH	71 011		13.0	18.4	63.2
Bank of Ireland	112 654		12.4	16.2	31.2
Anglo Irish Bank					30.0
			25.4	34.6	124.4
Italy					
UniCredito Italiano	892 723		48.1	48.7	75.2
ENI	303 913		58.7	63.6	49.6
Enel	514 072		30.0	33.0	41.9
Assicurazioni General	107 776		26.8	29.4	37.6
Intesa SanPaolo	557 384		19.8	24.9	31.3
Telecom Italia Spa	1 211 587		22.9	22.8	29.5
Fiat	111 466		9.0	13.2	26.8
San Paolo – IMI	142 065		19.7	20.5	26.2
			235.1	256.1	318.2
Japan					
Toyota Motor	382 000		126.8	158.9	190.0
Mitsubishi UFJ Holdings Group	1 097		92.7	84.3	94.9
Mizuho Financial Group	1 220		60.5	54.2	75.1
Takeda Pharmaceutical	114 700		45.1	49.0	65.5
Murata Manufacturing	26 900		11.9	11.3	59.2
Sumitomo Mitsui Financial Group	786		53.4	50.1	56.4
Canon	138 200		38.0	48.4	54.5
Nippon Steel	793 000		20.4	28.3	44.1
Nissan Motor	346 800		24.2	26.0	39.2
Sony	129 700		33.1	34.6	39.2
Matsushita Electric Industrial	255 000		36.5	31.6	35.6
Tokyo Electric Power	156 000		26.7	31.4	35.1
Nomura Holdings	225 800		22.4	26.5	33.3
Jfe Holdings	73 600		17.8	23.6	32.0
NTT DoCoMo	2 436		24.8	23.9	29.8
Astellas PharmaR	70 200		21.0	19.8	27.5
Mitsubishi Estate	150 000		17.8	24.1	27.4
Mitsui	206 000		18.9	19.2	26.9
Millea	92 100		24.1	20.2	25.6
KDDI Corp	327		13.4	13.8	25.6
Ricoh	97 000		9.9	12.3	24.3
East Japan Railway	453		19.8	18.8	24.2
Orix	11 790		19.6	21.2	24.1
Seven and I holdings	108 600		23.5	21.0	23.8
Shin-Etsu Chemical	50 300		19.5	20.9	23.7
Mitsubishi	177 100		22.6	20.7	23.3

NOK million	Number held	Interest	Acquisition cost[1]	Market value	Market value include indirect investment in fund
Japan cont.					
Nintendo	12 800		10.2	20.7	23.3
Denso	83 300		18.9	20.5	23.3
NTT	673		22.6	20.6	23.0
Mitsui OSK Lines	158 000		8.7	9.7	21.8
			905.0	965.7	1 251.7
Liberia					
Royal Caribbean Cruises	259 014		70.7	67.1	68.5
			70.7	67.1	68.5
Luxembourg					
Acergy	1 027 434		95.6	123.3	146.7
			95.6	123.3	146.7
Holland					
Royal Dutch Shell A ord	778 311		163.3	170.7	210.9
Ing-Group	212 992		59.6	58.7	87.4
ABN Amro	218 015		41.4	43.6	53.9
Philips Electronics (Koninklijke)	153 341		34.2	36.0	47.4
Unilever NL	198 786		31.3	33.8	42.8
Aegon	166 779		20.2	19.8	39.4
Koninklijke KPN	220 572		15.1	19.5	35.1
Mittal Steel Company	83 306		15.7	21.9	27.3
Koninklijke Ahold	193 947		12.7	12.8	26.4
			393.6	416.8	570.6
New Zealand					
Taumata Plantations Ltd.	17		637.6	658.6	658.6
			637.6	658.6	658.6
Singapore					
Development Bank Singapore	151 000		10.7	13.8	26.2
United Overseas Bank	158 000		8.7	12.4	24.3
			19.4	26.3	50.6
Spain					
Telefonica	551 712		62.4	73.0	100.9
Banco Santander	690 037		72.8	80.1	100.1
BBVA (Bilbao Vizcaya Argentaria)	389 785		58.8	58.4	74.4
Industria De Deseno Textil	29 306		7.5	9.8	53.4
Banco de Sabadell					46.1
Endesa	112 568		29.9	33.1	44.4
Repsol Ypf	114 184		23.1	24.6	41.1
Iberdrola	98 977		26.2	26.9	36.2
			280.7	305.9	496.6
Great Britain					
BP Plc	2 305 057		151.9	159.4	208.4
HSBC Holdings GB	1 324 518		141.4	150.3	197.1
GlaxoSmithkline	692 522		121.4	113.4	144.6
Vodafone Group	6 233 690		99.6	107.5	136.5
Royal Bank of Scotland	362 256		71.9	88.0	127.3
Barclays Bank	731 754		51.3	65.1	93.7
HBOS	427 634		46.1	59.0	84.9
Compass Group	288 190		7.9	10.2	83.4
Easyjet Plc					70.7
Lloyds Bank	635 143		38.4	44.2	66.0
Anglo American Plc	161 038		39.1	48.9	63.1
Alliance Boots Plc	125 462		10.8	12.8	62.2
Tesco	933 856		35.4	46.0	59.2
AMEC	91 827		3.4	4.7	56.9

NOK million	Number held	Interest	Acquisition cost[1]	Market value	Market value include indirect investment in fund
Great Britain cont.					
Diageo	357 101		36.7	43.6	56.0
National Grid Plc	340 729		23.1	30.6	50.7
Burberry Group	88 950		4.3	7.0	48.9
BG Group	412 668		34.0	34.8	45.7
BT Group	934 200		25.3	34.3	43.7
Homeserve					41.6
ITV Ordinary shares	483 264		5.8	6.3	40.6
Aviva PLC	313 421		28.9	31.4	40.1
Xstrata	71 582		14.6	22.2	36.4
Unilever GB	156 094		21.4	27.2	34.4
Allied Irish Bank UK	99 286		16.8	18.4	33.6
Csr (Gb)	15 584		2.2	1.2	32.9
Astrazeneca	180 747		66.7	60.4	31.1
Reckitt Benckiser	83 193		19.0	23.7	31.1
Prudential	278 411		18.7	23.7	30.7
Scottish & Southern Energy	119 840		15.8	22.7	29.8
Cadbury Schweppes	289 411		18.7	19.3	27.8
Utd Utilities	117 326		8.6	11.2	24.1
Land Securities	66 098		13.5	18.7	23.6
Centrica	442 980		13.9	19.1	23.5
Scottish Power	198 207		13.3	18.1	23.5
Scottish & Newcastle	145 765		8.7	9.9	22.9
International Power	210 842		6.8	9.8	22.2
			1 235.5	1 403.3	2 248.9
Switzerland					
Nestle	45 622		83.0	100.8	126.2
Novartis	259 867		86.3	93.1	122.2
UBS	246 912		83.0	93.3	117.8
Roche Holding Genuss	78 507		80.0	87.5	111.5
Credit Suisse Group RG	145 687		50.0	63.4	80.5
Sulzer AG	662		3.0	4.7	73.1
Phonak Holding					52.1
Zurich Financial Services Group	17 398		23.4	29.1	37.1
Swiss Reinsurance	39 357		16.6	20.8	36.1
Richemont - Cie Fin	65 361		17.4	23.7	30.6
Holcim	28 620		13.2	16.3	25.7
Baloise Holding RG					24.8
			456.0	532.6	837.6
Sweden					
Ericsson B	1 951 732		44.4	49.1	115.1
Duni Holding	105 711		29.9	32.9	32.9
PA Resources	477 160		26.4	31.3	31.5
Nordea Bank AB	243 065		17.5	23.3	30.1
Hennes & Mauritz B	55 910		13.3	17.6	23.3
			131.4	154.2	232.9
Germany					
Rwe	59 137		33.8	40.5	121.1
EON	73 276		55.6	61.9	80.8
Deutsche Bank	67 455		53.1	56.1	79.9
Allianz SE (Societas Europeae)	49 405		56.6	62.8	79.7
Henkel Kgaa-Vorzug	9 585		7.1	8.8	59.5
Deutsche Telecom	321 187		33.7	36.5	51.5
Basf	65 186		34.6	39.5	50.3
Muenchener Rueckversicherungs RG	24 725		24.8	26.5	42.8

NOK million	Number held	Interest	Acquisition cost[1]	Market value	Market value include indirect investment in fund
Germany cont.					
Bayer	87 791		28.0	29.3	37.2
Software AG					36.2
Hugo Boss Pref					34.5
ThyssenKrupp	48 589		9.9	14.2	28.9
Commerzbank	89 731		19.6	21.3	27.8
Deutsche Post	92 328		14.6	17.3	24.2
			371.3	414.7	754.5
USA					
Exxon Mobil	342 868		136.0	163.6	430.6
General Electric	582 617		132.4	135.0	350.9
J.P Morgan Chase and Co	198 945		51.0	59.8	293.2
AT&T Inc	213 523		44.8	47.5	262.2
Citigroup	281 724		88.4	97.7	253.3
Microsoft	520 393		92.8	96.8	251.3
Wachovia Corp	97 199		35.2	34.5	230.3
Cisco Systems	348 691		46.4	59.3	217.1
Pepsico Inc	99 802		35.8	38.9	200.9
Procter & Gamble	183 583		73.8	73.5	195.3
Allstate Corp	41 880		13.7	17.0	193.3
Pfizer	415 094		60.4	66.9	184.1
Johnsen & Johnsen	163 445		69.4	67.2	176.4
Chevron Corp	131 461		55.1	60.2	167.2
General Mills	31 789		10.3	11.4	161.1
Nothern Trust	25 112		9.5	9.5	160.3
National City	49 436		11.9	11.3	148.5
Genworth Financial A					148.3
Air Products & Chemicals	22 871		10.1	10.0	146.3
International Business Machine (IBM))	89 611		46.1	54.2	140.8
Textron	22 242		12.7	13.0	138.9
Apple Inc	50 193		23.9	26.5	137.5
Constellation Energy					135.3
Clorox Corp	14 200		6.0	5.7	134.8
American International Group	117 464		50.8	52.4	134.8
Qualcomm	99 623		23.4	23.4	134.1
Occidental Petroleum	60 019		19.3	18.2	133.6
Kellogg Co	16 900		5.6	5.3	132.9
CVS Corp	57 980		12.4	11.2	129.1
Illinois Tool Works	31 868		9.7	9.2	121.4
Cooper Industries	10 504		6.1	5.9	115.7
Masco	49 915		9.0	9.3	114.3
Hewlett-Packard Co	166 286		40.3	42.6	113.1
Intel	342 604		45.4	43.2	111.9
Norfolk Southern Corp	25 420		7.4	8.0	110.7
El Paso Corporation	52 255		4.7	5.0	104.9
Coca-Cola	125 053		36.5	37.6	97.3
Bank of America Corp	253 487		87.7	84.3	96.7
CIT Group	15 354		5.3	5.3	95.6
Time Warner	264 422		32.1	35.9	93.6
Corning	99 533		13.2	11.6	92.6
Electronic Arts	24 116		6.2	7.6	92.2
Newell Rubbermaid	29 667		5.7	5.3	91.8
Verizon Communications	156 367		32.6	36.3	91.8
Google Class A	11 840		31.7	33.9	89.6
Merck & Co	123 397		30.3	33.5	87.1

NOK million	Number held	Interest	Acquisition cost[1]	Market value	Market value include indirect investment in fund
USA cont.					
Flowserve					86.3
Hess Corp					86.0
Ensco International Inc	15 890		4.4	5.0	84.7
Home Depot	123 191		34.1	30.8	83.6
Schlumberger	76 082		30.0	29.9	79.8
Morgan Stanley	52 332		24.7	26.5	79.3
Wyeth	82 150		27.1	26.0	77.6
United Health Group	83 291		27.4	27.9	75.8
Intuit	33 582		7.2	6.4	74.0
Bellsouth	99 777		27.5	29.3	73.9
US Bancorp	106 325		23.1	24.0	72.2
Rockwell Collins	61 827		20.2	24.4	71.7
Wellpoint Inc	43 707		22.1	21.4	71.4
Oracle Corporation	248 454		28.0	26.5	71.3
Amgen	67 794		31.6	28.8	69.7
Metlife	54 721		17.4	20.1	69.4
Abbott Laboratories	86 946		27.6	26.4	68.6
McDonalds	88 439		20.5	24.4	67.4
Adobe Systems	42 008		10.3	10.8	66.8
Merrill Lynch	46 868		24.1	27.2	64.4
Emerson Electric	73 312		20.1	20.1	63.7
Walt Disney	113 059		22.6	24.1	62.6
Tyco International	127 458		23.0	24.1	62.5
Motorola	156 871		25.8	20.1	62.2
Goldman Sachs	20 606		19.8	25.6	61.7
Medtronic	70 547		21.6	23.5	60.0
Target Corporation	61 551		23.2	21.9	59.9
Prudential Financial Inc	35 267		17.5	18.9	59.0
Transocean	25 385		12.0	12.8	56.8
Caterpillar	44 488		19.2	17.0	55.2
Fannie Mae	55 361		19.7	20.5	53.1
St. Paul Travelers Cos Inc	49 265		14.9	16.5	52.9
Chubb Corp	40 155		12.0	13.2	52.4
Dell Inc.	128 480		18.9	20.1	52.3
American Express	57 187		20.6	21.6	51.9
Lilly Eli	61 688		21.9	20.0	51.8
Marathon Oil Corp.	25 177		12.5	14.5	51.8
Sprint Nextel Group	168 501		18.9	19.8	51.8
Sandisk Corp	13 062		4.8	3.5	50.9
Comcast Corp-Special	73 091		17.1	19.1	50.1
News Corporation B	139 954		18.6	19.4	50.0
Bristol-Myers Squibb	116 054		18.9	19.0	49.3
Duke Energy Corp	91 345		18.3	18.9	49.2
Hartford Financial Services	24 590		13.9	14.3	49.0
Equity Office Properties	47 315		12.4	14.2	48.3
Exelon	45 509		16.7	17.5	47.9
Wallgreen	63 816		19.2	18.2	47.2
Texas Instruments	98 291		21.2	17.6	46.6
Lowe's Cos Inc	92 062		17.1	17.9	46.3
Countrywide Financial	45 315		10.4	12.0	45.8
Citrix					45.5
Freddie Mac	41 245		17.5	17.4	45.2
Lehman Brothers	30 921		14.9	15.0	44.3
Capital One Financial	38 645		19.6	18.5	44.3

NOK million	Number held	Interest	Acquisition cost[1]	Market value	Market value include indirect investment in fund
USA cont.					
DuPont (E.I) De Nemours	56 181		14.5	17.0	44.2
Dominion Resources	25 132		12.6	13.1	44.1
Federated Department Stores	47 985		13.5	11.4	43.7
Firstenergy	33 315		12.4	12.5	43.6
Genentech	30 472		15.1	15.4	43.3
J.C. Penney	23 541		10.6	11.3	41.8
American Elec Power	46 305		11.1	12.3	41.8
Valero Energy	37 319		12.6	11.9	41.5
ACE Ltd	30 265		10.8	11.4	41.4
McGraw Hill	33 395		12.6	14.1	40.9
Lincoln National Corp	27 911		11.3	11.5	40.2
Dow Chemical	61 566		15.6	15.3	40.0
Equity Residental Properties	40 861		13.6	12.9	39.8
Sirf Technology Holdings Inc					39.7
Phelps Dodge Corp	15 623		8.8	11.6	39.6
Avid Technology Inc.					39.5
ITT Corporation	40 406		12.3	14.3	38.3
Washington Mutual	52 156		14.7	14.8	38.1
Fedex Corp	20 459		14.5	13.8	37.6
United Parcel Services	30 780		14.6	14.4	37.5
Baxter International	48 019		14.3	13.9	37.3
Marriott Intl	37 786		9.7	11.2	36.6
Suntrust Banks	26 916		13.5	14.2	36.6
Automatic Data Processing	45 041		14.0	13.8	35.8
Starbucks Corp	56 671		12.6	12.5	35.6
Caremark Rx Inc	33 289		11.2	11.8	35.3
Eaton Corp	20 371		9.3	9.5	35.1
Baker Hughes	21 448		9.5	10.0	34.9
Gilead Sciences Inc	33 045		12.2	13.4	34.8
Plum Creek Timber	44 553		10.0	11.1	34.8
Applied Materials	113 827		13.2	13.1	34.3
EMC	160 453		12.3	13.2	34.2
Monsanto	39 941		12.2	13.1	34.2
Aetna	35 167		9.0	9.5	33.7
Devon Energy	25 637		10.6	10.7	33.6
Mellon	47 092		12.0	12.4	33.3
Safeway	37 070		7.3	8.0	32.8
Apache Corp	27 883		11.5	11.5	32.4
Southern	54 569		12.4	12.5	32.4
Parker Hannifin	18 196		9.2	8.7	32.4
Cardinal Health	30 814		13.6	12.4	32.3
Deere & Co	19 174		10.5	11.3	32.0
Ingersoll-Rand Corp	34 550		8.8	8.4	32.0
Union Pacific Corp	14 929		8.5	8.6	31.9
Archer-Daniels-Midland	41 087		10.3	8.2	31.9
Kroger	55 778		8.4	8.0	31.6
Anheuser Busch	42 384		13.2	13.0	31.3
Sysco Corp	51 306		11.1	11.7	31.2
Alcoa	63 918		11.6	11.9	31.2
Entergy	20 095		9.8	11.6	31.1
Yahoo	77 821		13.5	12.4	31.0
Ebay	63 579		19.0	11.9	30.7
Public Service Enterprise Gp	22 803		9.1	9.4	29.9
Harley-Davidson	23 511		9.6	10.3	29.8

NOK million	Number held	Interest	Acquisition cost[1]	Market value	Market value include indirect investment in fund
USA cont.					
Kohls Corp	26 090		11.3	11.1	29.6
Johnson Controls	16 123		7.7	8.6	29.4
PG&E Corp.	37 103		10.1	10.9	28.7
General Motors A	35 887		7.7	6.9	28.7
Schwab (Charles)	90 120		10.4	10.9	28.3
Staples	59 862		9.6	10.0	28.3
Comcast Corp A	47 436		9.3	12.5	28.2
SLM Corp	32 424		10.9	9.8	28.2
Weyerhauser	24 249		9.8	10.7	28.1
PP&L Resources	40 390		8.8	9.0	28.1
Omnicom Group	14 956		9.1	9.7	28.1
Franklin	15 406		10.5	10.6	28.0
Progressive Corp	63 767		10.1	9.6	28.0
Carnival	33 786		12.2	10.3	27.7
Paccar	20 052		7.5	8.1	27.6
Viacom INC ClassB	41 451		10.8	10.6	27.6
Fortune Brands Inc	17 743		8.7	9.4	27.0
Conagra	57 179		9.0	9.6	26.9
Comerica Inc	28 507		10.6	10.4	26.9
XTO Energy	31 917		8.7	9.4	26.9
Danaher Corp	22 685		10.0	10.2	26.8
Host Hotels & Resorts	45 406		7.0	6.9	26.6
Vulcan Materials	14 674		7.5	8.2	26.4
BB&T CORP	29 739		8.6	8.1	26.3
Xerox	61 874		6.2	6.5	26.3
Zimmer Holdings	20 512		9.1	10.0	26.2
Moody's	20 045		8.4	8.6	25.9
Praxair	27 035		10.4	10.0	25.8
Sears Holdings Corp	9 306		9.7	9.7	25.4
Globalsantafe Corp	25 327		8.0	9.3	25.2
Texas Utilities	27 288		11.2	9.2	25.0
Becton Dickinson & Co	21 544		9.8	9.4	25.0
Nisource Inc	64 703		9.1	9.7	24.8
Lexmark Intaernational	11 237		4.3	5.1	24.1
Best Buy	29 488		8.8	9.0	24.1
Medco Health Solutions	24 989		9.9	8.3	23.8
Agilent Technologies	38 567		7.6	8.4	23.8
Stryker Corp	26 547		8.7	9.1	23.6
First Data	56 905		8.3	9.0	23.5
Computer Sciences Corp	15 749		5.0	5.2	23.5
Heinz (H.J)	32 310		8.8	9.1	23.4
Paychex	36 146		8.7	8.9	23.4
Boston Scientific	83 810		8.4	9.0	23.4
Gannett	17 491		6.5	6.6	23.3
Dover	29 343		9.2	9.0	23.2
International Paper	41 968		9.5	8.9	23.2
State Street	20 818		8.5	8.7	22.7
CBS Corp class B	50 095		9.4	9.7	22.7
Thermo Fisher Scientific Inc	20 021		5.2	5.6	22.5
Sara Lee	77 328		8.0	8.2	22.3
Sun Microsystems	253 466		8.4	8.6	22.2
Prologis	21 254		8.1	8.0	22.1
Intl Game Technology	28 699		7.7	8.3	22.0
Noble Corp	11 726		5.6	5.6	21.9
			3 660.2	3 801.2	13 842.8

NOK million	Number held	Interest	Acquisition cost[1]	Market value	Market value include indirect investment in fund
Other Oceania			1 830.6	1 880.9	2 285.6
Other Europe			1 675.5	2 010.1	1 584.6
Other North-America			1 024.9	1 002.8	-158.3
Other contry			63.8	78.2	67.1
Total foreign shares			**14 549.0**	**15 714.2**	**27 851.6**
Of which listed international equities			13 391.2	14 517.2	26 648.5
Mutual investments managed by Storebrand Kapitalforvaltning					
Storebrand Nord Amerika I	9 166 221		6 639.5	7 589.4	
Storebrand Global Quant Equity	2 000 000		2 000.0	2 020.4	
Storebrand Europa I	947 785		1 112.7	1 590.4	
Storebrand Alpha SICAV-North America Class M	196 501		1 362.0	1 434.7	
Storebrand Alpha SICAV-Europe Class M	119 499		992.2	1 012.6	
Storebrand Alpha SICAV-Global Class M	117 822		772.1	849.3	
Storebrand Global Indeks I	399 760		400.0	438.2	
Storebrand Asia Pacific Indeks I	343 578		346.0	352.7	
Storebrand WGA Health Care	68 837		70.5	86.4	
Storebrand Barnespar	396 006		39.6	68.4	
Storebrand Global I	75 659		50.0	50.5	
Storebrand Energi	24 652		23.8	39.9	
Storebrand Futura 2	10 000		10.0	10.6	
Storebrand F & C Emerging Markets	5 481		5.3	7.5	
Storebrand Goldman SMB Europa	2 539		2.5	2.7	
Other					3 242.3
Total			**13 826.1**	**15 553.6**	**3 242.3**
Other mutual investments					
Storebrand Multi Strategy Limited - class B-3	1 157 156 103		1 202.7	1 386.6	1 386.6
Storebrand Special Opportunities Ltd. - B3	761 191 734		750.0	837.3	837.3
Storebrand Investment Fund - Storebrand TA Fund	862 539		695.7	670.3	670.3
Storebrand International Private Equity IV - B2	376 349 773		385.0	435.8	435.8
Storebrand International Private Equity V Ltd - B3	393 636 690		376.2	371.2	371.2
Storebrand Selecta Limited - Class B-3	258 461 234		236.4	307.5	307.5
Outlet Mall Fund	31 709 644		265.3	282.7	282.7
Storebrand International Private Equity VI Ltd -B3	251 515 152		250.0	246.0	246.0
Lasalle Euro Growth II	20 831 271		166.2	182.8	182.8
Macquarie European Infrastructure Fund II	19 497 219		159.1	160.1	160.1
Henderson PFI	12 009 237		145.8	150.1	150.1
API Eiendomsfond Norge	234		127.6	144.2	144.2
Pradera European Retail Fund	16 189 434		133.8	133.8	133.8
CBRE Strategic Property Partners UK	9 837 208		116.4	128.5	128.5
European Office Income Venture	14 025 638		114.3	124.8	124.8
TransEuropean Property ltd.Partnership III	14 079 132		113.9	124.3	124.3
Grainger unitholder No.1 Limited	9 693 840		117.5	119.6	119.6
Carlye Europe Real Estate Partners L.P.	11 312 892		93.0	116.8	116.8
European Retail Income Venture	11 965 770		98.3	103.0	103.0
Storebrand Norwegian Private Equity 2006 Ltd. - B3	106 060 605		105.0	100.8	100.8
Global Health Care Equity Portofolio					85.9
Heitman European Property Partners III	8 907 567		73.3	77.1	77.1
HealthCap III, KB	83 334 859		72.0	74.1	74.1
European Property Invesators	9 862 887		78.2	73.9	73.9
Storebrand Principle Global Fund Z	39 891		57.9	72.4	72.4
FSN Capital Limited Partnership 1	2 133 446		17.0	71.5	71.5
Bain Capital Fund	6 476 790		44.3	70.7	70.7
Menlo Ventures IX	10 212 931		72.9	68.2	68.2

NOK million	Number held	Interest	Acquisition cost[1]	Market value	Market value include indirect investment in fund
Other mutual investments cont.					
Celogix N.V.	18 423		63.2	67.4	67.4
Abn Amro Infrastructure Capital Equity Partners	7 514 218		61.6	61.7	61.7
Apax France VI	5 885 830		48.0	53.4	53.4
Carlye Europe Real Estate Partners L.P. II	6 103 482		50.6	53.3	53.3
AIPP Active – Partial Draw Down	6 151 801		50.2	50.7	50.7
Apax Europe V – E, L.P.	4 383 940		36.1	49.0	49.0
Storebrand Emerging Private Equity Markets B3	50 000 000		50.0	48.0	48.0
Wand Partners	101		75.8	44.0	44.0
Bridgepoint – The Second European PE Fund E	3 807 403		30.5	41.8	41.8
EQT IV ISS Co-Investment LP	5 000 000		39.5	41.1	41.1
J.W. Childs III, L.P.	5 183 265		33.7	40.3	40.3
Storebrand International Private Equity III KB	21 000 000		15.6	26.7	26.7
Ferd Private Equity (GP-I) Limited	7 194 996		7.2	24.8	24.8
Apax France V	84		9.8	24.6	24.6
Other			192.6	109.4	124.6
Total			**6 832.1**	**7 369.9**	**7 471.0**
Total shares and participations (short term holdings)			**40 020.8**	**45 515.7**	**45 515.7**
Acquisition cost at the exchange rate applicable on the balance sheet date			**39 303.1**		

1 Equal to acquisition cost in historical currency.

Uncalled commitment to subscribe capital to Limited Partnerships amounted to NOK 4,237 million at 31.12.06.

Exposure to shares in 2006

Storebrand Livsforsikring increased its overall exposure to stock markets in 2006. Exposure to shares and other equity investments accounted for 23% of the company's total investment assets at the start of the year, rising to 28% at the close of the year.

The company's investments in shares are divided between the four regions Norway, Europe, North America and Asia. The allocation of assets between these regions will be weighted in accordance with the company's investment policy unless the investment manager's market view indicates a different weighting. The risk and return associated with any deviation from the investment policy are monitored closely.

Only one investment portfolio, the Private Equity portfolio, has a significant exposure to un-listed shares. Investment in un-listed shares are characterised by both higher risk and a higher expected return than is the case for other investment in shares. This partly because shares in unlisted companies are less liquid until such time as the companies are admitted to stock market listing. The market value of the company's Private Equity portfolio was slightly over NOK 2 billion at the close of 2006.

10 Parent company's holding of shares in subsidiaries and connected companies

NOK million Company	Equity method Acquisition cost	 Book equity	Book value 31.12.	Interest in %	Voting interest in %	Book value 1.1.	Recognised profit 2006
Aktuar Systemer AS, Filipstad br.1, 0114 Oslo	13.0	-8.2	4.8	100.0%	100.0%	4.7	2.0
Storebrand Pensjonstjenester AS, Filipstad br.1, 0114 Oslo	9.7	-2.9	6.8	100.0%	100.0%	6.9	12.9
AS Værdalsbruket, 7660 Vuku	0.1	41.3	41.4	74.9%	74.9%	38.0	3.5
Storebrand Eiendom AS, Filipstad Brygge 1, 0114 Oslo	2.0	2.0	4.0	100.0%	100.0%	3.7	1.5
Storebrand Systemutvikling AS, Filipstad Brygge 1, 0114 Oslo	27.0	1.6	28.6	100.0%	100.0%	72.2	0.9
Uni Norden Holding Konsern, Filipstad Brygge 1, 0114 Oslo	30.7	0.8	31.5	100.0%	100.0%	30.1	0.9
Stor Ulven AS, Filipstad Brygge 1, 0114 Oslo				100.0%	100.0%	0.1	
Storebrand Optimer AS, Filipstad Brygge 1, 0114 Oslo							1.5
Subsidiaries	**82.4**	**34.6**	**117.0**			**155.7**	**23.2**
Sjølyst Eiendom AS, Sjølyst Plass 2, 0278 Oslo	140.4	15.0	155.4	50.0%	50.0%	165.4	15.0
Jointly-controlled companies	**140.4**	**15.0**	**155.4**			**165.4**	**15.0**
Shares and participations in associated companies	**222.8**	**49.6**	**272.4**			**321.1**	**38.2**
Nordben Life and Pension Insurance Co. LTD	25.3	50.5	75.8	25.0%	25.0%	62.0	18.0
UNI Norden Personforsäkring AB, Kungsgatan 34, 111135 Stockholm	20.4	0.7	21.1	40.0%	40.0%	19.9	1.2
Norsk Pensjon AS	2.5		2.5	25.0%	25.0%		
Caveo ASA	89.3		89.3	34.0%	34.0%		
Associated companies Storebrand Livsforsikring AS	**137.5**	**51.2**	**188.7**			**81.9**	**19.2**
Storebrand Eiendom Holding AS, Filipstad Brygge 1, 0114 Oslo	17 186.5		17 186.5	100.0%	100.0%		
Properties owned through a limited company[1]	**17 186.5**		**17 186.5**				

1 For notes on properties owned through a limited company see Note 18- Properties. These investments are booked as real estate.

Shares in Caveo ASA were acquired on 11 December 2006. Share of equity at the time of acquisition represented NOK 39.8 million, whilst goodwill represented NOK 49.5 million.

Associated companies Storebrand Livsforsikring Group

NOK million	Acquisition cost	Book value 1.1	Addition/ disposal	Recognised profit 2006	Book value 31.12	Interest in %
Norben Life and Pension Insurance CO. Ltd	29.5	62.0	-4.2	18.0	75.8	25%
Caveo ASA	89.3		89.3		89.3	34%
Norsk Pensjon AS	2.5				2.5	25%
InnTre Holding AS	2.2	38.0	2.2		40.2	34%
Total	**123.5**	**100.0**	**87.3**	**18.0**	**207.9**	

11 Bonds and short-term debt instruments held as current assets: Storebrand Livsforsikring Group

NOK million	Short-term	Bonds debt instruments	Total	Fixed-income	Total funds
Short-term debt instruments and bonds held as current assets					
Market value	706.7	34 960.7	35 667.4	8 871.2	44 538.6
Of which listed securities	585.1	26 197.6	26 782.7		26 782.7
Acquisition cost	697.9	35 401.1	36 099.0	8 662.0	44 761.0
Nominal value	715.0	34 536.1	35 251.1		35 251.1
Direct investment in short-term debt instruments and bonds	706.7	34 960.7	35 667.4		35 667.4
Indirect investments in commercial paper and bonds through mutual funds managed by Storebrand	1 445.7	4 995.8	6 441.5		6 441.5
Fixed-income fund not managed by Storebrand				817.6	817.6
Interest accured but not yet due	1.5	403.5	404.9		404.9
Base amount for analyss by sector and currency	**2 153.9**	**40 359.9**	**42 513.8**	**817.6**	**43 331.4**
Public sector	1 557.7	9 476.6	11 034.3		11 034.3
Financial institutions	497.9	22 060.8	22 558.7	817.6	23 376.3
Other issuers	98.3	8 822.5	8 920.8		8 920.8
Total			**42 513.8**	**817.6**	**43 331.4**
Modified duration (interest sensitivity)	0.32	2.16	2.07		
Average effective yield	4.00	4.41	4.41		

The effective yield for each security is calculated using the booked value and the observed market price (market value). Calculated effective yields are weighted to give an average effective yield for the total portfolio on the basis of each security's share of the total interest rate sensitivity.

NOK million	Commercial paper	Bonds	Fixed-income funds	Total
By currency				
NOK	797.6	19 285.6	17.2	20 100.5
EUR	754.1	13 452.3	146.6	14 353.1
USD	602.1	5 045.5	653.7	6 301.3
GBP		1 046.2		1 046.2
JPY		806.1		806.1
CAD		298.2		298.2
DKK		145.7		145.7
SEK		134.4		134.4
CHF		103.3		103.3
AUD		42.6		42.6
Commercial paper and bonds held as current assets	**2 153.9**	**40 359.9**	**817.6**	**43 331.4**

12 Bonds to be held to maturity

NOK million	Nominal value	Acquisition cost	Book value	Market value	Amortisation outstanding
Bonds held to maturity - Norwegian					
Public sector	28 803.4	29 805.5	29 507.6	30 726.2	704.2
Financial issuers	13 258.5	13 221.9	13 240.1	13 110.5	-18.4
Other issuers	351.0	352.1	351.1	358.6	0.1
Total portfolio	**42 412.9**	**43 379.6**	**43 098.8**	**44 195.3**	**685.9**
Of which listed securities	29 271.4	30 194.9	29 922.3	31 108.9	650.9
Currency					
NOK	42 412.9	43 379.6	43 098.8	44 195.3	685.9
Modified duration (interest rate sensitivity)				4.54	
Average effective yield			5.22	4.65	

Interest accrued but not yet due totalled NOK 1 215.6 million, total book value including interest accrued but not yet due is NOK 44 314.4 million. The effective yield of individual fixed income securities is calculated on the basis of both the observed market price and the booked value. The weighted average effective yield for the total portfolio is calculated on the basis of weighting by each security's proportion of the total interest rate sensitivity.

13 Financial derivatives

Storebrand Livsforsikring makes active use of financial derivatives. Derivative contracts are used in particular to make effective use of exposure to investment risk in order to create the potential for a sound long-term risk-adjusted investment return. Derivatives often provide a quicker, simpler and cheaper way to increase or reduce exposure to specific risks, and can also be used to protect the investment portfolio against adverse developments. The individual share and bond portfolios use financial derivatives to manage the overall risk exposure within the limits applied. Definitions of the various derivatives contracts used can be found in the "Terms and expressions" section.

Nominal volume

Financial derivative contracts are related to underlying amounts which are not capitalised in the balance sheet. Gross, net and average nominal volume give an indication of the size of the derivative position relative to the underlying values. Gross nominal volume principally indicates the size of the exposure, whilst net nominal volume gives some indication of risk exposure by taking into account the direction of market risk exposure the derivative position represents. Average nominal volume gives an indication of the size of the derivative exposure over the course of the year.

NOK million	Gross nominal volume	Average nominal volume	Net nominal volume	Market value Assets	Market value Liabilities
Share options	11 551.6	12 208.6	-11 551.6	147.8	-0.2
Forward equity contracts	2 009.6		2 009.6	179.0	
Stock index futures	7 291.6	5 369.0	5 782.0		
Total equity derivatives	**20 852.8**	**17 577.6**	**-3 760.0**	**326.8**	**-0.2**
Forward rate agreements	402 686.1	389 763.9	8 973.4	168.2	-135.6
Interest rate futures	1 799.5	3 690.6	1 095.7		
Interest rate options	94 500.0	130 029.6	94 500.0	20.3	-1.1
Interest rate swaps	78 907.2	63 979.0	13 864.5	397.3	-588.1
Total interest rate derivatives	**577 892.8**	**587 463.2**	**118 433.6**	**585.9**	**-724.8**
Forward foreign exchange contracts	65 987.4	59 848.0	-53 597.7	475.5	-388.6
Cross currency interest rate swap		33.7			
Total currency derivatives	**65 987.4**	**59 881.7**	**-53 597.7**	**475.5**	**-388.6**
Credit derivatives	19 148.7	28 435.7	5 083.8	86.9	-77.1
Total credit derivatives	**19 148.7**	**28 435.7**	**5 083.8**	**86.9**	**-77.1**
Total derivatives	**683 881.7**	**693 358.2**	**66 159.7**	**1 475.1**	**-1 190.8**
Indirect investments in funds				**-616.2**	**-564.0**
Booked value				**858.8**	**-626.8**

Investments i credit derivatives includes only indirect investments funds manages by Storebrand Kapitalforvatning.

14 Financial risk Storebrand Livsforsikring AS

Liquidity risk

Contractual period to maturity NOK million Current/fixed assets	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	No fixed maturity	Total value
Long term shares and investments						4,4	4,4
Lending	75.0	50.0	136.7	321.8	1 756.3		2 339.8
Bonds held to maturity	1 862.6	49.6	831.4	10 683.5	30 887.4		44 314.4
Other long term assets		49.4					49.4
Fixed term deposits	1 447.3	300.9					1 748.2
Bonds and commercial paper (current assets)	70.4	2 122.2	2 306.6	22 652.4	15 361.4	818.4	43 331.4
Other current assets	-1.6	76.0	255.3	172.1	-121.4	50 047.6	50 428.1
Total	**3 453.7**	**2 648.2**	**3 530.0**	**33 829.8**	**47 883.6**	**50 870.4**	**142 215.7**
Of which in foreign currency							
Long term shares and investments							
Bonds held to maturity							
Bonds and commercial paper (current assets)	70.3	1 744.4	1 321.1	6 702.1	12 591.9	801.1	23 230.9
Fixed term deposits							
Other current assets	-8.2	95.4	101.7	38.5	-31.4	34 139.0	34 335.0
Total in foreign currency	**62.0**	**1 839.7**	**1 422.8**	**6 740.5**	**12 560.6**	**34 940.2**	**57 565.9**

Contractual period to maturity provides only a partial view of the company's liquidity risk since in practice the majority of investment assets can be sold in the secondary market at shorter notice than the remaining maturity.

Interest rate fixing NOK million Current/fixed assets	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	No fixed maturity	Total value
Long term shares and investments						4.4	4.4
Lending	145.0	1 232.1	908.5	44.2	10.0		2 339.8
Bonds held to maturity	1 862.6	49.6	831.4	10 730.0	30 840.9		44 314.4
Other long term assets		49.4					49.4
Fixed term deposits	1 447.3	300.9					1 748.2
Bonds and commercial paper (current assets)	6 859.2	18 754.8	3 349.2	6 136.9	7 412.9	818.4	43 331.4
Other current assets	-2 504.4	-12 172.7	1 376.4	10 849.6	2 850.8	50 028.4	50 428.1
Total	**7 809.7**	**8 214.1**	**6 465.5**	**27 760.7**	**41 114.6**	**50 851.1**	**142 215.7**
Of which in foreign currency							
Long term shares and investments							
Bonds held to maturity							
Bonds and commercial paper (current assets)	4 140.3	8 005.8	1 364.7	4 111.7	4 807.1	801.1	23 230.9
Fixed term deposits							
Other current assets	-8.2	95.4	101.7	38.5	-31.4	34 139.0	34 335.0
Total in foreign currency	**4 132.1**	**8 101.2**	**1 466.5**	**4 150.2**	**4 775.8**	**34 940.2**	**57 565.9**

Interest rate risk

Interest rate sensitivity NOK million	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total value
Short term portfolios						
AUD		1.2		-1.0	-0.6	-0.4
CAD	0.1	2.6	-0.3	-2.5	-13.1	-13.3
CHF		1.1	-0.4	-0.1		0.6
DKK		0.1		-1.4	-3.0	-4.3
EUR	-0.4	18.0	-25.2	111.7	-243.6	-139.6
GBP	0.2	4.6	12.3	-174.2	-62.7	-219.8
HKD		0.3				0.2
JPY	0.3	5.0		-17.0	-65.6	-77.4
MXN		-0.1				-0.1
NOK	-4.0	-85.8	-44.1	-165.4	-487.8	-787.1
NZD		0.7				0.7
PLN		0.2				0.2
SEK	-0.1	0.7	0.6	-1.6	-4.3	-4.7
SGD		0.2				0.2
USD	0.5	38.3	14.5	-35.0	-107.1	-88.8
Total	**-3.6**	**-13.1**	**-42.6**	**-286.6**	**-987.8**	**-1 333.6**
Long term holdings/subordinated loans						
EUR		0.2				0.2
NOK	-0.8	5.0	-7.8	-265.7	-1 786.3	-2 055.6
SEK						0.1
Total	**-0.8**	**5.2**	**-7.8**	**-265.7**	**-1 786.3**	**-2 055.3**
Total quantified interest rate sensitivity	**-4.3**	**-7.9**	**-50.4**	**-552.2**	**-2 774.1**	**-3 389.0**

Interest rate sensitivity is a method of measuring interest rate is which is based on the effect of interest rate changes on the market value of bonds, interest rate derivatives and other interest-sensitive financial items. The summary provided demonstrates the effect on the value of financial current assets and financial fixed assets (bonds held maturity) at 31.12.06 of a 1 percentage point increase in interest rates.

Foreign exchange risk

Assets and liabilities in foreign currency NOK million	Balance sheet items Net balance	Forwards Net sales	Net position in currency	 in NOK
Short term portfolios				
AUD	162.1	-144.7	17.4	85.2
CAD	232.4	-229.8	2.6	14.1
CHF	176.7	-164.1	12.6	64.3
DKK	263.4	-229.4	34.0	37.5
EUR	2 723.7	-2 727.5	-3.8	-31.1
GBP	346.4	-343.2	3.1	38.4
HKD	308.4	-240.7	67.8	54.3
ITL	168.9		168.9	0.7
JPY	70 512.6	-68 599.4	1 913.3	100.0
KRW	92.4		92.4	0.6
MXN	-0.4		-0.4	-0.2
NZD	154.7	-150.0	4.7	20.6
PHP	0.4		0.4	0.1
PLN	5.2		5.2	11.1
SEK	778.8	-708.8	70.0	63.7
SGD	36.9	-26.2	10.7	43.3
USD	3 575.2	-3 554.2	21.0	130.7
ZAR	0.2		0.2	0.2
Total short term portfolios				**633.2**
Long term holdings/subordinated loans				
EUR	-369.0	358.8	-10.2	-83.4
SEK	83.8	-70.6	13.3	12.2
USD	0.6		0.6	3.6
Total long term investments				**-67.6**

The company continuously hedges all material exposure to currency risk. Currency risk arises as a result of investments in international securities and to some extent as a result of taking up subordinated loans denominated in foreign currency. Hedging is carried out at the portfolio level by using forward foreign change contracts, and total currency exposure is continually monitored within the total limit set. The currency exposure shown for 31.12.06 is representative of the company's restricted limits for currency exposure.

15 Changes in specific/general loan loss provisions

NOK million	2006	2005	2004
Specific provisions for losses on loans, guarantees etc. at 1.1.			1.9
Realised losses on loans, guarantees etc. where specific provision has previously been made			
Increase in specific loan loss provisions for the period			
New specific loan loss provisions in the period			
Reversal of specific loan loss provisions in the period			-1.9
Specific provisions for losses on loans, guarantees etc.			
General provision for losses on loans, guarantees, etc. at 1.1.			2.6
General provision for losses on loans, guarantees, etc. in the period			-2.6
General provision for losses on loans, guarantees, etc.			

Lending volume

NOK million	2006	2005	2004	2003
Non-accrual loans				
not yet provisioned				
provisioned				
Total of loans in default				
not yet provisioned			0.8	7.6
provisioned			0.8	5.7
Other doubtful loans				
not yet provisioned				
provisioned				
Interest suspended				

16 Underlying investments in investment portfolios for products with investment choice

The composition of the investment portfolios at 31 December 2006 was as follows.

NOK million	Market value
Liquidity	146.4
Foreign exchange contracts	-2.2
Short-term investments	294.5
Awaiting settlement	-2.9
Storebrand Credit Fund	119.9
Storebrand Global Obligasjon A	168.6
Storebrand Likviditet	124.2
Storebrand Obligasjon	237.6
Storebrand Obligasjon+	268.0
Storebrand Rente+	385.4
Skagen Kon-Tiki	31.9
Storebrand Aksje Innland	93.4
Storebrand Asia	8.2
Storebrand Europa	227.3
Storebrand Global Indeks I	342.3
Storebrand Japan	168.5
Storebrand Nord-Amerika	194.3
Storebrand Verdi	197.7
American International Group	1.5
AT&T Inc	1.4
Bank of America Corp	1.5
BHP Billiton	1.4
Chevron Corp	1.4
Citigroup	1.6
Coca-Cola	1.5
Exxon Mobil	1.4
General Electric	1.5
GlaxoSmithkline	1.4
Home Depot	1.4
Intel	1.3
International Business Machine (IBM))	1.6
Johnsen & Johnsen	1.5
Microsoft	1.5
Nestle	1.5
Nokia A	1.4
Novartis	1.5
Pepsico Inc	1.5
Pfizer	1.4
Procter & Gamble	1.5
Royal Bank of Scotland	1.4
Sanofi-Aventis	1.4
Time Warner	1.4
Total (PAR)	1.4
Toyota Motor	1.5
UBS	1.5
United Parcel Services	1.5
Vodafone Group	1.4
Wells Fargo	1.5
Storebrand Privat Investor ASA	61.6
Total investments fund	**3 108.4**
Of which investments for equity	**1.6**
Of which investments for customers	**3 106.8**

17 Life insurance assets with investments choice

NOK million	Number held	Market value	Return 2006 %
AB Global Growth Trends Pf	34 000.74	13.3	5.19
AB Global Value Pf	118 902.07	13.1	16.32
Danske Fund Norge I	1 200.49	5.2	30.67
Danske Fund Norge Vekst	106.69	1.1	24.32
Danske Fund Norsk Likviditet I	2 696.51	3.0	0.18
Danske Fund Norsk Obligasjon	9 086.01	9.1	-2.81
Delphi Europa	42 636.58	70.5	34.24
Delphi Norden	15 786.57	171.1	29.61
Delphi Norge	6 344.23	53.8	23.33
Delphi Vekst	13 050.94	38.6	23.09
Delphi Verden	49 493.27	61.8	24.78
Holberg Norden	16 473.83	3.5	32.8
Holberg Norge	1 352.87	0.4	26.43
Invesco Global Leisure Fund	54 437.28	7.6	13.61
Invesco Global Real Estate Securities	61 102.56	5.9	41.73
Invesco PRC Equity Fund (Kina)	369 105.13	87.5	66.65
MLIIF Global Opportunities	21 669.34	4.3	4.01
MLIIF India Fund	7 434.57	0.9	32.47
MLIIF Japan Opportunities	23 124.14	7.6	-25.67
MLIIF World Energy Fund	69 708.74	9.8	0.44
MS Global Value Equity Fund	2 966.01	0.9	11.93
MS Latin America	9 495.22	32.7	39.34
MS US Small Cap Growth	9 064.36	2.7	2.75
Schroder BRIC (Braz Rus In Ch)	7 511.86	7.9	42.79
Schroder Emerging Europe	334 119.80	64.7	26.78
Schroder Emerging Market Debt	114 709.40	15.5	4.4
Skagen Global	558 236.74	416.8	24.07
Skagen Kon-Tiki	946 804.92	348.9	22.75
STB Goldman (Sachs) SMB Europa	22 667.98	23.8	27.47
STB WGA Health Care	38 970.61	48.9	2.09
Storebrand Aksje Innland	257.91	7.5	37.08
Storebrand Asia	56 984.85	92.0	12.51
Storebrand Asia B	1 567.76	2.6	12.84
Storebrand Europa	123 179.31	160.9	20.07
Storebrand Futura 1 (Høyrente)	57 252.34	585.8	2.44
Storebrand Global	281 057.34	481.3	8.53
Storebrand Global Institusjon	17 692.63	27.2	9.16
Storebrand Global med Sikring	17.90	0.0	3.74
Storebrand Global Milj_	17 969.25	16.2	11.18
Storebrand Japan	59 822.85	87.7	-5.34
Storebrand Likviditet	7 066.91	72.9	2.84
Storebrand Nord Amerika	20 267.39	23.1	1.76
Storebrand Norge	945.00	158.7	36.74
Storebrand Obligasjon Institusjon	9 471.52	9.9	0.98
Storebrand Obligasjon+	79 517.94	81.0	2.5
Storebrand PensjonS	686 909.55	124.1	21.96
Storebrand Rente+	416 281.49	433.0	4.05
Storebrand S 2010	31.20	0.1	7.24
Storebrand S 2020	145.83	0.4	16.48
Storebrand S 2030	377.83	1.4	23.33
Storebrand S 2040	24.28	0.1	29.67
Storebrand Teknologi	73 570.43	76.9	-1.67
Storebrand Vekst	794.74	74.7	21.66
Storebrand Verdi	531 193.94	192.6	36.49
T.Rowe Price Global High Yield Bond Fund	100 467.01	11.5	5.9

NOK million	Number held	Market value	Return 2006 %
Orkla Storebrand ipf2	154 875.68	185.1	5.85
STB Link Balansert Allokering	630 158.34	1 000.9	10.06
STB Link Balansert Pensjon	2 634 281.35	338.6	10.18
STB Link Balansert Pensjon I	150 461.84	80.6	7.17
STB Link Balansert Pensjon N	5 662.04	5.8	2.41
STB Link Balansert Pensjon O	21 267.57	23.2	9
STB Link Forsiktig Allokering	277 270.14	364.9	6.72
STB Link Forsiktig Pensjon	2 436 326.37	280.8	5.59
STB Link Forsiktig Pensjon I	58 231.37	30.4	4.31
STB Link Forsiktig Pensjon O	44 475.22	46.7	5.05
STB Link Global Indeks ipf	12 677.38	1.4	10.26
STB Link Offensiv Allokering	107 074.15	196.2	14.43
STB Link Offensiv Pensjon	223 570.09	31.7	15.38
STB Link Offensiv Pensjon I	4 788.91	2.6	10.28
STB Link Offensiv Pensjon O	9 112.68	10.3	13.32
Storebrand Link Bankkonto	352 427.08	403.8	2.29
Storebrand Link Global Topp 30	13 204.07	14.7	11.45
Storebrand NHO Balansert Pensjon	85 906.97	94.0	9.38
Assets with investments choice		**7 364.1**	

18 Real estate: Storebrand Livsforsikring Group

NOK million	Market value	Ave. rent per sq.m.	Term of lease	Sq.m..	Percentage let
Type of real estate					
Office premises (inc. commercial premises, parking and storage)	10 138.8	981	5.4	699 895	97.3%
Shopping centres (inc. parking and storage)	7 312.0	1 251	3.3	390 078	98.5%
Parking	486.0	735	14.0	44 085	100.0%
Total directly-owned real estate	**17 936.8**	**1 065**	**4.8**	**1 134 058**	**97.8%**
Real estate owned by Sjølyst Eiendom AS	**225.0**				
Real estate owned by Værdalsbruket	**7.6**				
Total real estate - Group	**18 169.4**				
Geografic location					
Oslo- Vika/Fillipstad Brygge	4 201.9				
Oslo - other	4 157.6				
Shopping centres	5 985.5				
Norway - other	3 824.4				
Ownership structure					
Directly owned					
Property company (AS)	17 916.4				
Property partnership (ANS)	253.0				

NOK million	2006	2005	2004	2003	2002
Additions	3 466.5	1 067.7	3 045.4	71.8	67.7
Disposals	-434.0			-363.9	-1 314.6

Property valuation methods

The company carries out its own assessment of the value of the properties which it owns. The properties are valued individually by discounting estimated future net income streams by a discount rate corresponding to the yield requirement for the relevant investment. The net income stream takes into account existing and future reduction in income resulting from vacancy, necessary investments and an assessment of the future development in market rents. The yield requirement is based on the expected future risk-free interest rate and an individually determined risk premium, dependent on the letting situation and the building's location and standard. This method is in accordance with the regulations for annual accounts etc. of insurance companies.

Actual value has been determined for all properties at 31.12.06.

19 Movements in the Group's fixed assets during the year

NOK million	Real estate	Machinery, cars and equipment	Intangible assets	Bonds held to maturity	Long term shares and investment
Acquisition cost at 1.1	12 928.6	47.1	117.3	40 671.6	0.5
Revaluations in the year	779.8			0.0	
Revaluations in earlier years	38.5			0.0	
Additions	4 856.9	15.3	0.9	5 600.0	4.0
Disposals at acquisition cost	-434.4	-3.5		-3 057.3	-0.1
Amortised over/under value for the year				-115.5	
Aggregate write-downs and depreciation at 31.12.		-30.7	-110.0	0.0	
Book value at 31.12.06	18 169.4	28.2	8.2	43 098.8	4.4
Revaluations/reversals for the year	927.5				
Ordinary depreciation for the year		-13.0	-17.2		

Straight line depreciation periods for operating assets are as follows:	
Machinery and fittings:	4 years
Cars:	6 years
Computer systems:	3–6 years
Intangibel assets:	3–6 years

20 Marked value (actual value) of securities: Storebrand Livsforsikring Group

	2006					2005	2004
NOK million	Acquisition cost (Book value)	Loss provisions	FX change at closing exchange rate	Unrealised gains/losses	Actual value	Unrealised gains/losses	Unrealised gains/losses
Investments held as fixed assets							
Shares and other equity instruments	4.4						
Bonds	43 098.8			1 096.6	44 195.3	3 573.4	4 212.7
Total investments held as fixed assets	**43 103.2**			**1 096.6**	**44 195.3**	**3 573.4**	**4 212.7**
Of which held by subsidiaries							
- Shares and participations	50.1						

	2006					2005	2004
NOK million	Acquisition cost (Book value)	Loss provisions	FX change at closing exchange rate	Unrealised gains/losses	Actual value	Unrealised gains/losses	Unrealised gains/losses
Shares and other equity investments	40 022.3	-4.9	-717.7	6 120.2	45 515.7	3 807.6	2 387.1
Bonds	44 063.1		-257.5	26.3	43 832.0	186.7	398.2
Commercial paper	699.5		7.5	-0.3	706.7	-1.8	1.9
Deposits with credit institutions	1 743.6				1 743.6		
Financial derivatives	378.7		81.7	-228.3	232.1	-108.5	-20.0
Total short term current assets	**86 907.2**	**-4.9**	**-886.0**	**5 917.8**	**92 030.0**	**3 884.0**	**2 767.2**

21 Insurance reserves by class of business

NOK million	Group pension private insurance	Group pension public insurance	Group life insurance	Endow-ment insurance	Annuity/ pension insurance	Non-life insurance	Total 2006	Total 2005	Total 2004
Premium reserve	85 595.3	14 139.2	388.9	16 750.6	23 571.8		140 445.8	124 051.7	111 819.5
Additional statutory reserves	3 778.7	374.9		374.2	1 022.9		5 550.7	4 537.5	3 706.1
Premium fund/ deposit fund	5 450.1	992.1			226.2		6 668.4	5 228.1	4 946.2
Pensioners surplus fund	280.0						280.0	215.0	199.2
Claims reserve	46.3	21.8	116.7	180.4	17.4		382.6	334.3	313.8
Other technical reserves						174.8	174.8	96.6	81.4
Insurance fund reserves 2006	**95 150.4**	**15 528.0**	**505.6**	**17 305.2**	**24 838.3**	**174.8**	**153 502.3**		
Insurance fund reserves 2005	**84 831.3**	**9 649.9**	**470.0**	**19 345.0**	**20 070.4**	**96.6**		**134 463.2**	
Insurance fund reserves 2004	**79 447.3**	**8 012.0**	**454.6**	**13 530.5**	**19 540.4**	**81.4**			**121 066.2**
Security reserve 2006	118.5	20.9	17.0	13.0	9.6		179.0		
Security reserve 2005	107.7	15.0	16.4	12.2	7.9			159.2	
Security reserve 2004	101.6	11.4	16.1	11.5	8.0				148.6
Insurance related reserves 2006	**95 268.9**	**15 548.9**	**522.6**	**17 318.2**	**24 847.9**	**174.8**	**153 681.3**		
Insurance related reserves 2005	**84 939.0**	**9 664.9**	**486.4**	**19 357.2**	**20 078.3**	**96.6**		**134 622.4**	
Insurance related reserves 2004	**79 548.9**	**8 023.4**	**470.7**	**13 542.0**	**19 548.4**	**81.4**			**121 214.8**

Reserves in respect of non-life insurance products are detailed in Note 23.

Of which products with investments choice

	2006			
NOK million	Group pension	Endowment insurance	Annuity/ pension insurance	Total
Premium reserve	2 050.6	827.6	4 477.2	7 355.4
Deposit fund	175.6			175.6
Claims reserve			0.6	0.6
Insurance fund reserves	**2 226.2**	**827.6**	**4 477.8**	**7 531.6**
Security reserve	0.8		1.8	2.6
Insurance related reserves	**2 227.0**	**827.6**	**4 479.6**	**7 534.2**

22 Transfers between insurance fund reserves etc. on closing 2005 accounts

NOK million	Group pension	Individual	Total
To/from premium fund	-13.5	-0.9	-14.4
To/from premium reserve	38.9	46.8	85.7
To/from additional statutory allocations	-25.4	-45.9	-71.3

23 Technical result and reserves for non-life classes

NOK million	2006	2005	2004
Premiums for own account	151.7	107.0	78.9
Gross business			
Premiums earned	184.3	112.4	79.6
Claims accrued	-119.4	-51.9	-48.5
Insurance related operating expenses	-57.6	-47.8	-23.8
Technical result	**7.3**	**12.7**	**7.3**
Reinsurance ceded			
Premiums earned	-34.1	-7.7	-1.4
Claims accrued	0.1	0.7	0.3
Technical result	**-34.0**	**-7.0**	**-1.1**
For own account			
Technical result	-26.7	5.7	6.2
Claims reserve	**91.8**	**41.8**	**39.3**
BISC minimum requirement	91.7	41.8	39.0
Security reserve	**73.0**	**48.6**	**36.8**
BISC minimum requirement	71.4	47.1	35.4
Administration reserve	**10.0**	**6.2**	**5.3**
BISC minimum requirement	10.0	6.1	5.2

24 Deferred tax allowances and deferred tax: Storebrand Livsforsikring As

NOK million Temporary differences	2006 Tax reducing	2006 Tax increasing	2005 Tax reducing	2005 Tax increasing	Net change	2004 Tax reducing	2004 Tax increasing
Current value of securities		1 212.7		397.3	-815.4		521.2
Forward foreign exchange contracts		82.1		607.1	525.0	580.7	
Revaluations of real estate	679.2		937.7		-258.5	941.7	
Write down of KS/ANS participations	83.9		83.9	100.6	100.6	74.5	126.4
Operating assets		5.3		5.7	0.4		9.2
Insured pension scheme			13.5		-13.5	85.7	
Uninsured pension scheme		189.1		240.0	50.9		155.1
Bonds to be held to maturity		280.8		205.8	-75.0		
Other		80.7		70.6	-10.1		93.1
Total temporary differences	**763.1**	**1 850.7**	**1 035.1**	**1 627.1**	**-495.6**	**1 682.6**	**905.0**
Tax losses carried forward		6 027.3		2 413.7			218.2
Allowable losses carried forward		683.8		683.8			464.3
Applied/settled	-763.1	-763.1	-1 035.1	-1 035.1		-1 587.5	-1 587.5
Net temporary differences		**7 798.7**		**3 689.6**	**-4 109.2**	**95.1**	
Tax	28.0%	28.0%	28.0%	28.0%	28.0	28.0%	28.0%
Deferred tax/tax allowances		**2 183.6**		**1 033.1**	**-1 150.6**	**26.6**	
Deferred tax assets not booked in balance sheet		**2 183.6**					

See note 7

Deferred tax allowances and deferred tax: Storebrand Livsforsikring Group

NOK million Temporary differences	2006 Tax reducing	2006 Tax increasing	2005 Tax reducing	2005 Tax increasing	Net change	2004 Tax reducing	2004 Tax increasing
Current value of securities		1 212.7		397.3	-815.4		521.2
Forward foreign exchange contracts		82.1		607.1	525.0	580.7	
Revaluations of real estate	679.2		937.7		-258.5	941.7	
Write down of KS/ANS participations	83.9		112.4	100.6	72.1	24.2	126.4
Operating assets	4.8	5.5	615.6	6.0	-610.3	604.0	10.0
Insured pension scheme			13.5		-13.5	91.4	
Uninsured pension scheme		206.6		258.6	52.0		160.5
Bonds to be held to maturity		280.8		205.8	-75.0		
Other	379.8	83.0	24.4	73.6	346.0	3.3	101.8
Total temporary differences	**1 147.7**	**1 870.7**	**1 703.6**	**1 649.0**	**-777.6**	**2 245.3**	**919.9**
- of which subsidiaries	384.6	20.0	668.5	22.0		637.3	14.3
Tax losses carried forward		6 027.3		2 414.3			217.7
Allowable losses carried forward		683.8		683.8			464.3
Applied/settled	-763.1	-763.1	-1 057.4	-1 057.4		-1 601.9	-1 601.9
Net temporary differences	**384.6**	**7 818.7**	**646.2**	**3 689.8**	**-4 390.6**	**643.4**	
Tax	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Deferred tax/tax allowances	**107.6**	**5.4**	**180.9**		**-78.8**	**180.2**	
Deferred tax assets not booked in balance sheet		**2 183.6**					
Changes applied directly to the balance sheet or profit and loss account					**78.2**		
Change in deferred tax/deferred tax allowance					**-0.6**		

See note 7

25 Subordinated loan capital

NOK million Date drawn down	Amount NOK	Currency code	Currency amount	Maturity	Interest rate %	Currency gains/losses
24.02.03, 6 months euribor + 2,20%, call 2008[1]	1 526.7	EUR	185.7	24.02.23	5.64%	
09.06.04, 3 months euribor + 0,90%, call 2009	1 435.1	EUR	174.8	09.06.14	4.56%	
Total subordinated loan capital	**2 961.7**					**-4.8**

1 Will in capital adequasy count as everlasting subordinated loan capital. The company has entered into hedging transactions in respect of subordinated loans denominated in foreign currency. The total expense associated with the company's subordinated borrowings (including currency gains and losses) amounts to NOK 135.2 million.

There is no deduction on the amount of subordinated debt which qualifies for capital adequacy purposes.
The accounting treatment of currency hedging of subordinated loans is described in Accounting Principles.

26 Transactions with connected parties

Transactions between companies in the group

NOK million	Amount
Profit ands loss items	
Services bought	-194.9
Services sold	241.4
Balance sheet items	
Receivables	23.0
Debt	49.8

Transactions between group companies are done on an arms-length basis.

27 Remuneration and contractual arrangements for senior management

Idar Kreutzer is Chief Executive Officer of Storebrand ASA and Managing Director of Storebrand Livsforsikring AS. He is entitled to 24 months' salary following the expiry of the normal notice period from Storebrand ASA. All forms of work-related income from other sources, including consultancy assignments, will be deducted from any such payments. Kreutzer is entitled to a performance-related bonus based on the group's ordinary bonus scheme, which has three aspects. The group's value creation finances the overall amount of the bonus, but individual performance determines allocation. Kreutzer's individual bonus entitlement is credited to a bonus account, and 1/3 of the balance on the bonus account is paid each year. The Managing Director is a member of the Storebrand pension scheme on normal terms.

The company has no obligations towards the Chairman of the Board of Directors in respect of changes to or termination of his appointment.

Storebrand operates a bonus scheme for its employees. The bonus scheme is linked to the company's value creation and individual performance.

NOK 1000	Ordinary salary	Bonus paid	Other benefits[2]	Post-termination salary (months)	Pension accures for the year	Discounted persent value of pension	Loan	Interest rate at 31.12.06	Repayment period
Senior employees									
Idar Kreutzer[4]	3 539	1 822	232	24	726	10 077	9 210	3–3.6	2031
Maalfrid Brath	2 319	902	188	18	401	4 249	5 056	3–3.45	2035
Odd Arild Grefstad[4]	2 286	789	152	18	411	4 571	4 567	3–3.6	2024
Lars Aa. Løddesøl	2 274	1 006	161	18	467	2 181	4 390	3–3.7	2029
Roar Thoresen	2 562	1 404	213	18	754	3 004	989	3	2022
Trond Killi	1 063		136		154	635	2 544	3–3.45	2025

NOK 1000	No. of shares held[1]	Bonus bank	Return on shares bank[3]
Senior employees			
Idar Kreutzer	29 288	3 644	823
Maalfrid Brath	2 113	804	413
Odd Arild Grefstad	4 078	1 278	354
Lars Aa. Løddesøl	2 213	1 013	451
Roar Thoresen	1 038	1 108	676
Trond Killi	0		

1 The summary shows the number of shares in Storebrand ASA owed by the individual, as well as his or her close family and companies where the individual exercises significant influence (cf. Accounting Act 7-26).
2 Comprises company car, telephone, insurance, concessionary interest rate, other contractual benefits and compensation on termination of employment.
3 The return on the share bank shows the annual gain in value on the individual's bonus account caused by the performance of the Storebrand share price in 2006 adjusted for dividend.
4 The cost of employment benefits in respect of Idar Kreutzer and Odd Arild Grefstad is allocated proportionately between Storebrand Livsforsikring AS and Storebrand ASA. The share of these costs allocated to Storebrand Livsforsikring AS is NOK 4.4 million and NOK 2.4 million respectively.

NOK 1000	Remuneration	No. of shares held[1]	Loan	Interest rate at 31.12.06	Payment period
Board of Directors					
Leiv L. Nergard	145	40 000			
Inger Johanne Strand	85		1 200	3	2027
Trond Wilhelmsen[5]	183	3 708	1 114	3	2026
Morten Riiser[5]	38				
Andreas Enger	36				
Camilla Grieg	145				
Jan Kildal	109				
Hege Hodnesdal	60				

5 Remuneration paid to the members of the board of directors of Storebrand Fondsforsikring totalled NOK 37 500.

28 Audit fees of Storebrand Livsforsikring

Remuneration paid to Deloitte AS and related companies:

	Group			Parent Company		
NOK million	2006	2005	2004	2006	2005	2004
Statutory audit	2.6	1.8	2.3	2.4	1.2	2.1
Other reporting duties	0.2			0.1		
Taxation advice	0.7	0.8	0.4	0.5	0.7	0.3
Other non-audit services[1]	0.4	3.4		0.4	3.4	

1 Bistand knyttet til vurdering av prosesser og rutiner i 2005 og avtalte kontrollhandlinger i 2006

The amount above is excluding vat.

29 Change in equity capital

NOK million	2006	2005	2004
Share capital at 01.01	**1 411.2**	**1 411.2**	**1 361.2**
Share issue			50.0
Share capital at 31.12	**1 411.2**	**1 411.2**	**1 411.2**
Share premium at 01.01.	**726.5**	**726.4**	**26.4**
Merged company	90.7	0.1	
Demerged company	-1.6		
Other changes	55.0		700.0
Share premium at 31.12.	**870.6**	**726.5**	**726.4**
Total paid in equity	**2 281.8**	**2 137.7**	**2 137.6**
Other equity at 1.1.	**2 783.9**	**2 366.2**	**1 973.3**
Merged company	-76.8		
Profit for the year	372.0	417.7	392.9
Other equity at 31.12.	**3 079.1**	**2 783.9**	**2 366.2**
Equity capital at 31.12 as per balance sheet	**5 360.9**	**4 921.6**	**4 503.8**

The company's shares are owned to 100% by Storebrand ASA and are of NOK 100 par value.
All shares have equal voting rights The company does not own any of its own shares.

30 Capital adequacy

	Group			Parent company		
NOK million	2006	2005	2004	2006	2005	2004
Calculation base by class of risk weighting	171 584.1	151 234.1	133 795.5	171 215.2	151 238.0	133 445.9
Risk weight 0%	47 214.2	46 915.1	49 992.9	47 201.1	46 890.1	49 986.3
Risk weight 10%	889.2	1 065.1	1 861.6	889.2	1 065.1	1 861.6
Risk weight 20%	35 557.2	35 386.1	37 529.7	35 344.7	35 456.7	37 432.7
Risk weight 50%	2 202.7	2 404.0	828.0	2 043.0	2 288.4	506.8
Risk weight 100%	78 356.7	65 463.8	43 583.3	78 373.1	65 537.7	43 658.5
Assets held in respect of life insurance contracts with investment choice	**7 364.1**			**7 364.1**		
Weighted assets in the balance sheet	**87 935.8**	**73 849.5**	**51 689.4**	**87 829.8**	**73 879.8**	**51 584.6**
Weighted interest rate and FX contracts	549.5	462.3	530.2	549.5	462.3	530.2
Cross holding deduction for shares in other financial institutions	-234.3	-18.5	-78.2	-227.8	-18.5	-78.2
Unrealised gains on financial current assets	-6 080.2	-3 863.7	-2 292.7	-6 080.2	-3 863.7	-2 292.7
Risk weighted calculation base	**82 170.8**	**70 429.6**	**49 848.7**	**82 071.3**	**70 459.9**	**49 743.9**
Core capital	**5 347.2**	**4 896.6**	**4 366.2**	**5 360.3**	**4 921.5**	**4 414.3**
Subordinated loans - perpetual	**2 857.4**	**2 824.3**	**2 878.1**	**2 857.4**	**2 824.3**	**2 878.1**
Limitation on eligible subordinated loan capital						
Eligible subordinated loan capital	**2 857.4**	**2 824.3**	**2 878.1**	**2 857.4**	**2 824.3**	**2 878.1**
Cross holding deduction for shares in other financial institutions	**-234.3**	**-18.5**	**-78.3**	**-227.8**	**-18.5**	**-78.2**
Net primary capital	**7 970.3**	**7 702.4**	**7 166.0**	**7 989.9**	**7 727.3**	**7 214.2**
Capital ratio in %	**9.70**	**10.94**	**14.38**	**9.74**	**10.97**	**14.50**

The book value of the Storebrand Livsforsikring group's equity is NOK 5,361 million. The difference between equity and core capital of is caused by NOK 35 million for other intangible assets.

31 Solvency margin

Storebrand Livsforsikring AS har et foreløpig beregnet solvensmarginkrav for 2006 på 6 232 millioner kroner (5 760 millioner kroner i 2005). Solvensmarginkapitalen ble på 10 879 millioner kroner (10 090 millioner kroner i 2005). Dette gir en solvensmarginprosent på 174,6 prosent (175,2 prosent).

NOK million	2006	2005	2004
Primary capital 31.12.	7 989.9	7 727.0	6 964.7
Counting security reserve	113.8	94.3	84.3
50% of additional statutory reserves at 31.12.	2 775.4	2 268.8	1 853.1
Solvency margin capital at 31.12.	**10 879.1**	**10 090.1**	**8 902.1**

32 Number of employees

	2006	2005	2004
Number of emlpoyees at 31.12.	1 045	931	852
Average number of employees	991	892	729
Full time equivalent positions at 31.12.	1 024	911	833
Average number of full time equivalents (FTEs)	971	878	713

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand Livsforsikring AS

AUDITOR'S REPORT FOR 2006

We have audited the annual financial statements of Storebrand Livsforsikring AS as of 31 December 2006, showing a profit of NOK 1.180,5 million for the parent company and a profit of NOK 1.180,5 million for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The group accounts comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway have been applied to prepare the financial statements. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

- The financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company and of the Group as of 31 December 2006, 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 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, 12 February 2007
Deloitte AS

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

Audit.Tax & Legal.Consulting.Financial Advisory.

Member of
Deloitte Touche Tohmatsu

Org.nr.: 980 211 282

Report of the Board of Directors

MAIN FEATURES

The company's main areas of focus are pensions and life insurance products for private individuals, companies and public sector bodies. Storebrand Livsforsikring's objective is to be recognised at the most respected and customer focused life insurance company in Norway. This can only be achieved and maintained by offering the highest quality advice, customer service and product range in the market. The Storebrand group is the only player in the Norwegian market that specialises in long-term savings and life insurance as its major area of activity, and Storebrand Livsforsikring intends to make the best possible use of this unique position. Storebrand Livsforsikring has a market share of the Norwegian private sector life insurance market of 28% as measured in terms of customer assets under management.

The Norwegian life insurance market is facing a number of changes. Storebrand is making the appropriate preparations for this, including changes to product pricing, portfolio structure and risk management, as well as changes to internal systems.

Storebrand has entered into a significant number of framework agreements with trade associations in the recent past. We believe that trade associations will play an important role in the transition to compulsory employers' pensions.

In addition to its activities in the Norwegian market, the company owns 25% of Nordben Life and Pension Insurance Company Ltd. of Guernsey. Storebrand also offers actuarial services, systems solutions and a full range of operational services for pension funds through its subsidiaries Aktuar Systemer AS and Storebrand Pensjonstjenester AS.

Storebrand opened a Swedish branch in 2005. The branch formally opened for business on 5 September. The branch will offer pension insurance in the Swedish market based on Norwegian insurance legislation. Sales will be made through insurance brokers. The market has responded positively to the branch, and we understand from meetings with brokers that both brokers and potential customers are favourably inclined towards Storebrand.

In December 2005, Storebrand incorporated a new company in Sweden known as UNI Norden Holding AS and Norden Personförsäkring AB. The company started its operations in 2006, and is a new special purpose company in Sweden for personal risk products such as industrial injury and sickness insurance. The company's target group is large Norwegian companies that believe they are currently paying too much to insure their employees against personal injury, and are therefore willing to self-insure part of this risk. A number of Storebrand's larger corporate customers have participated in the development of this company.

Storebrand ITI AS has been merged into Storebrand Livsforsikring with effect from 1 January 2005.

SALES

Sales of savings-related life insurance products to the retail market (endowment policies) showed strong growth in 2003, and this trend continued throughout 2004. In the first half of 2005 the company took steps to limit sales of individual savings contracts without a fixed contract period since it was not desirable from the viewpoint of capital management to allow this product to account for too large a share of the total balance sheet. Sales of individual savings contracts with fixed contract periods developed as intended over the course of the second half of the year.

When defined contribution pension schemes were first introduced in the Norwegian market in 2001, it was generally expected that most companies establishing a pension scheme for the first time would choose the new defined contribution route. While defined contribution schemes represent a rapidly increasing proportion of new pension schemes, some companies are still choosing the defined benefit structure. Storebrand won a number of major contracts in 2005. These included the decision by ISS, a company with 10,000 employees, to appoint Storebrand as its defined contribution pension provider. Oslo Sporveier appointed Storebrand as its new pension provider, representing over NOK 2 billion of additional assets under management. Of the eight municipalities that decided to move away from Kommunal Landspensjonskasse (KLP), Storebrand won five of the competitive tenders. These municipalities represent almost 80% of total pension transfers in the municipal sector. Storebrand enjoyed its best year ever in 2005 for transfers of pension business, with a net inflow (sales notified) of over NOK 4 billion. Many of the company's major customers have started to consider switching existing pension arrangements from defined benefit to defined contribution. Some companies have already decided to make this change, and we expect a continuing trend for more companies to follow their example in 2006.

With effect from the 2005 accounting year, Storebrand has prepared its consolidated accounts in accordance with International Financial Reporting Standards (IFRS). Life insurance companies in Norway are not currently permitted to report in accordance with IFRS. Storebrand Livsforsikring AS/Group will therefore continue to produce its annual accounts in accordance with Norwegian accounting legislation and the regulations for insurance companies.

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

FINANCIAL RESULTS

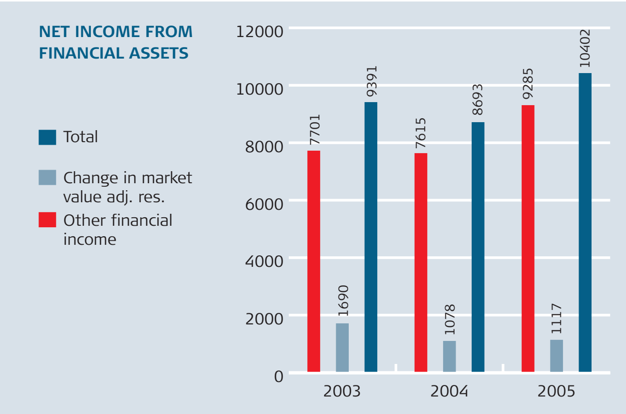
Storebrand Livsforsikring AS reported a profit for the year before allocation between policyholders and the owner of NOK 4,381 million, as compared to NOK 2,982 million for 2004. (Equivalent figures for the Storebrand Livsforsikring group are a profit of NOK 4,382 million in 2005 and NOK 2,985 million in 2004). Of the profit for the year, NOK 3,215 million was allocated to policyholders (of which NOK 950 million was transferred to additional statutory reserves) and NOK 1,167 million was allocated to the owner. The owner's profit included NOK 168 million from products not included in profit sharing with policyholders. Profit after tax was NOK 1,193 million.

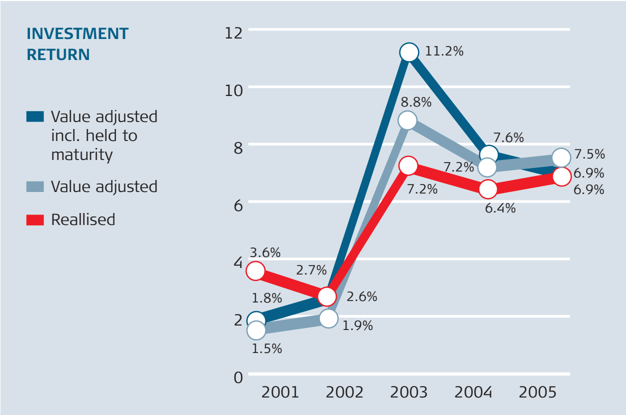
Interest result is the difference between the booked return and the guaranteed return on policies. The average guaranteed return on insurance policies in 2005 was 3.6%. Good investment returns on the assets managed for customers represent the most important element of profitability for savings-related products. The company produced a good book investment return in 2005. Interest result for the year was NOK 4,359 million for 2005, as compared to NOK 3,094 million for 2004

Risk result arises as a consequence of the incidence of mortality and disability during the period differing from that assumed for the premium tariffs. The risk result for 2005 was NOK 363 million as compared to NOK 206 million in 2004. The increase of NOK 157 million reflects increases of NOK 192 million for group pension business, NOK 32 million for group life business and NOK 19 million for non-life business. Individual endowment policies (single payments) and individual pension insurance showed declines of NOK 31 million and NOK 55 million respectively.

Administration result shows the difference between the administration premium charged for the year and actual operating costs. The administration result was a deficit of NOK 330 million, representing a decline of NOK 193 million from 2004. All lines of business showed a decline in administration result. The reasons for this included increased pension costs as a result of charging the accumulated effect of differences between assumptions and outcome for pensions to profit and loss as part of the transition to the new accounting standard, investment in new activities and the costs caused by growth in sales volumes.

Premium income: Storebrand Livsforsikring's total premium income for 2005, including policy transfers, was NOK 18,318 million. This represents an increase of 2% from 2004, when total premium income was NOK 17,912 million. The total inflow of premium reserves from transfers between companies was NOK 2,318 million as compared to NOK 2,619 million in 2004. Premiums written increased by 5% from 2004. The lines of business showing the largest percentage growth were non-life insurance, individual annuity/pension insurance and individual endowment insurance with increases from 2004 of 43%, 19% and 8% respectively. Premium income for group pension insurance and group life insurance showed a decline of 1% and 4% respectively.





Investment return: Storebrand Livsforsikring produced a good investment return in 2005. The booked investment return was 6.9%, as compared to 6.4% for 2004. The value-adjusted return including gains on current asset investments was 7.5% as compared to 7.2% in 2004. At the close of 2005 unrealised gains on current asset investments totalled NOK 3,884 million, while unrealised gains on bonds held to maturity totalled NOK 3,573 million. 9 of the company's 16 investment portfolios produced a better return than their benchmark index in 2005.

Costs: Storebrand Livsforsikring incurred operating costs of NOK 1,354 million in 2005 as compared to NOK 1,039 million in 2004. The increase of NOK 315 million was caused mainly by increased commission payments on a higher volume of sales to the retail market, charging the accumulated effect of differences between assumptions and outcome for pensions to profit and loss, opening the branch in Sweden, and work on mandatory employer's pension products. The fees payable to Storebrand Investments were lower than in 2004 due to a weaker investment return performance relative to the benchmark indices. Policyholders' funds increased by 11% in 2005, and costs relative to average policyholders' funds increased from 0.90% in 2004 to 1.06% in 2005. The company has targeted further improvements in operational efficiency that will create the basis to absorb further growth in business volumes without an equivalent increase in costs.

Insurance claims and benefits: Claims and benefits paid for own account increased by 3% in 2005 to NOK 10,363 million. The change reflects a decrease in outward transfers of policyholders' assets from NOK 3,232 million in 2004 to NOK 1,831 million in 2005, as well as an increase of NOK 1,476 million in cancellations and withdrawals to NOK 2,776 million in 2005. Other claims and benefits paid totalled NOK 5,750 million, representing a normal increase in relation to the total insurance portfolio of NOK 226 million for the year.

Allocations to the insurance fund: Good net sales and a satisfactory investment return caused an increase in policyholders' funds of NOK 13.4 billion in 2005 to NOK 134.5 billion at 31 December 2005. Of the profit allocated to policyholders, NOK 1,210 million was allocated to the premium fund, giving a net increase of NOK 298 million to NOK 5.4 billion at

31 December 2005. Additional statutory reserves, which are conditionally allocated customer funds that act as risk capital for fluctuations in the value of the investment portfolio, were strengthened by NOK 950 million to NOK 4.5 billion at 31 December 2005. This represents a shortfall of approximately NOK 0.2 billion from the amount equivalent to one year's guaranteed return.

RISK MANAGEMENT AND CAPITAL ADEQUACY

The majority of savings-related life insurance products incorporate a guaranteed minimum return. These savings products currently offer an average annual guaranteed return of 3.6%. The average guaranteed return will fall over time since the return guaranteed on new policies cannot exceed 2.75%. The life company's financial risk principally relates to its ability to generate an investment return at least equal to the guaranteed minimum return. This places particular demands on how the life insurance company allocates its investments between various securities and other assets, not least when interest rates are at their current low level, and on the quality of the company's risk management.

In order to reduce its exposure to financial risk, Storebrand has fixed the future rate of return on part of its money market investments. In addition, a significant proportion of the investment portfolio is invested in bonds to be held to maturity with a running yield of 5.5%. However, if interest rates remain at their current low level over the longer term, this will make it challenging to produce an expected return on the company's assets that represents a good margin over the guaranteed minimum return. In early 2004, the Norwegian parliament approved a number of significant changes to the Insurance Activities Act. One important change is that once the amended legislation comes into force, insurance companies will charge policyholders in advance for the cost of guaranteeing the minimum return. Given an expected return of between 5% and 6%, Storebrand assesses that the introduction of the new legislation will, in total, have a relatively neutral effect on the expected return to the owner. It is expected that the profit on products not subject to profit sharing will continue in the same way as at present. However, the division of risk between customers and the company will be different under the new legislation, and this may lead to less risk exposure for the investment portfolios. More transparent pricing may also lead to greater competition.

The allocation of financial assets is agreed annually in connection with the approval of the company's investment strategy. The investment strategy establishes guidelines for the composition of financial assets by setting limits and guidelines for the company's risk management. The strategy also includes limits and guidelines for credit and counterparty exposure, foreign exchange risk and the use of derivatives. The objective of active risk management is to maintain sound risk bearing capacity and to continuously adjust financial risk exposure to the company's solidity, while at the same time creating the potential for a good investment return. Insurance policies are long-term agreements, and involve uncertainty in respect of assumptions about future rates of mortality and invalidity. The company uses tariffs that are notified to the authorities that are drawn up on the basis of statistical experience. The company follows developments in mortality and invalidity rates very closely, and adjusts its reserves in accordance with these trends.

The Financial Supervisory Authority of Norway (Kredittilsynet) published a report dated 9 December 2005 on transitional capital adequacy requirements for Norwegian insurance companies in the period 2007-2009. The report considers alternatives to the capital adequacy regime known as Basle I currently in force (due to be replaced by Basle II for banks from 1 January 2007) for the period leading up to the introduction of the harmonised European capital adequacy regulations known as Solvency II that will not come into force until 2010 at the earliest. Kredittilsynet's recommendation to the Ministry of Finance is to introduce regulations similar to the future Solvency II regulations, following the example of Denmark, Sweden, Holland and the United Kingdom and a number of other European countries. This would require insurers' liabilities to be discounted relative to the market yield curve and for assets to be subject to a stress test. Introducing such a regime in Norway involves certain particular challenges related to the size of the Norwegian government bond market, integration with other financial markets, interaction with the new Insurance Activities Act, the distinctive Norwegian rules on transfers of insurance business and the level of risk capital in Norwegian insurance companies. Whilst positive to starting the process of adjustment to solvency II, Storebrand is of the view that an uncritical acceptance of the proposed regulations may well have unfortunate consequences for policyholders and owners.

Falling interest rates create gains in the form of higher prices for interest-bearing securities such as commercial paper and bonds. However if Norwegian and international interest rates remain persistently low, this will represent a significant challenge for Storebrand Livsforsikring. Low interest rates reduce the interest earned on the proportion of financial assets invested in interest-bearing securities, and make it more difficult to generate the guaranteed minimum annual return without recourse to the company's buffer reserves. One of the steps taken to reduce this risk is that the future return on part of the money market portfolio has been fixed. In addition, the company has invested NOK 40.7 billion, a significant proportion of its financial assets, in bonds held to maturity with a running yield of 5.5%.

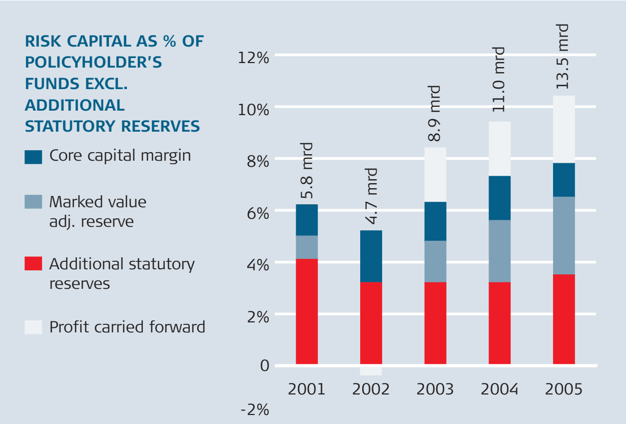
Bonds, commercial paper and investments in bond funds held as current assets totalled NOK 49 billion at the close of 2005.

In accordance with its risk management policy, the company increased its exposure to equities from 21% to 26% (including investment in managed funds) over the course of 2005. Hedging programs were again used for the equity portfolio in 2005 so that risk capital would not be unnecessarily adversely affected in the event of a sudden sharp fall in equity markets.

The company invested NOK 1.3 billion net in real estate in 2005, and real estate investments accounted for 9.3% of total investment assets at the close of 2005. The company entered into contracts in 2005 totalling NOK 2.2 billion for purchases of real estate, but the risk transfer under these contracts takes place in 2006. The company's lending portfolio amounted to NOK 0.7 billion at 31 December 2005, made up solely of corporate loans.

The company's risk capital increased by NOK 2.5 billion to NOK 13.5 billion in 2005. Storebrand Livsforsikring satisfied all capital adequacy requirements in 2005 with a comfortable margin. The company strengthened its solvency margin from 169.4% at 31 December 2004 to 175.2% at 31 December 2005 (the minimum requirement is 100%). The Storebrand Livsforsikring group's capital ratio was 10.94% at 31 December 2005, representing a decline of 3.4 percentage points in 2005 (the minimum requirement is 8%). The decline was principally due to an increase in total assets and higher exposure to shares. The core capital margin was 7%.

Moody's upgraded its rating for Storebrand Livsforsikring from A3 to A2 in 2005. Standard & Poor's upgraded its rating for Storebrand Livsforsikring from A- to A. Both ratings are with 'stable outlook'.



PERSONNEL, ORGANISATION AND CORPORATE BODIES

Storebrand Livsforsikring is a wholly owned subsidiary of Storebrand ASA. The Storebrand Livsforsikring group's headcount at the end of 2005 was equivalent to 911 full-time positions as compared to 890 at the start of the year. The average age of the employees in the Storebrand group is 44 years, with an average length of service of 13 years. All Storebrand employees are treated equally, regardless of gender, age, disability, faith, cultural differences or sexual orientation.

The composition of the group's staff is well balanced, with a good mixture of both experienced and younger members of staff of both sexes. The most recent internal survey of employee satisfaction showed that 94% of employees were happy with their employment.

It is crucial for Storebrand's future success that it retains and develops the expertise and skill represented by its employees. Each employee's training requirements are agreed and documented through the performance appraisal process, and managers are committed to actively monitoring the development of their employees. Storebrand launched a modular-based management development program in 2005 for all the group's managers.

Storebrand has implemented targeted measures over many years to increase the number of women in management. This work has so far produced improvements in many areas. Storebrand has set an ambitious target for 40% female representation among its management staff and on its internal and external boards of directors. Female representation on the company's Board of Directors is 33%.

Measures have been implemented to ensure equal participation of male and female staff on internal management development programs and to encourage female staff to participate in external mentoring programs. In addition, 11 of Storebrand's female staff participated in the 'Female Future' training programme for potential board members organised by the Norwegian Confederation of Business and Industry. The group will participate in the Norwegian Financial Services Association management training programme for women in 2006.

Storebrand also insists that external recruitment consultants put forward both male and female candidates when shortlists are prepared for the recruitment of managers. In addition, Storebrand introduced in 2005 the following text in all external recruitment advertising: "We are committed to diversity, and encourage applications from all suitably qualified candidates regardless of age, gender, disability or cultural background".

Storebrand produces salary statistics at specified management levels to facilitate the comparison of salaries between male and female employees.

The group pays particular attention to its older employees, and has implemented a number of measures to support this important element of its workforce. 26.9% of employees are older than 50, and many of them have more than 30 years of service. Employees over 60 years are able to reduce their working hours to 80% on 90% of salary, and employees are encouraged to work beyond the normal retirement age. Storebrand received the "Senior Initiative" award in 2005 from the Centre for Senior Policy, which works to promote the role of seniors in working life and society.

Storebrand reviewed and updated its ethical guidelines in 2005, and distributed new ethical rulebooks to all employees. In addition, ethical issues were a standard agenda item at a number of employee gatherings. Employees can seek advice anonymously from a business ethics page on the Storebrand Intranet, and the company publishes its replies for all employees to see.

Storebrand's collaboration agreement with the Church of Norway makes it possible for employees to meet with a priest at times of need. The priest also supported certain units of the group in discussions on ethical dilemmas in 2005. Storebrand has assisted the Norwegian Financial Services Association in the production of ethical guidelines for financial advisers, and these have been communicated to and reviewed with all Storebrand's advisers.

As a participant in the "inclusive workplace" scheme, Storebrand has worked systematically since 2002 to reduce absence due to illness, which was 4.8% in 2005. Figures for short-term absence and long-term sickness are stable, but the incidence of absence due to illness for periods between 16 days and 8 weeks showed some increase in 2005. Storebrand did not incur any reported personal injury, damage to property or accidents of any significance in 2005.

There were no changes in the composition of the Board of Directors in 2005.

CORPORATE RESPONSIBILITY

Storebrand's commitment to corporate responsibility is an integrated part of the group's activities. The group's current two-year action plan for corporate responsibility runs to the end of the 2006. Nonetheless, performance relative to the targets set out in the action plan is reported annually.

Storebrand again qualified for inclusion in 2005 in the sustainability indices FTSE4GOOD and Dow Jones Sustainability Index, which are international share indices which include only companies with the best records for corporate responsibility. The company also launched a new health and safety product to reduce absence due to illness at companies that use Storebrand for their pension arrangements. Storebrand has the best customer satisfaction ranking in the corporate market. We have also introduced Max Havelaar coffee at the Storebrand head office. The Max Havelaar product guarantees greater job security and better prices for small farmers and coffee plantation workers in developing countries. After one year of the two-year action plan, 24 of the 38 targets have already been achieved.

A number of measures were introduced in 2005 that were not included at the outset of the two-year action plan. This included a group-wide policy for all the group's investments. Other examples include investment in a microfinance initiative and entering into a collaboration agreement with the Centre for Corporate Citizenship at the Norwegian School of Management

STOREBRAND'S IMPACT ON THE EXTERNAL ENVIRONMENT

Storebrand is committed to reducing its impact on the environment. This includes measuring the group's consumption of water, reducing energy consumption and paper usage, sorting waste and recycling all electronic equipment. In addition, Storebrand sets environmental standards for the management of the company's properties, and is in the process of including environmental and corporate responsibility requirements in contracts with its suppliers. Storebrand's holding of forest land at Værdalsbruket is certified in accordance with the Living Forest standard.

Six of the nine specific environmental targets in the action plan have been achieved. The targets for greater waste sorting have not yet been achieved. New measures will be considered in 2006 to ensure progress in this area. One measure introduced in autumn 2005 was to site recycling bins on every floor of Storebrand's offices for sorting of plastic waste, printer toner cassettes, electronic equipment and batteries. This is expected to have a positive effect in 2006.

NEW REGULATORY FRAMEWORK FOR THE LIFE INSURANCE INDUSTRY

The Norwegian life insurance industry is facing changes in a number of areas.

Changes were made to the Norwegian Insurance Act by an amending Act dated 10 December 2004. The changes are based on the Parliamentary Bill (Odelstingsproposisjon) 74 (2003-2004), and will come into force on such dates as are approved by the King. Different dates may apply to the various provisions contained in the Act, and the authorities may also announce transitional rules.

The new legislation will create considerable changes, and Storebrand's preparations are well underway. The overall objective of the new legislation is to make pricing more predictable and transparent and to make a clearer distinction between the assets of the insurance company and its policyholders.

The new legislation requires that premiums must be fixed and paid in advance. This will largely put an end to the allocation of profit between the life insurance company and its policyholders for important product areas. The various elements of pension products must be priced separately, and the pricing must include the insurance company's remuneration.

- **Premium for the interest rate guarantee:** The client company must pay in advance for the interest rate guarantee and management of the pension assets. The entire return from investing the pension policy's assets will accrue to the pension policy. The premium charged may depend on factors such as the policy's level of risk capital, the composition of investment portfolio and the level of the interest rate guarantee.

- **Risk premium:** The client company will receive any surplus from the risk result achieved on insurance cover for death, disability and dependants in the pension policy. However, the insurance company will be able to transfer part of the surplus to a risk equalisation fund that can be used to meet future deficits.

- **Premium for pension scheme administration:** Administration costs must be charged in advance and represent the definitive cost for the client company. The insurance company will retain any surplus in the administration result, but must also meet any deficit.

At present, Storebrand decides how a pension policy's assets are invested, and the entire portfolio is managed in the same way. The new legislation will allow companies with defined benefit pension schemes to exercise greater influence over the allocation of pension assets between investment alternatives such as equities, bonds, money market and real estate.

The new legislation will also make it possible for a 'group pension portfolio' to be divided into sub portfolios with different management criteria. Sub-policies with a low interest rate guarantee and high risk capital (additional statutory reserves and unrealised gains) may therefore be managed with a higher equity component, and so offer a higher expected return.

Additional statutory reserves are an important part of a pension policy's risk capital, and the new regulations will give client companies greater flexibility to build up additional statutory reserves in their pension policies. This will allow client companies to increase the equity exposure of their policy's assets and so achieve a higher expected return. Alternatively, higher additional reserves can be used to reduce the cost of the interest rate guarantee. The new legislation stipulates that additional statutory reserves can, in general, only be used to meet a shortfall in return within the policy to which they relate.

FUTURE PROSPECTS

Corporate market

Storebrand expects companies setting up pension schemes for the first time to mainly choose the defined contribution alternative. All Norwegian companies with more than two employees are now required to set up an occupational pension scheme by the close of 2006, and this means that in terms of the number of companies with pension schemes, the occupational pensions market is set to change from a market dominated by defined benefit schemes to a market dominated by defined contribution schemes. However, in terms of the value of accumulated pension assets, the defined benefit alternative will continue to dominate for many years to come.

During Autumn 2005, Storebrand adapted its organisation to meet the requirements of the new market for mandatory occupational pensions. The introduction of mandatory employers' pensions will increase the level of annual premiums in the overall pensions market by at least NOK 3 billion. Storebrand has developed a new standardised product known as Storebrand Folkepensjon that is specifically designed for small companies facing the new mandatory requirement to make pension arrangements in 2006. The Folkepensjon product is very easy for companies to set up and manage. Companies can set up a Folkepensjon policy either through a Storebrand customer centre or over the Internet. Storebrand has positioned itself in this market through agreements with trade associations and a number of external distributors. The agreements provide a good foundation for efficient distribution of Storebrand Folkepensjon, and are expected to help ensure a strong position in this market. The company has also signed a distribution agreement for occupational pension products with a number of savings banks and commercial banks. Storebrand's retail market financial advisers will also support the corporate market distribution unit on sales of the Folkepensjon product.

The introduction of mandatory employers' pensions has caused a sharp increase in the number of suppliers of pension products, and there is intense competition for this new business. Many companies affected by the change had not made any decision on the company to use as their pension supplier by the start of 2006. Although the final deadline for establishing a pension scheme is the end of 2006, contributions must start with effect from 1 July. The level of activity in this market is therefore expected to increase as the summer approaches.

With effect from 2007, the occupational pensions market will, on the whole, freely permit transfers between different suppliers. This means that the various suppliers will compete to attract the business of established occupational pension schemes. As one of the longest-established players in the market, Storebrand takes a long-term view of mandatory employers' pensions. Focus on attracting business volume in 2006 will create a significant new customer portfolio that can be developed over time. This will give Storebrand a stronger starting point for its focus on sales of supplementary financial products to employees of companies with Storebrand occupational pension arrangements. At the same time, an increase in the number of corporate customers will bring significant growth in assets under management.

Public sector occupational pension schemes remain one of the most exciting market areas for Storebrand, based on the size and market, the current volume of transfers and the fact that public sector pensions are subject to compulsory increases in line with salary growth and the basic state pension. 100 municipalities have now chosen a pension supplier other than KLP. The differences in market share between the various pension suppliers in this market are expected to even out over time. The market for public sector pension schemes looks likely to increase in future years as a number of public sector entities that currently arrange pensions through the Public Service Pension Fund will be allowed to invite competitive bidding for their pension arrangements.

Storebrand's Corporate Market unit seeks to stimulate greater commitment to Health, Safety and the Working Environment (HSE) by both private and public sector customers. Greater focus on HSE offers benefits for employees in terms of less sickness, rapid access to medical treatment when required, better job satisfaction and higher quality of life. The benefits for employers include reduced cost of absence due to illness, improved value creation and lower insurance premiums. Society in general and the insurance company in particular benefit from lower costs caused by absence due to illness and a reduction in the incidence of disability pensions.

In 2005, Storebrand was the first Norwegian company to launch a new Health and Safety product that offers reduced disability premiums for companies that focus on health and safety. The new product has two elements – enhanced health insurance provided by Storebrand Health Insurance and health and safety advice from Storebrand Livsforsikring's own specialist advisers. The product is available to companies that have entered into a "Inclusive Workplace" agreement with the National Insurance Administration. For the public sector, Storebrand has established an HSE and senior policy fund for 2006. The fund can be used for various HSE measures, as well as training and education. In addition, Storebrand offers health insurance and HSE advice for municipalities and other public sector entities.

Through its Swedish branch office, Storebrand will focus on selected niches of the Swedish market through the largest broking firms in Sweden.

RETAIL MARKET

Following a decline from 2000 to 2002, the market for long-term savings is growing again. Greater individualisation of this market as a result of the shift from defined benefit to defined contribution pension schemes and the modernisation of social security provision have both helped to encourage growth in long-term savings. The introduction of mandatory employers' pensions will also help to increase awareness of the need for personal savings, and will create further growth in this market. Storebrand expects growth in saving through products both with and without fixed contract periods. The market for life insurance and health insurance has grown over recent years, but at a more moderate pace than previously expected. We are still in a relatively immature market, where many people put greater priority on insuring their house, car, boat and other valuables than on insuring themselves and their family. However the market is expected to mature and continue to grow.

Storebrand is successfully attracting new customers through Storebrand Bank's new position in the market. This means that the total number of private individuals using Storebrand is growing. We expect further growth in the total customer base through this focus on the retail market and the effect of the introduction of compulsory employers' pensions is expected. It was therefore extremely important in 2005 for Storebrand to improve its understanding of the customer base in order to successfully cross-sell products to its existing customers and important steps have therefore been taken to develop and test various activities with groups of existing customers. This is intended to enhance the response to marketing activities that target specific customer groups and improve the results achieved. By making systematic use of cross-selling and customer opportunities, Storebrand aims to maximise its income, increase the number of products per customer and strengthen customer loyalty.

GROWTH

Storebrand Livsforsikring expects growth in its total portfolio in the corporate market of between 8% and 10% annually. Growth in the retail market is very dependent on the future outlook for interest rates and the extent to which the introduction of compulsory employers' pensions affects demand for individual pension products.

ALLOCATION OF THE RESULT FOR THE YEAR

Storebrand Livsforsikring AS reports a profit available for sharing between policyholders and the owner of NOK 4,381 million for the year. After allocating NOK 950 million to additional statutory reserves, the profit for the year was NOK 3,431 million. The company's distributable reserves amount to NOK 2,784 million. The Board proposes the following allocation of the profit for the year:

Allocation NOK million	Total	To the owner	%	To policyholders	%
Profit/loss for products not subject to profit allocation	168.0	168.0			
Profit/loss for products subject to profit allocation	3 263.2	998.5	31 %	2 264.7	69 %
Total	**3 431.2**	**1 166.5**		**2 264.7**	
The Board proposes that the owner's profit be allocated as follows:					
Tax		-26.6			
Dividend		775.4			
Transfer to other equity		417.7			

Oslo, 13 February 2006
The Board of Directors of
Storebrand Livsforsikring AS

Translation, not to be signed

Leiv L. Nergaard
Chairman

Camilla Grieg — Jan Kildal — Trond Wilhelmsen

Hege Hodnesdal — Hans Henrik Klouman — Idar Kreutzer, Managing Director

Profit and loss Storebrand Livsforsikring

1 January - 31 December

STOREBRAND LIFE GROUP					STOREBRAND LIVSFORSIKRING AS		
2003	2004	2005	NOK MILLION	NOTE	2005	2004	2003
			TECHNICAL ACCOUNT:				
9 547.9	15 315.2	16 028.0	1.1 Gross premiums written		16 028.0	15 315.2	9 547.9
-21.1	-22.4	-28.3	1.2 Reinsurance premiums ceded		-28.3	-22.4	-21.1
3 367.4	2 619.3	2 317.8	1.3 Premium reserves transferred from other companies	4	2 317.8	2 619.3	3 367.4
12 894.2	**17 912.1**	**18 317.5**	**1. Premiums for own account**	**1,2**	**18 317.5**	**17 912.1**	**12 894.2**
1.0	0.0	0.0	2.1 Income from shares and participations in group companies		5.5	17.3	13.2
13.4	4.4	0.4	2.2 Income from participations in associated companies		0.4	4.4	13.4
1.1	0.3	0.0	2.3 Income from receivables due/securities issued by group companies			0.4	1.6
775.5	888.7	1 052.9	2.4 Income from property and real estate investments		959.5	804.0	701.8
5 181.0	4 578.3	4 703.7	2.5 Income from other financial assets		4 702.0	4 577.4	5 177.4
99.0	202.8	263.7	2.6 Revaluation of property and real estate investments		263.7	202.8	99.0
1 689.6	1 077.7	1 116.8	2.7 Unrealised gains/reversals of unrealised losses on financial current assets		1 116.8	1 077.7	1 689.6
167.3	3.0		2.8 Reversal of write-downs of financial assets			3.0	167.3
8 604.5	8 286.7	10 987.7	2.9 Gains on sales of financial assets		10 987.7	8 286.7	8 604.5
16 532.4	**15 041.9**	**18 125.2**	**2. Income from financial assets**	**6**	**18 035.6**	**14 973.7**	**16 467.8**
49.4	**66.5**	**18.2**	**3. Other insurance related income**		**18.2**	**66.5**	**49.4**
-5 936.1	-6 824.1	-8 525.5	4.1 Gross claims paid		-8 525.5	-6 824.1	-5 936.1
5.6	6.8	13.8	4.2 Claims paid - reinsurance		13.8	6.8	5.6
-29.4	-31.2	-20.5	4.3 Gross change in claims reserve		-20.5	-31.2	-29.4
-1 904.1	-3 231.5	-1 830.9	4.4 Premium reserves etc. transferred to other companies	4	-1 830.9	-3 231.5	-1 904.1
-7 864.0	**-10 080.0**	**-10 363.1**	**4. Claims for own account**	**1**	**-10 363.1**	**-10 080.0**	**-7 864.0**
-8 811.5	-11 221.5	-11 223.5	5.1 To/from premium reserve in the insurance fund (gross)		-11 223.5	-11 221.5	-8 811.5
-126.6	-134.2	-125.4	5.2 Guaranteed return on premium/pension adjustment fund		-125.4	-134.2	-126.6
-470.0	-500.0	-950.0	5.3 Additional statutory allocations for the year		-950.0	-500.0	-470.0
62.3	140.9	43.2	5.4 To/from additional statutory reserves in connection with claims/repurchase		43.2	140.9	62.3
7.5	24.6	58.9	5.5 Transfers of additional statutory reserves from other companies		58.9	24.6	7.5
-10.6	-6.9	-10.6	5.6 To/from security reserve		-10.6	-6.9	-10.6
-5.0	-21.6	-15.2	5.7 To technical reserves for non-life insurance business		-15.2	-21.6	-5.0
-9 353.9	**-11 718.7**	**-12 222.6**	**5. Changes in insurance reserves etc. for own account**	**1**	**-12 222.6**	**-11 718.7**	**-9 353.9**
-335.9	-357.9	-509.5	6.1 Sales expenses (insurance)	3	-509.5	-357.9	-335.9
-508.0	-523.8	-757.8	6.2 Insurance related administration expenses	8	-757.8	-523.8	-508.0
-843.9	**-881.7**	**-1 267.3**	**6. Insurance related operating expenses for own account**		**-1 267.3**	**-881.7**	**-843.9**
-5.5	-5.5	-6.5	7.1 Administration expenses: properties and real estate investments		-6.5	-5.5	-5.5
-145.1	-151.6	-80.1	7.2 Administration expenses: other financial assets		-80.1	-151.6	-145.1
-5.5	-33.6	-7.3	7.3 Interest expense arising from financial assets		-6.2	-21.3	-5.5
-147.9	-137.9	-153.8	7.4 Other expenses arising from financial assets		-72.6	-75.9	-81.5
-95.3	-34.1	-232.8	7.5 Revaluation of properties and real estate investments		-232.8	-34.1	-95.3
-3.5	-0.3	-4.7	7.6 Write-downs to other financial assets		-4.7	-0.3	-3.5
-6 875.9	-6 139.0	-7 325.1	7.7 Loss on disposal of financial assets		-7 325.1	-6 139.0	-6 875.9
-7 278.7	**-6 502.0**	**-7 810.3**	**7. Expenses in respect of financial assets**	**6**	**-7 728.0**	**-6 427.7**	**-7 212.3**

STOREBRAND LIFE GROUP					STOREBRAND LIVSFORSIKRING AS		
2003	2004	2005	NOK MILLION	NOTE	2005	2004	2003
-78.7	**-164.9**	**-100.7**	**8. Other insurance related expenses after reinsurance share**		**-100.7**	**-164.9**	**-78.7**
-1 689.6	**-1 077.6**	**-1 116.8**	**9. To/from market value adjustment reserve**		**-1 116.8**	**-1 077.6**	**-1 689.6**
2 367.2	**2 595.6**	**3 580.1**	**10. TECHNICAL INSURANCE RESULT**		**3 572.8**	**2 601.7**	**2 369.0**
21.1			**11. Released from additional statutory reserves in the policyholders' fund to meet the shortfall in guaranteed return**				**21.1**
-712.6	-764.0	-1 054.8	12.1 Transfers to the premium reserve in the insurance fund		-1 054.8	-764.0	-712.6
-656.3	-755.4	-1 209.9	12.2 Transfers to the premium fund and pensioners' surplus fund		-1 209.9	-755.4	-656.3
-1 368.9	**-1 519.4**	**-2 264.7**	**12. Funds transferred to policyholders**	**1,5**	**-2 264.7**	**-1 519.4**	**-1 368.9**
1 019.4	**1 076.2**	**1 315.4**	**13. BALANCE OF THE TECHNICAL ACCOUNT**		**1 308.1**	**1 082.3**	**1 021.2**
			NON-TECHNICAL ACCOUNT:				
58.5	**65.7**	**86.1**	**14. Other income**				
-242.5	**-176.2**	**-234.4**	**15. Other expenses**		**-141.6**	**-119.7**	**-186.7**
835.4	**965.7**	**1 167.1**	**16. PROFIT FROM ORDINARY ACTIVITIES**		**1 166.5**	**962.6**	**834.5**
-196.7	**-33.4**	**26.0**	**17. Tax**	**7,22**	**26.6**	**-31.0**	**-196.4**
-0.6	**-0.7**		**18. Minority interests' share of profit**				
638.1	**931.6**	**1193.1**	**19. PROFIT FOR THE YEAR**		**1 193.1**	**931.6**	**638.1**
			ALLOCATIONS:				
			20.1 Group contribution paid				-144.0
			20.2 Dividend paid		-775.4	-538.7	-230.0
			20.3 Transferred to other equity		-417.7	-392.9	-264.1
			20. Total allocated		**-1 193.1**	**-931.6**	**-638.1**

Balance sheet Storebrand Livsforsikring

31 December

STOREBRAND LIFE GROUP					STOREBRAND LIVSFORSIKRING AS		
2003	2004	2005	NOK MILLION	NOTE	2005	2004	2003
			ASSETS:				
61.9	41.6	24.9	1.1 Intangible assets	17			3.1
			1.2 Deferred tax assets	22			4.4
61.9	**41.6**	**24.9**	**1. Intangible assets**		**0.0**	**0.0**	**7.5**
9 660.7	12 872.4	14 135.7	2.1 Properties and real estate	16,17	13 963.4	12 864.9	9 651.0
		0.0	2.2 Shares and participations in group companies	10,14	341.2	126.5	121.3
58.7	61.6	100.0	2.3 Shares and participations in associated companies	10,14,18	62.0	61.6	58.7
42 367.9	39 351.5	40 671.6	2.4 Bonds to be held to maturity	12,14,17,18	40 671.6	39 351.5	42 367.9
1 284.2	267.8		2.5 Secured lending			267.8	1 284.2
184.1	130.8	656.1	2.6 Other lending	14	656.1	130.8	184.1
	1.1		2.7 Other financial long term assets				
53 555.6	**52 685.2**	**55 563.4**	**Long term financial assets**		**55 694.3**	**52 803.1**	**53 667.2**
19 130.1	28 616.4	39 338.4	2.8 Shares and other equity investments	9,13,14,18	39 336.8	28 579.3	19 095.2
37 467.2	44 039.8	48 785.3	2.9 Bonds and other fixed income securities	11,13,14,18	48 785.3	44 039.8	37 467.2
3 609.4	3 032.2	1 528.5	2.10 Money market placements	14,18	1 528.5	3 032.2	3 609.4
133.9	374.1	438.7	2.11 Financial derivatives	13,14,18	438.7	374.1	133.9
17.3			2.12 Other financial current assets				17.3
60 357.9	**76 062.5**	**90 090.9**	**Financial assets held as current assets**		**90 089.3**	**76 025.4**	**60 323.0**
113 913.5	**128 747.7**	**145 654.3**	**2. Total financial assets**		**145 783.6**	**128 828.5**	**113 990.2**
1 297.7	1 189.7	957.0	3.1 Receivables due from insurance customers (direct business)		957.0	1 189.7	1 297.7
7.6	4.3	4.3	3.2 Receivables due arising from reinsurance		4.3	4.3	7.6
155.0	566.5	1 498.8	3.3 Other receivables		1 384.0	244.3	199.4
5.0	33.5	25.6	3.4 Intra-group receivables	24	240.8	51.4	15.9
1 465.3	**1 794.0**	**2 485.7**	**3. Total receivables**		**2 586.1**	**1 489.7**	**1 520.6**
2.4	2.6	26.5	4.1 Fixed assets	17	24.2	0.5	0.6
1 694.2	2 053.9	1 777.6	4.2 Cash and bank		1 581.9	1 939.0	1 615.2
80.9	96.2	0.0	4.3 Other assets by type	8		89.6	74.9
1 777.5	**2 152.7**	**1 804.1**	**4. Total other assets**		**1 606.1**	**2 029.1**	**1 690.7**
1 538.9	1 390.1	1 697.0	5.1 Accrued but not received lease rentals. interest etc.		1 694.4	1 386.6	1 538.9
194.6	85.2	6.5	5.2 Other prepaid costs and accrued income		6.5	85.2	191.7
1 733.5	**1 475.3**	**1 703.5**	**5. Total prepaid costs and accrued income**		**1 700.9**	**1 471.8**	**1 730.6**
118 951.7	**134 211.3**	**151 672.5**	**TOTAL ASSETS**		**151 676.7**	**133 819.1**	**118 939.6**

STOREBRAND LIFE GROUP					STOREBRAND LIVSFORSIKRING AS		
2003	2004	2005	NOK MILLION	NOTE	2005	2004	2003
			EQUITY AND LIABILITIES:				
1 361,2	1 411,2	1 411,2	6.1 Share capital	27	1 411,2	1 411,2	1 361,2
26.4	726.4	726.5	6.1 Share premium	27	726.5	726.4	26.4
1 387.6	**2 137.6**	**2 137.7**	**6. Total paid-in share capital**		**2 137.7**	**2 137.6**	**1 387.6**
1 973.3	2 366.2	2 783.9	7.1 Other equity	27	2 783.9	2 366.2	1 973.3
1 973.3	**2 366.2**	**2 783.9**	**7. Total accrued capital**		**2 783.9**	**2 366.2**	**1 973.3**
12.5	**13.0**	**12.7**	**8. Minority interests' share in equity**				
1 536.0	0.0	0.0	9.1 Perpetual subordinated loan capital				1 536.0
1 132.9	2 966.8	2 875.4	9.2 Other subordinated loan capital		2 875.4	2 966.8	1 132.9
2 668.9	**2 966.8**	**2 875.4**	**9. Total subordinated loan capital**	**13,23**	**2 875.4**	**2 966.8**	**2 668.9**
1 689.6	**2 767.2**	**3 884.0**	**10. Market value adjustment reserve**	**18**	**3 884.0**	**2 767.2**	**1 689.6**
99 909.1	111 819.5	124 051.7	11.1 Premium reserve for own account		124 051.7	111 819.5	99 909.1
3 393.4	3 706.1	4 537.5	11.2 Additional statutory reserves		4 537.5	3 706.1	3 393.4
4 858.6	4 946.2	5 228.1	11.3 Premium fund		5 228.1	4 946.2	4 858.6
256.3	199.2	215.0	11.4 Pensioner's surplus fund		215.0	199.2	256.3
282.6	313.8	334.3	11.5 Claims reserve for own account		334.3	313.8	282.6
59.9	81.4	96.6	11.6 Other technical reserves	21	96.6	81.4	59.9
108 759.9	**121 066.2**	**134 463.2**	**Insurance fund reserves for own account**		**134 463.2**	**121 066.2**	**108 759.9**
141.7	148.6	159.2	11.7 Security reserve		159.2	148.6	141.7
108 901.6	**121 214.8**	**134 622.4**	**11. Total insurance related reserves for own account**	**19**	**134 622.4**	**121 214.8**	**108 901.6**
134.5	187.6	245.1	12.1 Pension liabilities etc.	8	226.5	181.2	129.6
69.8	180.2	180.9	12.2 Deferred tax	22	0.0	26.6	
15.9	0.3	0.3	12.3 Other reserves		0.3	0.3	15.6
220.2	**368.1**	**426.3**	**12. Total reserves for other risks and costs**		**226.8**	**208.1**	**145.2**
540.3	481.1	724.4	13.1 Accounts payable in respect of direct insurance		724.4	481.1	540.3
78.1	80.8	111.6	13.2 Accounts payable in respect of reinsurance		111.6	80.8	78.1
		684.1	13.3 Financial derivatives representing current liabilities	18	684.1		
864.3	1 018.3	2 301.0	13.4 Other liabilities		2 441.8	712.2	821.8
230.0	538.7	776.6	13.5 Allocated to dividend		775.4	538.7	230.0
221.3	12.8	14.9	13.6 Due to group companies	24	119.4	124.7	357.0
1 934.0	**2 131.7**	**4 612.6**	**13. Total liabilities**		**4 856.7**	**1 937.5**	**2 027.2**
44.3	46.7	42.6	14.1 Prepayments received of lease rental. interest etc.		42.6	46.7	44.3
119.7	199.2	274.9	14.2 Other accrued costs and deferred income		247.2	174.2	101.9
164.0	**245.9**	**317.5**	**14. Total accrued costs and deferred income**		**289.8**	**220.9**	**146.2**
118 951.7	**134 211.3**	**151 672.5**	**TOTAL EQUITY AND LIABILITIES**		**151 676.7**	**133 819.1**	**118 939.6**
			Off-balance sheet contingent liabilities, see Note 9		2 982		

Oslo, 13 February 2006
The Board of Directors of
Storebrand Livsforsikring AS

Translation, not to be signed

Leiv L. Nergaard
Chairman

Camilla Grieg — Jan Kildal — Trond Wilhelmsen

Hege Hodnesdal — Hans Henrik Klouman — Idar Kreutzer, Managing Director

Cash flow analysis

1 January - 31 December

NOK MILLION	GROUP 2005	GROUP 2004	GROUP 2003	PARENT COMPANY 2005	PARENT COMPANY 2004	PARENT COMPANY 2003
Cash flow from operations						
Net premiums received - direct insurance	15 096.7	14 048.4	7 847.4	15 096.7	14 383.5	7 853.4
Net claims/benefits paid - direct insurance	-8 288.9	-6 966.8	-5 770.4	-8 288.9	-6 907.7	-5 770.4
Net receipts/ payments - policy transfers	486.9	-212.2	1 463.3	486.9	-612.2	1 463.3
Net receipts/payments - lending to customers	-236.5	1 126.1	-247.9	-236.5	1 126.4	-206.8
Net receipts/payments - loans to and claims on other financial institutions						
Net receipts/payments - customer deposits with the banking activities	106.1	98.5	114.9	104.8	98.5	109.7
Net receipts/payments - deposits from Norges Bank and other financial institutions						
Net receipts/payments - securities in the trading portfolio:						
Shares and other equity investments	-5 592.0	-6 172.4	-5 377.2	-5 805.9	-5 653.9	-5 373.1
Bonds and other fixed income securities	-694.9	1 279.2	3 041.1	-697.9	976.6	2 990.6
Financial derivatives and other financial instruments	619.5		-135.1	619.5	-222.9	-89.6
Dividend receipts from the trading portfolio						
Payments to suppliers for goods and services	-53.0	-994.7	-1 086.1	-80.8	-854.4	-1 141.0
Net receipts/payments - real estate activities	-315.1	-2 111.4	758.1	-162.5	-2 310.3	752.1
Payments to employees, pension scheme, employers' contribution etc.	-599.0	-663.3	-395.6	-576.7	-393.6	-366.6
Payments of tax, duties, etc.	26.7		-67.7	0.0	0.0	-87.5
Net receipts/payments - other operational activities						
Net cash flow from operations	556.5	-568.6	144.8	458.7	-370.0	134.1
Cash flow from investment activities						
Net receipts from sales of subsidiaries	0.1			0.1		
Net payments on purchase/capitalisation of subsidiaries						
Receipts from sales of property						
Payments on purchase of property	-12.4		1.0	-12.4	0.0	0.0
Net receipts/payments on sale/purchase of fixed assets, etc.	-50.1	0.1	-15.4	-31.9	-4.1	-11.1
Net cash flow from investment activities:	-62.4	0.1	-14.4	-44.2	-4.1	-11.1
Cash flow from financing activities						
Repayment of long term lending						
Receipts from taking up term loans						
Receipts from issuance of commercial paper/short-term loans						
Repayment of commercial paper/short-term loans						
Receipts from issuance of subordinated loan capital						
Repayment of subordinated loan capital						
Interest payments on subordinated loans	-233.0	178.2	9.6	-233.0	178.2	11.8
Receipts from issue of bond loans and other long-term funding						
Repayment of bond loans and other long-term funding						
Receipts from issue of new share capital	0.1	750.0	21.0	0.1	750.0	21.0
Payments on redemption of share capital						
Group contribution/dividend paid	-537.5		0.0	-538.7	-230.3	0.0
Net cash flow from financing activities	-770.4	928.2	30.6	-771.6	697.9	32.8
Net cash flow for the period	-276.3	359.7	161.0	-357.1	323.8	155.8
Net change in cash and cash equivalent assets	-276.3	359.7	161.0	-357.1	323.8	155.8
Cash and cash equivalent assets at the start of the period for new companies						
Liquid assets 01.01	2 053.9	1 694.2	1 533.2	1 939.0	1 615.2	1 459.4
= Liquid assets at 31.12	1 777.6	2 053.9	1 694.2	1 581.9	1 939.0	1 615.2

Accounting principles

General

The Annual Accounts have been prepared in accordance with the Accounting Act of 1998, Norwegian generally accepted accounting practice, and the regulations on annual accounts of insurance companies.

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

Consolidation

The group accounts consolidate Storebrand Livsforsikring AS and all subsidiaries where Storebrand Livsforsikring AS exercises control directly or indirectly over more than 50% of the voting rights. The accounts of subsidiary companies are restated in accordance with the accounting principles that apply to life insurance companies if such restatement has a material affect. Shares in subsidiaries are eliminated in the consolidated accounts on the acquisition method. This means that the assets and liabilities are valued at actual value at the time of acquisition, and any excess value is classified as goodwill. All material transactions, receivables and payables between group companies are eliminated in the consolidated accounts.

Investments in companies where the group exercises significant influence (associated companies), are consolidated in accordance with the equity method. The equity method involves valuing the investment as Storebrand Livsforsikring's proportionate share of the associated company's equity, including any over-value or goodwill. Storebrand Livsforsikring's share of the associated company's annual profit, after deducting any goodwill depreciation, is recognised to profit and loss. Storebrand Livsforsikring is normally deemed to have significant influence over a company in which it owns between 20% and 50% of the voting capital. Interests in jointly controlled businesses are consolidated in accordance with the proportional consolidation method, i.e. by including the proportion of revenue, costs, assets and liabilities in the appropriate lines in the accounts.

Foreign companies are translated to Norwegian kroner (NOK) using the balance sheet date method. This means that assets, including any purchase premium, and liabilities are translated to NOK on the basis of the exchange rate prevailing on the date of the balance sheet, while the profit and loss accounts of such companies are translated to NOK at the average exchange rates for the year. Any translation differences are posted against the group's equity.

Assets and liabilities denominated in foreign currency

Liquid assets, other financial current assets and subordinated loans denominated in foreign currency are converted at the exchange rate prevailing on the date of the balance sheet. Currency derivatives are valued at actual value on the date of the balance sheet.

PROFIT AND LOSS ACCOUNT

Premium income

Gross premiums written comprise premium amounts which fall due during the year. The result from reinsurance ceded is shown separately as a sub account of premiums for own account. Accrual of premiums earned is made through allocations to premium reserve in the insurance fund.

Claims paid

Gross claims paid during the year. The result of reinsurance ceded and the year's change in claims reserve are shown separately under the heading of claims for own account. The reserve for claims not yet settled or not yet paid out is provided for in claims reserves for own account.

Income/expense arising from financial assets

Income and expense arising from financial assets, including any change in unrealised gains or losses, are shown as gross figures in the profit and loss account. Net unrealised gains/losses on financial assets classified as current assets are transferred to a market value adjustment reserve in the balance sheet, and therefore do not affect profit. Financial expense includes administration costs associated with the financial activities

Transfers of premium reserve etc. (policy transfers)

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

Profit allocated to policyholders

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

FINANCIAL ASSETS

FINANCIAL CURRENT ASSETS

Real estate

Properties and other real estate investments are valued at actual value. Accordingly no normal corporate depreciation is applied. Changes in valuation and gains/losses realised on the sale of properties in the year are recognised to profit and loss. Real estate assets held through a separate legal entity (limited company or general partnership) are classified and valued in the same way as directly owned properties

Shares held as fixed assets.

Investments in shares in subsidiaries and associated companies, with the exception of real estate held through a limited company or general partnership, are accounted for using the equity method.

Bonds held to maturity

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

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

Mortgage loans – other lending

Loans are booked in the balance sheet at acquisition cost and the values are reduced by specific and general loan loss provisions in accordance with the Financial Supervisory Authority of Norway's regulations dated 21 December 2004.

FINANCIAL CURRENT ASSETS:

Financial current assets are booked at actual value. The net unrealised gain or loss for the year is transferred to the market value adjustment reserve in the balance sheet. A description of the valuation methods applied to financial current assets and the market value adjustment reserve is given below.

Shares and other equity investments

For financial assets that are listed on a stock exchange or another regulated market place, fair value is determined as the bid price on the last trading day up to and including the balance sheet date.

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 willing 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.

Bonds and other fixed income securities

Where trading prices from a liquid market are available for a security, the security is valued at the closing price on the last trading day immediately prior to or on the date of the balance sheet. In the case of securities where no traded price is available, a theoretical price is calculated on the basis of the yield curve for the particular market taking into account the credit standing of the issuer in question. The discount on zero-coupon securities is amortised as interest income over the period to maturity using the effective yield method. Changes in value caused by changes in the level of interest rates are treated as unrealised changes in value and are transferred to the market value adjustment reserve.

Financial derivatives

The calculation of actual value for derivatives is based on actual market values where these are available in a liquid market. If no market price is directly available, market value is calculated on the basis of the market price of the underlying instrument by using mathematical models generally accepted for pricing such instruments.

Equity options /Equity index options

Options are realised when they are exercised, mature, or are matched by an offsetting transaction.

Equity futures

Equity futures contracts (including stock index futures) are reconciled daily on the basis of the previous day's market prices. Changes in the values of futures contracts are recorded in the accounts as they occur as realised financial income or expense.

Interest-rate options/options on forward rate agreements (FRA)

The same accounting treatment is applied as for equity options.

Interest rate futures

Interest rate futures are treated in the same way as euity futures.

Interest rate swaps

Interest income and expense arising from interest rate swaps is accrued to profit and loss.

Asset swap
The same accounting treatment is applied as for interest rate swaps.

FRA-Forward rate agreements
Forward rate agreements (FRA) are recognised at market value and are settled at the start of the interest rate period to which the agreement applies.

Forward foreign exchange contracts.
Forward foreign exchange contracts are principally used to hedge holdings of securities, and other financial instruments. Unrealised gains or losses do not affect the market value adjustment reserve, but do affect the profit available for allocation between customers and the shareholder. Profit or loss arising from active currency positions is applied to the market value adjustment reserve.

Currency swaps
The same accounting treatment is applied as for forward foreign exchange contracts.

Credit derivatives
Credit derivatives are valued on the basis of a theoretical approach using recognised methods based on observable assumptions on the likelihood of default and recovery. ("Default rate" and "Recovery rate").

Net unrealised gains on financial current assets - market value adjustment reserve.

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

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. The change in the value of the hedging instrument is accordingly not transferred to the market value adjustment reserve, but is applied directly to profit and loss. The foreign exchange risk associated with investments denominated in foreign currencies is to a very large extent hedged through foreign exchange contracts on a portfolio basis.

OTHER ASSETS

Intangible assets

Intangible assets acquired separately or as a group are valued at actual value at the time of acquisition. Intangible assets are depreciated linearly over their expected commercial life. If the value of an intangible asset is not limited in time and no commercial life can be estimated, the asset is not depreciated but is subject to an annual test of the need for a write-down.

Tangible fixed assets.

Tangible fixed assets for own use are valued at acquisition cost reduced by accumulated depreciation. Fixed assets are written down if their realisable value is lower than book value. Realisable value is defined as the higher of net sale value and value in use calculated as a discounted cash flow.

Cash and bank

Cash and bank includes cash and bank deposits. Long-term deposits are classified as part of the item "Deposits with financial institutions".

LONG-TERM LIABILITIES

Subordinated loan capital

Subordinated loan capital is valued at amortised cost using the effective yield method.

Subordinated loans denominated in foreign currency are hedged by forward foreign exchange purchases of the equivalent principal amount plus the interest which will accrue to the maturity of the forward contract. Both the loan and interest are recorded at the exchange rate prevailing on the date of the balance sheet, and the forward foreign exchange contract is recorded at current market value.

INSURANCE RESERVES - LIFE INSURANCE

The insurance fund

Premium reserve
Gross premium reserve represents the cash value of the company's total insurance obligations (insurance obligation discounted by the guaranteed rate) in accordance with the individual insurance contracts after deducting the cash value of future premiums. This is equivalent to the total of the amounts credited to the policyholders' accounts, as well as allocated premium reserve for policies which are not booked individually (risks with no investment content, including group life schemes etc.).

Additional statutory reserves:
The company is permitted to make additional statutory allocations to the insurance fund in order to ensure the solidity of its life insurance business. The maximum additional allocation to

statutory reserves is set at the difference between the premium reserve calculated on the basis of 3.5% guaranteed yield and the premium reserve calculated on the basis of actual guaranteed yield under the contracts. The Financial Supervisory Authority of Norway has specified a level for the additional statutory reserves that apply to each policy. This is defined as the premium reserve for the policy multiplied by twice the basic interest rate for the policy.

The company is permitted to apply a higher multiple of the basic interest rate than that defined by the Financial Supervisory Authority of Norway. The allocation to additional statutory reserves is a conditional allocation to policyholders that is recognised in the profit and loss account as a statutory allocation and accordingly reduces net profit.

Additional statutory reserves can be used to meet a shortfall in the guaranteed return. This is shown in the profit and loss account after the technical (insurance) result as amounts released from additional statutory reserves to meet the shortfall in guaranteed return.

Premium fund

The premium fund contains premiums prepaid by policyholders on individual and collective pension insurance as a result of taxation regulations.

Pensioners' surplus fund

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

Claims reserve

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

Security fund

The security fund consists of statutory security allocations to cover unexpected insurance risks. The calculations are made in accordance with regulations published by the Financial Supervisory Authority of Norway. It is possible to increase the reserve by 50% above the minimum allocation. In special situations, the Financial Supervisory Authority of Norway may give permission for all or part of the reserve to be used to cover a fall in the value of bonds or of shares classed as current assets. The entire reserve is shown as a mandatory reserve in the accounts.

Pension liabilities in respect of own employees

With effect from the 2005 financial year, the company has used the new Norwegian standard for pensions accounting NRS 6A. This has caused the pension liabilities arising in respect of own employees to be calculated using new parameters. The difference between the book value of pension liabilities at 1 January 2004 and the new actuarial calculation of liabilities on 1 January 2004 has been charged to profit and loss for 2005.

In addition to the costs mentioned above, the net pension cost for the period consists of the sum of pension liabilities accrued in the period, the interest charge on the calculated liability and the expected return on pension fund assets. Pension costs and pension liabilities for defined benefit schemes are calculated using a linear profile for the accrual of pension entitlement and expected final salary as the basis for calculating the benefit obligation, based on assumptions on discount rate, future increases in salary, pensions and social security pension benefits, the future return on pension assets and actuarial assumptions on mortality, staff turnover etc. The discount rate used is the risk-free interest rate appropriate for the remaining maturity. Where a scheme is funded, the pension assets are valued at fair value and deducted to show the net liability in the balance sheet.

The effect of differences between assumptions and actual experience and changes in assumptions is amortised over the remaining period for accrual of pensions entitlement to the extent that it exceeds 10% of the higher of either the pension liability or pension assets (corridor approach).

The effect of changes to the pension scheme is charged to the profit and loss account as incurred, unless the change is conditional on future accrual of pension entitlement. If this is the case, the effect is allocated on a linear basis over the period until the entitlement is fully earned. Social security contributions and any other employment taxes payable by the employer are included as part of the pension liability, and are included both in the balance sheet value of pension liabilities and in differences between assumptions and actual experience.

Deferred tax/deferred tax assets

The accounts reconcile tax cost with the accounting profit before tax. Tax in respect of equity transactions is applied directly to equity. The tax charge in the accounts consists of tax payable for the accounting year (tax on direct taxable income for the year) and changes in net deferred tax and deferred tax assets. Deferred tax and deferred tax assets are reported on a net basis in the balance sheet. Net deferred tax assets are capitalised to the balance sheet to the extent it is considered likely that future taxable income will be sufficient to make use of the benefit they represent.

Notes to the accounts

Notes Storebrand Livsforsikring

01 Profit and loss statement by class of business: Storebrand Livsforsikring AS

NOK MILLION	GROUP PENSION PRIVATE INSURANCE	GROUP PENSION PUBLIC INSRANCE	GROUP LIFE INSURANCE	ENDOW-MENT INSURANCE	ANNUITY/ PENSION INSURANCE	NON-LIFE INSU-RANCE	TOTAL	OF THIS NOT ELIGIBLE FOR PROFIT ALLOCA-TION
1.1 Single premium	1 403.0	571.3			13.0		1 987.3	
1.2 Annual premiums	3 715.6	593.1	469.8	104.1	149.7		5 032.3	694.9
1.3 Account products				8 161.5	732.2	114.7	9 008.4	203.0
Total premiums written	5 118.6	1 164.4	469.8	8 265.6	894.9	114.7	16 028.0	897.9
1.4 Reserve transfers received	1 405.4	702.8			209.6		2 317.8	-4.0
1.5 Reinsurance ceded	-13.9		-2.7	-3.8	-0.2	-7.7	-28.3	-11.4
1 Premium income 2005	6 510.1	1 867.2	467.1	8 261.8	1 104.3	107.0	18 317.5	882.5
Premium income 2004	7 147.0	1 453.7	489.5	7 646.5	1 096.5	78.9	17 912.1	752.3
Premium income 2003	7 007.1	1 624.3	474.6	2 971.8	749.2	67.1	12 894.1	718.4
2 Income from financial assets	11 473.9	1 251.2	89.2	2 507.1	2 700.6	13.6	18 035.6	168.6
3 Other insurance related income	11.6	1.2	0.1	2.5	2.8		18.2	0.2
4.1 Claims paid	-2 815.0	-586.6	-309.1	-576.7	-1 422.9	-39.0	-5 749.3	-400.6
4.2 Agreements terminated/withdrawals from endowment policies	-192.8			-2 556.0	-27.4		-2 776.2	-1.1
4.3 Re-insurance ceded	11.8			0.1	1.2	0.7	13.8	0.9
4.3 Movements in claims reserve	3.4	-5.6	-7.4	-9.0	-1.9		-20.5	-50.6
4.4 Reserve transfers disbursed	-1 650.0	-79.2			-101.7		-1 830.9	
4 Claims 2005	-4 642.6	-671.4	-316.5	-3 141.6	-1 552.7	-38.3	-10 363.1	-451.4
Claims 2004	-5 934.1	-583.0	-341.1	-1 658.6	-1 536.2	-27.0	-10 080.0	-420.8
Claims 2003	-3 673.7	-1 061.1	-350.1	-1 007.5	-1 744.5	-27.1	-7 864.0	-428.2
5.1 Movements in premium reserve	-4 149.9	-1 465.4	-8.0	-5 397.3	-202.9		-11 223.5	-88.0
5.2 Guaranteed interest on premium/ pensioners' surplus fund	-109.6	-7.7			-8.1		-125.4	
5.3 Additional statutory allocations for the year	-607.5	-66.9		-131.2	-144.4		-950.0	
5.4 Transfers of additional statutory allocations and market value adjustment reserve	13.9	-0.5		23.4	6.4		43.2	
5.5 Change in additional statutory allocations in the insurance fund	40.3	18.0			0.6		58.9	
5.6 Movement in security reserve	-6.0	-3.7	-0.2	-0.7			-10.6	-3.5
5.7 Technical reserves for non-life insurance business						-15.2	-15.2	-15.2
5 Change in insurance related reserves 2005	-4 818.8	-1 526.2	-8.2	-5 505.8	-348.4	-15.2	-12 222.6	-106.7
Change in insurance related reserves 2004	-4 192.1	-1 107.8	-10.8	-6 065.0	-321.4	-21.6	-11 718.7	-73.3
Change in insurance related reserves 2003	-6 609.7	-1 023.4	-2.7	-2 005.2	292.1	-5.0	-9 353.9	-77.4
6 Insurance related operating costs	-552.3	-64.2	-65.4	-364.0	-173.6	-47.8	-1 267.3	-225.1
7.1 Admin. costs financial assets	-55.1	-6.0	-0.4	-12.0	-13.0	-0.1	-86.6	-0.8
7.2 Other costs financial assets	-4 861.4	-530.1	-37.8	-1 062.2	-1 144.2	-5.7	-7 641.4	-71.4
7 Costs related to financial assets	-4 916.5	-536.1	-38.2	-1 074.2	-1 157.2	-5.8	-7 728.0	-72.2
8 Other insurance related costs	-73.9	-1.8	-15.5	-4.6	-4.8	-0.1	-100.7	-15.8
9 To/from market value adjustment reserve	-696.5	-80.1	-5.7	-160.6	-173.0	-0.9	-1 116.8	-10.8
10 Released from additional statutory reserves to meet shortfall in guaranteed return							0.0	
11 Funds transferred to policyholders	-1 584.1	-163.7		-300.3	-216.6		-2 264.7	
12 Technical result	710.9	76.1	106.9	220.3	181.4	12.5	1 308.1	169.3
13 Other income								
14 Other costs	-90.1	-9.8	-0.7	-19.7	-21.2	-0.1	-141.6	-1.3
15 Profit from ordinary operations	620.8	66.3	106.2	200.6	160.2	12.4	1 166.5	168.0
16 Tax	14.1	1.5	2.5	4.6	3.6	0.3	26.6	3.8
17 PROFIT FOR THE YEAR	634.9	67.8	108.7	205.2	163.8	12.7	1 193.1	171.8

02 Sales of insurance (new business): Three Year History Storebrand Livsforsikring AS

PREMIUMS: NOK MILLION	GROUP PENSION PRIVATE INSURANCE	GROUP PENSION PUBLIC INSURANCE	GROUP LIFE INSURANCE	ENDOWMENT INSURANCE	ANNUITY/ PENSION INSURANCE	NON-LIFE INSURANCE	TOTAL
2005	210.6	2.6	14.6	7 150.5	584.0	35.4	7 997.7
2004	211.5	0.3	15.3	6 258.2	431.5	14.1	6 930.9
2003	320.1	0.7	23.3	1 953.9	315.6	9.0	2 622.6

Sales consist of new and additional sales, with deductions for policies where the first premium has not been paid. Premium reserves transferred to the company (note 4) are not included in these figures.

03 Sales costs Storebrand Livsforsikring AS

NOK MILLION	2005	2004	2003
Salaries and other costs	-320.0	-249.0	-276.9
Commissions paid	-189.5	-108.9	-59.0
- Of which commissions paid to other companies	-129.4	-72.5	-49.2
Total sales costs	**-509.5**	**-357.9**	**-335.9**

04 Movements of reserves to/from Storebrand Livsforsikring AS

NOK MILLION	GROUP PENSION PRIVATE INSURANCE	GROUP PENSION PUBLIC INSURANCE	ENDOWMENT INSURANCE	ANNUITY/ PENSION INSURANCE	TOTAL 2005	TOTAL 2004	TOTAL 2003
Funds received							
Premium reserve	1 396.1	760.8	0.0	160.9	2 317.8	2 619.3	3 367.4
Additional statutory reserves	40.3	18.0		0.5	58.8	24.6	7.5
Transfers of premium reserve etc.	1 436.4	778.8	0.0	161.4	2 376.6	2 643.9	3 374.9
Premium/pension adjustment funds	97.4	0.0			97.4	220.2	120.1
Annual premium volume	212.4	47.7	0.0	3.6	263.7	298.6	204.6
Number of policies/customers	721	26	0	449	1 196	1 082	832
Funds transferred out							
Premium reserve	-1 565.5	-79.2	0.0	-97.5	-1 742.2	-3 078.9	-1 866.9
Additional statutory reserves	-59.4	-0.1		-3.2	-62.7	-126.1	-36.3
Revaluation reserve	-23.2	-1.7		-1.1	-26.0	-26.5	-0.9
Transfers of premium reserve etc.	-1 648.1	-81.0	0.0	-101.8	-1 830.9	-3 231.5	-1 904.1
Premium/pension adjustment funds	-301.4	-12.2		-3.1	-316.7	-480.7	-115.2
Annual premium volume	-348.0	-5.4	0.0	-2.7	-356.1	-312.5	-123.7
Number of policies/customers	-555	-9	-2	-462	-1 028	-687	-2 324

05 Profit and loss by class of insurance: Storebrand Livsforsikring AS

NOK MILLION	LINE REFERENCE IN NOTE 1	GROUP PENSION PRIVATE INSURANCE	GROUP PENSION PUBLIC INSURANCE	GROUP LIFE INSURANCE	ENDOW-MENT INSURANCE	ANNUITY/ PENSION INSURANCE	NON-LIFE INSURANCE	TOTAL 2005	TOTAL 2004	TOTAL 2003
1. Financial income a)	2/3/7.2/8/9 14/16	5 818.0	630.3	44.9	1 262.9	1 360.4	6.9	9 123.4	7 520.0	7 549.9
2. Guaranteed yield		-3 135.7	-299.2	-4.0	-595.7	-729.7		-4 764.3	-4 426.2	-3 936.6
- of which transferred to premium fund	5.2	-109.6	-7.7			-8.1		-125.4	-134.2	-126.6
3. Interest result		**2 682.3**	**331.1**	**40.9**	**667.2**	**630.7**	**6.9**	**4 359.1**	**3 093.8**	**3 613.3**
Adm. costs - subsidiaries c)		1.2	0.1		0.3	0.3		1.9	11.2	17.4
4. Risk premium		421.2	50.0	384.6	370.4	-76.4	95.2	1 245.0	1 277.5	1 173.4
5. Risk addition		-103.5	-79.3	-289.4	-292.5	20.9	-54.2	-798.0	-968.1	-906.6
6. Net reinsurance etc. a)	8	-56.3	0.0	-18.0	-3.7	1.0	-7.0	-84.0	-103.6	-68.8
7. Risk result		**261.4**	**-29.3**	**77.2**	**74.2**	**-54.5**	**34.0**	**363.0**	**205.8**	**198.0**
8. Administration premium		482.2	68.9	54.1	267.5	131.4	19.5	1 023.6	901.9	845.3
9. Operating expenses	6/7.1	-607.8	-69.8	-65.8	-376.0	-186.5	-48.0	-1 353.9	-1 038.7	-994.5
10. Administration result		**-125.6**	**-0.9**	**-11.7**	**-108.5**	**-55.1**	**-28.5**	**-330.3**	**-136.8**	**-149.2**
Adm. costs - subsidiaries c)		-1.2	-0.1	0.0	-0.3	-0.3		-1.9	-11.2	-17.4
11. Change in premium/security reserve		**-6.1**	**-3.7**	**-0.2**	**-0.7**	**0.1**		**-10.6**	**-180.9**	**-1 009.8**
12. Gross result for sector (3+7+10+11)	**5.3/10/11/18/19**	**2 812.0**	**297.2**	**106.2**	**632.2**	**521.2**	**12.4**	**4 381.2**	**2 981.9**	**2 652.3**
13. Additional statutory reserves released	**10**							**0.0**	**0.0**	**21.1**
14. Profit due to policyholders	**5.3/11**							**-3 214.7**	**-2 019.3**	**-1 838.9**
To equity capital:										
-net return on equity b)								491.3	408.7	333.7
-0.40% of customers' funds								520.9	454.8	414.3
-risk return on equity								47.1	46.2	46.2
-other								107.2	52.9	40.3
15. Profit for the year	**15**							**1 166.5**	**962.6**	**834.5**

a) The items other insurance-related income (line 3 in note 1) and other insurance-related costs (line 8 in note 1) are allocated in accordance with their purpose.

b) Includes: Security reserve, subordinated loan capital, equity at book value and liabilities.

c) Adjusted to show analysis of profit as if subsidiaries were recognised on the proportional method of consolidation rather than the equity method in the parent company accounts.

06 Financial Assets: Income and expense Storebrand Livsforsikring Group

NOK MILLION	2005	2004	2003
Income from group and other related companies	0.4	4.7	15.5
Income from properties and real estate	1 052.9	888.7	775.5
Interest income: bonds	3 716.2	3 490.9	3 566.2
Interest income: commercial paper	207.4	273.4	1 011.2
Interest income: lending	21.0	56.7	98.5
Interest income: cash and bank	104.8	98.5	113.3
Interest income: other	17.1	0.9	94.0
Share dividends	637.2	657.9	297.8
Revaluation of real estate	263.7	202.8	99.0
Reversal of write-downs of financial assets		3.0	167.3
Gain on sale of shares	10 051.6	7 494.6	6 364.7
Gain of sale of bonds	808.8	617.1	1 025.3
Gain on sale of commercial paper	122.2	165.0	1 200.3
Gain of sale of other investments	5.1	10.0	14.2
Income from financial assets	18 125.2	15 041.9	16 532.4
Costs arising from real estate	-58.5	-95.9	-153.4
- of which administration costs	-6.5	-5.5	-5.5
Interest costs	-7.3	-33.6	-5.5
Market value adjustment for financial assets	-4.7	-0.3	-3.5
Write-downs of real estate	-232.8	-34.1	-95.3
Loss on sale of shares	-6 527.4	-4 792.1	-6 188.8
Loss on sale of bonds	-662.6	-1 211.8	-549.5
Loss on sale of commercial paper	-135.1	-134.7	-124.6
Loss on sale of other investments		-0.4	-13.0
Unrealised loss on short term holdings of financial investments			
Financial assets: other costs	-181.9	-199.1	-145.1
- of which administration costs	-80.1	-151.6	-145.1
Financial assets: costs	-7 810.3	-6 502.0	-7 278.7
Financial assets: Net income	10 314.9	8 539.9	9 253.7
- of which administration costs	-86.6	-157.1	-150.6
Of which in subsidiaries:			
Income from financial assets	250.5	63.8	73.7
Costs arising from financial assets	82.3	-74.3	-77.3

Foreign securities are booked using the balance sheet date method

NOK MILLION	2005	2004	2003
Profit on shares	5 626.0	4 098.1	1 950.9
Profit on bonds	3 510.3	3 243.9	4 209.8
Profit on commercial paper	194.5	303.7	2 147.0
Profit on lending	21.0	56.0	262.3
Profit on real estate	1 037.6	973.8	631.3
Other profit	12.1	21.5	203.0
Financial assets: Net income	10 401.5	8 697.0	9 404.3
Financial assets: administration costs	-86.6	-157.1	-150.6
Financial assets: income/costs including admin. Costs	10 314.9	8 539.9	9 253.7

07 Tax charge: Storebrand Livsforsikring AS

NOK MILLION	2005	2004	2003
Profit before tax	1 166.5	962.6	834.5
+/- permanent differences	-4 778.9	-884.4	-198.8
+/- group contribution			
+/- change in timing differences	-1 369.7	-295.9	-596.3
Tax losses carried forward/deferred tax assets applied			-39.4
Tax base for the year	**0.0**	**0.0**	**0.0**
Tax rate	28 %	28 %	28 %
Tax	**0.0**	**0.0**	**0.0**
+/- tax at source	0.0	0.0	0.0
+/- tax losses carried forward	-	-	-
+/- allowance for Norwegian dividend			
Tax payable on income	**0.0**	**0.0**	**0.0**
Tax on group contribution			56.0
Deferred tax - net change	-26.6	31.0	140.4
Tax cost	**-26.6**	**31.0**	**196.4**

Taxes payable:			
Norway			
Overseas			
Total tax payable	**0.0**	**0.0**	**0.0**
Deferred tax/deferred tax assets			
Norway	-26.6	31.0	140.4
Overseas			
Total deferred tax	**-26.6**	**31.0**	**140.4**
Tax on capitalised items			
Tax on group contribution			**56.0**
Tax cost	**-26.6**	**31.0**	**196.4**

Tax charge: Storebrand Livsforsikring Group

NOK MILLION	2005	2004	2003
Pre-tax profit	1167.1	965.7	835.4
Tax payable	0.3	1.0	1.0
Net change in deferred tax	-26.3	32.4	139.7
Tax on group contribution			56.0
Tax cost	**-26.0**	**33.4**	**196.7**

08 } Pension costs and pension liabilities Storebrand Livsforsikring AS

Employees are assured a retirement pension equivalent to 70% of pensionable salary at the time of retirement. The ordinary retirement age is 65. Staff pensions are provided by a group pension scheme, primarily with Storebrand Livsforsikring AS, in accordance with the rules on private occupational pension schemes. Pension payments from the scheme come into effect from the pension age, which is 67 for executives and 65 for underwriters. Pension payments to executives between 65 and 67 and pension payments in repect of salary amount over 12 times the sosial security pension scheme base amount (G) are paid directly by the company.

Reconciliation of pension assets and liabilities in the balance sheet:

NOK	2005	2004	NGAAP 2004
Present value of insured pension benefit obligations incl. employment taxes	614.6	596.9	641.4
Pension assets at fair value	-455.0	-423.1	-421.1
Net pension liability/ surplus for the insured schemes	159.6	173.8	220.3
Present value of uninsured pension benefit obligations incl. employment taxes	177.7	153.1	
Experience adjustments and difference between actual and expected investment return not applied to profit and loss	-110.7	-105.2	-128.6
Net pension liabilities in the balance sheet	**226.6**	**221.7**	**91.7**

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

	2005	2004	NGAAP 2004
Properties and real estate	10 %	10 %	10 %
Bonds held to maturity	28 %	31 %	31 %
Secured and other leding	1 %	0 %	0 %
Shares and other equity participations	27 %	22 %	22 %
Bonds	29 %	25 %	25 %
Commercial paper	4 %	10 %	10 %
Other short term financial assets	1 %	3 %	3 %
Total	100 %	100 %	100 %

Net pension cost in the profit and loss account, specified as follows:

NOK	2005	2004	NGAAP 2004
Current service cost including provision for employment taxes	55.1	35.2	28.6
Interest on pension liabilities	32.0	23.3	23.2
Expected return on pension assets	-24.5	-18.2	-19.0
Experience adjustments	2.5		1.0
Changes to the pension scheme	-6,5		
Net pension cost booked to profit and loss in the period	**58.6**	**40.3**	**33.8**
Actual return on pension assets	24.7	10.1	

In addition the effect from implementation of IAS 19 (in accordance with NRS 6A) has been applied to the profit and loss account in the amount of	129.9	

Reconciliation to show the change in net pension liabilities or net pension assets in the period:

NOK	2005	2004
Net liability at 01.01 including provision for employment taxes	221.7	201.5
Net pension cost recognised in the period	58.6	40.3
Premiums paid	-50.8	-40.4
Pensions paid uninsured scheme	-2.9	-2.0
Net libality assurred by acquisition/merger, etc.		
Other/internal transfers		22.3
Net pension liability at 31.12	**226.6**	**221.7**

Main assumptions used when calculating net pension liability at 31.12:

FINANCIAL:	2005	2004	NGAAP 2004
Discount rate	4.7 %	4.7 %	5.5 %
Expected return on pension fund assets in the period	6.0 %	6.0 %	6.0 %
Expected earnings growth	3.0 %	3.0 %	3.0 %
Expected annual increase in social security pensions	3.0 %	3.0 %	3.0 %
Expected annual increase in pensions in payment	2.0 %	2.0 %	2.0 %

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

08 Pension costs and pension liabilities Storebrand Livsforsikring Group

Employees are assured a retirement pension to equivalent 70% of pensionable salary at the time of retirement. The ordinary retirement age is 65. Staff pensions are provided by a group pension scheme, primarily with Storebrand Livsforsikring AS, in accordance with the rules on private occupational pension schemes. Pension payments from the scheme come into effect from the pension age, which is 67 for executives and 65 for underwriters. Pension payments to executives between 65 and 67 and pension payments in repect of salary amount over 12 times the sosial security pension scheme base amount (G) are paid directly by the company.

Reconciliation of pension assets and liabilities in the balance sheet:

NOK	2005	2004	NGAAP 2004
Present value of insured pension benefit obligations incl. employment taxes	658.4	641.7	687.0
Pension assets at fair value	-489.8	-457.4	-455.1
Net pension liability/ surplus for the insured schemes	168.6	184.3	231.9
Present value of uninsured pension benefit obligations incl. employment taxes	189.3	164.0	
Experience adjustments and difference between actual and expected investment return not applied to profit and loss	-112.8	-109.2	-140.4
Net pension liabilities in the balance sheet	**245.1**	**239.2**	**91.5**

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

	2005	2004	NGAAP 2004
Properties and real estate	10 %	10 %	10 %
Bonds held to maturity	28 %	31 %	31 %
Secured and other leding	1 %	0 %	0 %
Shares and other equity participations	27 %	22 %	22 %
Bonds	29 %	25 %	25 %
Commercial paper	4 %	10 %	10 %
Other short-term financial assets	1 %	3 %	3 %
Total	100 %	100 %	100 %

Net pension cost in the profit and loss account, specified as follows:

NOK	2005	2004	NGAAP 2004
Current service cost including provision for employment taxes	58.2	38.4	30.3
Interest on pension liabilities	34.5	25.5	24.1
Expected return on pension assets	-26.6	-20.1	-19.6
Experience adjustments	2.5		1.0
Changes to the pension scheme	-6.5		
Net pension cost booked to profit and loss in the period	**62.1**	**43.8**	**35.8**
Actual return on pension assets	23.5	15.0	

In addition the effect from implementation of IAS 19 (in accordance with NRS 6A) has been applied to the profit and loss account in the amount of	145.3	

Reconciliation to show the change in net pension liabilities in the period:

NOK	2005	2004
Net liability at 01.01 including provision for employment taxes	239.2	217.6
Net pension cost recognised in the period	62.1	43.8
Premiums paid	-53.2	-42.5
Pensions paid	-3.0	-2.1
Net libality assurred by acquisition/merger, etc.	0.0	0.0
Other/internal transfers	0.0	22.3
Net pension liability at 31.12	**245.1**	**239.2**

Main assumptions used when calculating net pension liability at 31.12:

FINANCIAL:	2005	2004	NGAAP 2004
Discount rate	4.7 %	4.7 %	5.5 %
Expected return on pension fund assets in the period	6.0 %	6.0 %	6.0 %
Expected earnings growth	3.0 %	3.0 %	3.0 %
Expected annual increase in social security pensions	3.0 %	3.0 %	3.0 %
Expected annual increase in pensions in payment	2.0 %	2.0 %	2.0 %

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

As fund investments represent an increasing proportion of the company's assets, indirect investments in funds where Storebrand Kapitalforvaltning manages allocation and risk are reported in all relevant notes to the accounts in 2005.

09 } Shares and other equity investments

NOK MILLION	NUMBER HELD	INTEREST	ACQUISITION COST*)	MARKET VALUE	MARKET VALUE INCL. INDIRECT INVESTMENTS IN FUNDS
Norwegian finance industry					
DnB NOR	7 317 693	0.55 %	466.9	526.9	529.3
Forbrukerforsikring AS	1 333 334	24.86 %	20.0	20.0	20.0
Sparebanken Vest G	2 050	0.08 %	0.4	0.4	0.4
Nordnorsk Vekst	558	0.75 %	0.8	0.3	0.3
Total Norwegian finance industry			488.1	547.6	550.0
Other Norwegian shares					
Orkla	5 362 702	2.57 %	994.6	1 498.9	1 504.5
Norsk Hydro	1 514 659	0.52 %	908.7	1 049.7	1 059.2
Statoil ASA	4 900 241	0.22 %	747.5	759.5	767.3
Steen & Strøm	3 598 144	12.90 %	196.5	737.6	737.6
Telenor	7 946 661	0.47 %	449.8	526.5	531.1
Veidekke	1 954 799	6.78 %	112.3	376.3	376.5
Subsea 7	4 408 300	3.15 %	307.7	351.6	351.9
Yara International	2 367 117	0.75 %	244.1	232.6	233.6
TGS Nopec Geophysical Company	506 723	1.94 %	136.5	160.6	161.3
Det Norske Oljeselskap	2 302 101	1.02 %	69.5	137.0	137.6
Aker Kvaerner ASA	281 174	0.51 %	89.8	116.5	117.1
Tandberg Television	1 191 283	1.60 %	94.0	106.3	106.8
Ganger Rolf	166 464	1.84 %	65.6	96.5	96.7
Petroleum Geo-Services	425 615	0.71 %	76.9	88.5	88.9
Tomra Systems	1 751 988	0.98 %	63.6	84.6	85.0
Fred. Olsen Energy	330 611	0.54 %	56.2	80.3	80.9
Eltek A	678 989	2.10 %	62.6	75.9	76.2
Fast Search & Transfer	2 783 410	0.46 %	43.9	69.0	69.3
Wilh. Wilhelmsen A	272 040	0.32 %	26.8	67.6	67.9
SeaDrill ltd	1 174 582	0.51 %	53.2	63.7	64.0
Schibsted	313 807	0.45 %	43.0	63.1	63.5
Camillo Eitzen ASA	873 902	1.02 %	50.9	61.2	61.4
Norske Skogindustrier A	544 071	0.29 %	51.0	58.4	58.5
Songa Offshore ASA	1 177 924	2.36 %	37.7	56.5	56.8
Prosafe	197 255	0.58 %	45.6	56.5	56.8
EDB Business Partner	973 722	1.07 %	45.8	47.7	47.9
APL ASA	581 758	2.99 %	39.0	47.1	47.3
Nordic Semiconductor	659 963	1.99 %	37.5	43.9	44.1
Glava	65 000	6.77 %	20.3	42.3	42.3
Storebrand Privat Investor ASA	4 500 000	17.25 %	40.5	40.5	40.5
Awilco Offshore	934 398	0.79 %	26.8	39.6	39.8
Aker Yards AS	102 520	0.50 %	32.3	33.2	33.3
Aktiv Kapital	318 900	0.68 %	26.9	32.8	33.0
Tandberg	770 397	0.57 %	55.0	31.8	32.0
Troms Fylkes Dampskipsselskap	407 790	5.21 %	40.8	30.8	30.8
Cermaq ASA	557 600	0.60 %	26.8	30.5	30.7
Profdoc Group	234 885	4.44 %	18.7	26.7	26.8
Convexa Capital V - B-aksjer	9 733 334	34.73 %	19.5	26.6	26.6
Mamut ASA	2 250 000	4.68 %	16.4	25.8	25.8
ABG Sundal Collier	2 683 737	1.00 %	17.9	23.6	23.7
Odfjell A	158 518	0.18 %	6.8	21.7	21.9
Kongsberg Gruppen	166 439	0.55 %	20.4	20.6	20.7
Aker Drilling ASA	498 300	0.54 %	18.4	19.4	19.5
Q-Free	896 652	1.76 %	21.8	19.1	19.2
Finansnæringens Hus	203	9.67 %	0.2	0.2	0.2
Øvrige norske aksjer			454.9	318.7	320.4
Total Norwegian mutual funds			6 014.7	7 897.7	7 936.6
Total Norwegian shares			6 502.8	8 445.3	8 486.7
Of which listed Norwegian equities			6 198.1	8 170.7	8 211.6

NOK MILLION	NUMBER HELD	INTEREST	ACQUISITION COST*)	MARKET VALUE	MARKET VALUE INCL. INDIRECT INVESTMENTS IN FUNDS
Australia					
BHP Billiton	448 399		39.8	50.7	55.6
Commonwealth Bank of Australia	163 330		29.1	34.7	38.2
National Australian Bank	199 283		28.7	32.1	35.6
Aust & Nz Bank Group	240 817		21.6	28.6	31.8
Westpac Banking Corp	244 423		23.6	27.6	30.7
Westfield Group	206 408		17.6	18.6	20.1
			160.3	**192.3**	**212.0**
Belgium					
RHJ International	292 690		46.2	45.5	45.5
			46.2	**45.5**	**45.5**
Canada					
Ace Aviation Holdings	265 000		58.3	58.4	58.4
Novelis Inc	349 100		50.3	49.4	50.4
Royal Bank of Canada					34.0
Manulife Financial					26.8
Bank of Nova Scotia					23.3
Barrick Gold					22.9
Suncor Energy					21.0
			108.7	**107.7**	**236.8**
Denmark					
Superfos Industries	287 074		31.2	20.0	20.0
			31.2	**20.0**	**20.0**
Finland					
Stora Enso					36.0
Dynea Oy A	218 687		30.2	20.3	20.3
			30.2	**20.3**	**56.3**
France					
Sanofi-Aventis	392 000		213.8	231.7	265.4
BNP Paribas	206 000		88.8	112.5	180.8
Total (PAR)	87 000		125.3	147.5	177.4
France Telecom	519 770		100.5	87.1	126.7
Lafarge	116 000		64.0	70.4	98.7
Streettracs msci Pan Euro Etf					48.9
			592.4	**649.1**	**897.8**
Hong Kong					
Hutchison Whampoa	306 000		18.4	19.7	21.8
			18.4	**19.7**	**21.8**
Ireland					
Anglo Irish Bank	1 253 000		101.1	128.3	151.9
CRH	658 000		110.6	130.6	134.3
C&C Group	1 165 000		47.6	50.2	58.9
FBD Holdings	83 000		13.3	24.3	24.3
			272.5	**333.4**	**369.3**
Italy					
Saipem	280 000		27.3	31.0	31.0
			27.3	**31.0**	**31.0**
Japan					
Toyota Motor	376 500		113.5	132.2	145.2
Mitsubishi UFJ Holdings Group	957		82.4	87.8	95.1
Sumitomo Mitsui Financial Group	613		39.1	44.0	47.8
Takeda Pharmaceutical	116 200		44.0	42.5	46.2
Honda Motor	102 300		39.1	39.5	42.9
Canon	97 300		38.1	38.5	41.9
Sony	131 800		33.8	36.4	39.8
Matsushita Electric Industrial	274 000		38.4	35.8	38.9
Seven and I holdings	107 500		26.2	31.1	34.0
Nomura Holdings	236 400		19.0	30.7	33.4

NOK MILLION	NUMBER HELD	INTEREST	ACQUISITION COST*)	MARKET VALUE	MARKET VALUE INCL. INDIRECT INVESTMENTS IN FUNDS
Japan cont.					
Softbank Corp	101 700		25.6	29.1	31.7
Mizuho Financial Group	1 270		61.0	68.2	31.0
NTT DoCoMo	2 251		23.7	23.2	26.8
Mitsubishi	155 200		22.0	23.2	25.4
Mitsubishi Estate	153 000		15.7	21.5	23.6
Tokyo Electric Power	134 000		22.0	22.0	23.5
NTT	694		21.6	21.3	22.7
Astellas PharmaR	76 700		20.8	20.2	22.2
Millea	174		20.5	20.3	22.2
Nippon Steel	824 000		19.4	19.9	21.8
Hitachi	433 000		20.2	19.7	21.8
East Japan Railway	400		17.4	18.6	21.7
Orix	11 430		18.2	19.7	21.6
Nissan Motor	288 600		18.9	19.8	21.0
Shin-Etsu Chemical	52 200		18.9	18.8	20.7
Jfe Holdings	76 800		16.8	17.4	19.2
			836.3	**901.6**	**942.2**
Liberia					
Royal Caribbean Cruises	639 969		181.8	194.2	195.1
			181.8	**194.2**	**195.1**
Luxembourg					
Stolt Offshore	2 710 848		178.7	212.8	213.8
Stolt Nielsen	240 158		40.4	53.7	53.9
			219.1	**266.5**	**267.7**
Holland					
ASML Holding NV	1 216 000		136.2	164.1	193.6
Aegon	1 435 000		129.8	157.6	161.8
Vnu NV	565 000		105.0	126.4	128.6
Ing-Group	596 000		100.1	139.5	100.0
Tomtom					58.5
SMB Offshore	92 023		38.9	50.2	50.2
Royal Dutch Shell A ord					27.6
			510.0	**637.8**	**720.3**
Portugal					
Brisa Auto-Estradas	1 140 000		62.2	64.5	66.8
			62.2	**64.5**	**66.8**
Spain					
Banco de Sabadell	831 000		126.4	147.1	176.8
Repsol ypf sa	388 000		64.4	76.5	83.4
			190.8	**223.5**	**260.2**
Great Britain					
Vodafone Group	26 391 000		433.1	385.0	436.5
HSBC Holdings GB	1 991 000		211.7	215.8	297.2
BP P.L.C	2 940 000		194.3	211.0	258.4
Royal Bank of Scotland	1 055 000		208.1	215.2	252.5
WPP Group	2 343 000		152.6	170.9	189.1
Cadbury Schweppes	1 494 000		93.4	95.5	127.8
Arm Holdings	5 457 650		68.8	76.6	76.6
Smith & Nephew	1 100 000		67.1	68.5	70.5
Barclays Bank					70.4
Aviva PLC	744 000		49.9	60.7	68.0
Prudential					62.9
British Airways	1 613 000		49.8	62.6	62.6
PartyGaming	2 971 000		41.0	46.3	57.2
			1 569.7	**1 608.1**	**2 029.7**

NOK MILLION	NUMBER HELD	INTEREST	ACQUISITION COST*)	MARKET VALUE	MARKET VALUE INCL. INDIRECT INVESTMENTS IN FUNDS
Switzerland					
ABB CH	3 700 000		180.5	242.4	337.9
Nestle	146 800		254.7	296.4	321.9
Novartis	682 000		212.9	241.9	267.2
Roche Holding Genuss					21.6
UBS					19.6
			648.1	780.7	968.2
Sweden					
Ericsson B	10 170 722		200.9	236.2	279.4
Skanska B	1 350 000		86.9	139.0	141.5
Scania B	382 000		85.4	93.4	93.9
Oriflame Cosmetics	391 347		2.1	53.4	61.9
Duni Holding	105 711		29.9	22.8	22.8
			405.2	544.8	599.4
Germany					
Hypo Real Estate Holding	463 000		119.6	162.6	200.4
Rwe	442 000		157.3	220.8	179.2
Deutsche Post	1 050 000		163.8	171.8	165.9
Adidas-Salomon	104 000		98.1	132.9	154.3
Fraport	333 000		85.5	119.4	141.6
Bilfinger Berger	172 000		51.4	55.5	72.6
Premiere	550 000		116.4	65.0	68.6
Deutsche Lufthansa	530 000		47.7	53.0	53.0
EON					30.6
			839.7	981.0	1 066.2
USA					
Exxon Mobil	553 301		217.1	210.4	428.0
Citigroup	669 371		204.3	219.5	370.0
Procter & Gamble	488 282		171.9	191.4	342.9
General Electric	488 439		111.7	115.9	333.3
Bank of America Corp	440 124		127.9	137.4	243.9
Allstate Corp	348 533		130.8	127.6	239.6
American International Group	314 953		127.2	145.5	232.8
Cisco Systems	969 724		120.6	112.4	232.0
Wachovia corp	363 180		121.4	130.0	210.7
Johnsen & Johnsen	210 089		81.3	85.5	192.6
Sandisk Corp	330 000		112.6	140.4	185.0
Adobe Systems	440 700		97.7	110.3	181.8
Apple Computers	164 400		68.9	80.0	178.5
Bank Of New York	555 185		113.2	119.7	172.1
Verizon Communications	460 400		97.8	93.6	171.4
United Technologies	244 021		81.1	92.4	171.2
Weatherford Intl Ltd	474 358		96.2	116.1	170.2
Boston Scientific	650 000		111.2	107.8	168.7
Applied Materials	723 500		88.9	87.9	165.6
Ambac Financial Group	268 034		130.9	139.9	165.3
Bear Stearns Company	164 661		107.2	128.8	160.1
Teva Pharmaceutical	381 009		83.0	111.0	155.4
Microsoft					154.0
Maxim Integrated Products	374 874		86.1	92.0	153.5
CVS Corp	559 831		99.6	100.2	147.8
Occidental Petroleum	150 000		83.8	81.1	147.5
Home Depot	330 031		88.2	90.4	146.2
United Health Group	200 000		86.4	84.2	144.4
Time Warner	789 966		91.7	93.3	143.4
Electronic Arts	223 600		83.2	79.2	140.5
General Mills	263 100		84.1	87.9	137.7
Molson Coors Brewing	243 300		104.7	110.4	135.7
XL Capital LTD	232 790		110.6	106.1	130.0
Textron	184 200		91.2	95.9	127.9
Amerada Hess	115 800		98.3	99.4	126.0
ATI Technoligies	690 974		59.2	79.5	125.9
Tyco International	439 946		93.3	86.0	125.9
PG&E Corp.	393 628		86.5	99.0	117.5

NOK MILLION	NUMBER HELD	INTEREST	ACQUISITION COST*)	MARKET VALUE	MARKET VALUE INCL. INDIRECT INVESTMENTS IN FUNDS
USA cont.					
Bellsouth	310 139		54.5	56.8	115.0
Rockwell Collins	287 300		91.1	90.5	112.8
Walt Disney	475 000		77.8	77.1	109.3
Iinvitrogen Corp	214 700		97.8	96.9	109.0
Juniper Networks	650 692		100.7	98.3	108.6
Aetna	137 683		78.4	87.9	105.0
Pfizer					104.0
Illinois Tool Works	142 241		81.1	84.7	103.3
Target Corporation	170 000		64.0	63.3	102.4
Medtronic	144 274		50.9	56.2	98.5
Intel	0		0.0	0.0	93.4
Gilead Sciences Inc	160 000		59.2	57.0	85.6
Chevron Corp					81.4
Navteq Corp	272 356		68.3	81.0	81.4
International Business Machine (IBM))					80.9
McDonalds	235 000		54.4	53.6	79.1
Comcast A	390 000		69.2	68.4	78.8
Northeast Utilities	578 800		73.2	77.2	77.2
Caremark Rx Inc					75.7
Best Buy	195 200		58.4	57.5	75.0
J.P Morgan Chase and Co					75.0
Smurfit-Stone Container	738 669		54.5	70.9	70.9
Rosetta Resources	625 000		65.8	67.7	67.7
Carnival	125 000		45.5	45.2	63.0
Ebay	115 000		34.4	33.7	62.5
Engelhard	296 000		57.1	60.4	60.4
Wells Fargo					58.3
DR Horton	210 004		47.3	50.9	58.1
Metlife					57.8
El Paso Corporation	394 600		29.3	32.5	57.6
Hewlett-Packard CO					55.1
Pepsico Inc					53.9
Apache Corp					51.1
Qualcomm					45.7
Dell Inc.					44.9
Schlumberger					44.5
Google Class A					42.5
Sprint Nextel Group					40.9
Wellpoint Inc					40.9
Wyeth					40.6
Merck & Co					39.3
Lilly Eli					37.6
US Bancorp					37.4
Abbott Laboratories					36.9
Genentech					36.3
Texas Instruments					36.2
Motorola					35.9
Morgan Stanley					35.4
International Coal Group	382 000		28.9	24.4	34.0
Merrill Lynch					33.4
Fresh Del Monte Produce Inc	216 901		38.4	33.4	33.4
Bristol-Myers Squibb					33.1
Lowes Cos					33.0
Fannie Mae					32.9
Yahoo					32.8
Oracle Corporation					32.1
Pall Corp					31.9
Exelon					31.2
American Express					31.2
Transocean					31.1
Wallgreen					30.4
Burlington Northern Santa Fe					29.8
Marathon Oil Corp.					29.6
Caterpillar					29.6
Dow Chemical					29.5
Viacom Inc -Cl B					29.5

NOK MILLION	NUMBER HELD	INTEREST	ACQUISITION COST*)	MARKET VALUE	MARKET VALUE INCL. INDIRECT INVESTMENT IN FUND
USA cont.					
Freddie Mac					29.4
Starbucks Corp					28.6
Northrop Grumman Corp					27.6
Duke Energy					27.0
Emerson Electric					26.9
Cintas					26.5
Lehman Brothers					26.2
DuPont (E.I) De Nemours					26.0
Aflac Inc.					25.5
Equity Residental Properties					25.4
Goldman Sachs					25.1
Marriott Intl					25.0
United Parcel Services					24.9
EMC					24.8
Fedex Corp					24.7
First Data					24.6
Washington Mutual					24.5
Hartford Financial Services					24.2
News Corporation					24.2
Mbna Corp					24.2
Alcoa					24.1
Corning					23.9
St. Paul Travelers Cos Inc					23.7
Equity Office Properties					23.6
Costco Wholesale					23.4
Coca-Cola					23.3
Cardinal Health					23.2
Federated Department Stores					22.7
Nabors Industries Ltd					22.7
Automatic Data Processing					22.3
J.C. Penney					22.3
Ensco International Inc					22.3
McGraw Hill					22.2
Golden West Financial Corp					22.0
Dominion Resources					21.7
Medco Health Solutions					20.9
Comcast Corp-Special					20.9
Baxter International					20.8
AT&T Inc					20.6
Suntrust Banks					20.4
Comerica Inc					20.1
Valero Energy					19.8
Chubb Corp					19.7
Fortune Brands Inc					19.7
Vulcan Materials					19.7
Clorox Corp					19.3
Yellow Roadway Corp					19.2
ST Jude Medical Inc					19.0
Mellon					19.0
			5 430.0	5 713.4	12 043.8
Other Australia			1 839.7	1 887.7	2 051.3
Other Europe			135.9	84.1	280.1
Other North-America			23.6	0.7	992.8
Total foreign shares			14 179.5	15 307.7	24 374.4
Of which listed international equities			13 863.9	15 097.0	24 091.5
Mutual investments managed by Storebrand Kapitalforvaltning					
Storebrand Nord Amerika I	9 029 372		6 524.9	7 150.5	
Storebrand Europa I	922 640		1 071.1	1 292.7	
Storebrand Alpha SICAV-Global Class M	102 555		671.3	692.5	
Storebrand Global Indeks I	399 760		400.0	395.6	
Storebrand Alpha SICAV-North America Class M	56 912		347.5	358.4	
Storebrand Alpha SICAV-Europe Class M	42 365		338.2	357.3	
Storebrand Asia Pacific Indeks I	199 880		200.0	199.4	
Storebrand WGA Health Care	65 609		63.7	80.7	
Storebrand Barnespar	396 006		39.6	56.5	

NOK MILLION	NUMBER HELD	INTEREST	ACQUISITION COST*)	MARKET VALUE	MARKET VALUE INCL. INDIRECT INVESTMENT IN FUND
Mutual investments... cont.					
Storebrand Energi	24 652		23.8	35.2	
Storebrand F & C Emerging Markets	5 064		4.2	5.7	
Storebrand Goldman SMB Europa	1 834		1.4	1.5	
Storebrand Aktiv Allokering	308		0.4	0.4	
Andre eiendeler i fond			0.0	0.0	1 431.2
Total mutual invesstments managed by Storebrand Kapitalforvaltning			9 686.0	10 626.5	1 431.2
Other mutual investments					
Storebrand Multi Strategy Limited - class B-3	1 157 156 103		1 202.7	1 267.9	1 267.9
Storebrand Investment Fund - Storebrand TA Fund	974 027		783.4	786.6	786.6
Storebrand Selecta Limited - Class B-3	258 461 234		236.4	284.2	284.2
Storebrand International Private Equity IV - B2	229 123 125		220.0	225.0	225.0
Outlet Mall Fund	23 645 026		200.4	216.4	216.4
Storebrand International Private Equity V Ltd - B3	195 933 051		188.1	182.0	182.0
API Eiendomsfond Norge	124		127.6	127.6	127.6
Industri Kapital 2000 Fund	16 823 801		134.9	149.2	149.2
Lasalle Euro Growth II	13 951 659		111.9	124.9	124.9
KKR European Fund, Limited Partnership	12 673 335		103.2	112.9	112.9
Carlye Europe Real Estate Partners L.P.	11 209 864		91.0	102.8	102.8
FSN Capital Limited Partnership 1	2 503 923		20.0	81.0	81.0
Global Health Care Equity Portofolio					80.2
Bain Capital Fund	9 475 222		65.4	73.2	73.2
Storebrand Principle Global Fund Z	39 891		57.9	64.4	64.4
Menlo Ventures IX	10 133 907		74.2	64.1	64.1
European Office Income Venture	7 509 980		61.5	63.3	63.3
Apax Europe V - E, L.P.	5 682 720		46.7	63.1	63.1
European Property Invesators	7 274 561		59.3	61.2	61.2
Celogix N.V.	18 423		63.2	60.8	60.8
HealthCap III, KB	83 334 859		72.0	56.6	56.6
TransEuropean Property ltd.Partnership III	6 569 006		53.3	55.8	55.8
Apax France V	293		35.7	51.5	51.5
Pradera European Retail Fund	6 588 573		57.3	50.7	50.7
Clayton,Dubilier & Rice fund VI ltd Part	7 580 994		51.6	48.4	48.4
Apax Europa IV-D L.P. STB LIVSFORSIKRIN	89		71.3	48.0	48.0
Wand Partners	105		79.1	47.7	47.7
Apax France VI	5 562 254		45.2	44.8	44.8
Bridgepoint - The Second European PE Fund E	5 137 350		41.7	44.6	44.6
Apax Globis Japan Fund . L.P.	708 720 392		46.8	43.2	43.2
EQT IV ISS Co-Investment LP	5 000 000		39.5	39.9	39.9
J.W. Childs III, L.P.	4 493 487		30.2	32.5	32.5
HMTF Europe Fund Capital Call First Clos	3 588 259		28.8	30.1	30.1
Storebrand International Private Equity III KB	27 000 000		18.7	26.1	26.1
CBRE Strategic Property Partners UK	2 090 548		25.2	25.9	25.9
Sector Speculare II Fund, Class A	25 000 000		25.0	25.0	25.0
Henderson PFI	1 644 369		19.1	19.6	19.6
Carlye Europe Real Estate Partners L.P. II	2 182 877		17.6	18.1	18.1
Ikke spesifisert			303.5	139.9	146.8
Total other mutual invesstments			4 909.3	4 959.0	5 046.1
Total shares and mutual investments (current assets)			35 277.6	39 338.4	39 338.4
Acquisition cost at the exchange rate applicable on the balance sheet date			35 573.5		
Of which held by subsidiaries					1.6

Short-position on indirect investments are include in the disposition above.
*) Equal to acquisition cost in historical currency For fixed asset holdings this is equal to book value.
Uncalled commitment to subscribe capital to Limited Partnerships amounted to NOK 2 982 million at 31.12.05.

EXPOSURE TO SHARES IN 2005

Storebrand Livsforsikring increased its overall exposure to stock markets in 2005. Exposure to shares and other equity investments accounted for 21% of the company's total investment assets at the start of the year, rising to 26% at the close of the year.

The company's investments in shares are divided between the four regions; Norway, Europe, North America and Asia. The allocation of assets between these regions will be weighted in accordance with the company's investment policy unless the investment manager's market view indicates a different weighting. The risk and return associated with any deviation from the investment policy are monitored closely.

Only one investment portfolio, the Private Equity portfolio, has a significant exposure to unlisted shares. Investment in unlisted shares are characterised by both higher risk and a higher expected return than is the case for other investment in shares. This partly because shares in unlisted companies are less liquid until such time as the companies are admitted to stock market listing. The market value of the company's Private Equity portfolio was slightly over NOK 2 billion at the close of 2005.

10 Parent company's holding of shares in subsidiaries and associated companies

NOK MILLION COMPANY	EQUITY METHOD ACQUISITION COST	 BOOK EQUITY	BOOK VALLUE 31.12.	INTEREST IN %	VOTING INTERESST IN %	BOOK VALUE 1.1.	RECOGNISED PROFIT 2005
Aktuar Systemer AS, Filipstad Brygge 1, 0114 Oslo	14.0	-9.3	4.7	100.0%	100.0%	4.3	1.6
Storebrand Pensjonstjenester AS, Filipstad Brygge 1, 0114 Oslo	13.3	-6.4	6.9	100.0%	100.0%	9.3	5.4
AS Værdalsbruket, 7660 Vuku	0.1	37.9	38.0	74.9%	74.9%	38.5	0.1
Storebrand Eiendom AS, Filipstad Brygge 1, 0114 Oslo	7.4	-3.7	3.7	100.0%	100.0%	2.1	-2.1
Storebrand Systemutvikling AS, Filipstad Brygge. 1, 0114 Oslo	71.9	0.3	72.2	100.0%	100.0%	72.2	1.2
Hoffsvn. AS, Filipstad Brygge 1, 0114 Oslo *)	0.1		0.1	100.0%	100.0%	0.1	-0.1
Uni Norden Holding AS	30.2	-0.1	30.1	100.0%	100.0%		-0.1
UNI Norden Personförsäkring AB, Kungsgatan 34, 11135 Stockholm	20.4	-0.5	19.9	100.0%	100.0%		-0.5
Trondheimsvn 100 AS	0.1		0.1	100.0%	100.0%		
Stor Ulven AS	0.1		0.1	100.0%	100.0%		
Subsidiaries	**157.6**	**18.2**	**175.8**			**126.5**	**5.5**
Sjølyst Eiendom AS	165.4		165.4	50,0%	50,0%		
Jointly-controlled companies	**165.4**		**165.4**				
Shares and participations in associated companies	**323.0**	**18.2**	**341.2**			**126.5**	**5.5**
Nordben Life and Pension Insurance Co. LTD	29.5	32.5	62.0	25,0%	25,0%	61.6	0.4
Associated companies Storebrand Livsforsikring AS	**29.5**	**32.5**	**62.0**				
InnTre Holding AS, Bogav. 7, 7725 Steinkjer		38.0	38.0	34,3%	34,3%		
Accosiated company Storebrand Life Group	**29.5**	**70.5**	**100.0**			**61.6**	**0.4**
Storebrand Kjøpesenter Holding AS, Holmensgt. 4 *)	4 961.1		4 961.1	100.0%	100.0%	4 835.8	
Storebrand Nybygg AS, Filipstad Brygge 1, 0114 Oslo *)	1 386.0		1 386.0	100.0%	100.0%	1 384.9	
Storebrand Nydalen AS, Nydalsvn 21, 0484 Oslo *)	1 734.9		1 734.9	100.0%	100.0%	1 708.3	
Storebrand Lysaker AS, Nydalsvn. 21, 0484 Oslo *)	1 211.7		1 211.7	100.0%	100.0%	1 201.8	
Properties owned through a limited company *)	**9 293.7**		**9 293.7**			**9 130.8**	**0.0**

*) For notes on properties owned through a limited company see Note 16-Properties. These investments are booked as real estate.

11 Bonds and other fixed income securities

NOK MILLION	COMMERCIAL PAPER	BONDS	TOTAL	FIXED-INCOME FUNDS	TOTAL
Commercial paper, bonds and bond funds, fair value					
Fair value	5 965.6	34 626.5	40 592.1	8 193.2	48 785.3
Of which listed	2 809.5	25 437.7	28 247.2	0.0	28 247.2
Acquisition cost	5 963.9	34 627.7	40 591.6	8 327.8	48 919.4
Nominal value	5 984.7	33 513.7	39 498.3		39 498.3

Direct investment in commercial paper and bonds	5 965.6	34 626.5	40 592.1
Indirect investment in commercial paper and bonds	2 436.0	7 850.2	10 286.2
Base amount for analyss by sector and currency	8 401.6	42 476.6	50 878.3
Public sector	3 451.1	10 946.7	14 397.9
Financial institutions	3 765.5	23 754.4	27 519.9
Other issuers	1 185.0	7 775.5	8 960.5
Total	8 401.6	42 476.6	50 878.3
Modified duration	0.41	2.26	1.95
Average effective yield	2.75	3.70	3.66

The effective yield for each security is calculated using the booked value and the observed market price (fair value). Where no market price is available, the effective yield is calculated on the basis of the interest period and classification of the security in terms of liquidity and credit risk. Calculated effective yields are weighted to give an average effective yield for the total portfolio on the basis of each security's share of the total interest rate sensitivity.

NOK MILLION	COMMERCIAL PAPER	BONDS	TOTAL
By currency			
NOK	5 445.0	22 222.5	27 667.5
EUR	2 345.6	13 294.3	15 639.9
USD	611.1	4 480.9	5 091.9
GBP		1 119.9	1 119.9
JPY		627.7	627.7
CAD		297.8	297.8
CHF		145.1	145.1
DKK		139.4	139.4
SEK		104.6	104.6
AUD		44.4	44.4
Commercial paper and bonds held as current assets	8 401.6	42 476.6	50 878.3

12 Bonds to be held to maturity

NOK MILLION	NOMINAL VALUE	ACQUISITION COST	BOOK VALUE	FAIR VALUE	AMORTISATION REMAINING
Bonds held to maturity - Norwegian					
Public sector	29 802.0	30 822.8	30 613.2	33 553.5	811.3
Financial issuers	9 573.5	9 544.3	9 550.9	10 155.0	-22.6
Other issuers	507.7	510.2	507.4	536.5	-0.3
Total portfolio	**39 883.2**	**40 877.4**	**40 671.6**	**44 245.0**	**788.4**
Of which listed securities	30 662.3	31 608.1	31 412.0	34 346.1	
Currency					
NOK	39 883.2	40 877.4	40 671.6	44 245.0	788.4
Modified duration (interest rate sensitivity)				4.74	
Average effective yield			5.50	3.72	

The effective yield of individual fixed income securities is calculated on the basis of both the observed market price and the booked value. The weighted average effective yield for the total portfolio is calculated on the basis of weighting by each security's proportion of the total interest rate sensitivity.

13 Financial derivates

Storebrand Livsforsikring makes active use of financial derivatives. Derivative contracts are used to adjust the exposure to investment risk in order to create the potential for a sound long-term risk-adjusted investment return. Derivates are used to remove unwanted risk, as well as to adapt the investment portfolio to match the company's long and short-term commitments. The individual share and bond portfolios use financial derivatives to manage the overall risk exposure within the limits applied. Definitions of the various derivatives contracts used can be found in the "Terms and expressions" section.

Nominal volume

Financial derivatives relate to underlying volumes not reported in the balance sheet. To quantify the volume of derivatives references are made to these underlying volumes using such terms as underlying principal and nominal volume. The method used to calculate nominal volume varies for different types of financial derivatives, giving an indication of the extent and risk of the financial derivaties positions. Gross nominal volume primarily indicates the extent of positions, whilst net nominal volume indicates the risk positions taken. However nominal volumes for different instruments are not necessarily comparable when assessing actual risk taken.
Unlike gross nominal volume, the calculation of net nominal volume takes into account whether the instrument is an asset or a liability in market risk terms. An equity derivative asset will increase its value as the value of the underlying equity increases. Intereset rate derivatives will increase their asset values when interest rates fall in the same way as bond values change. An asset position in a foreign exchange derivative will increase in value if the foreign currency appreciates against the NOK.
Average gross nominal volume is based on daily calculations of gross nominal volume.

Financial derivatives classified as short term assets/liabilities

NOK MILLION	GROSS NOMINAL VOLUME	AVERAGE NOMINAL VOLUME	NET NOMINAL VOLUME	FAIR VALUE ASSETS	FAIR VALUE LIABILITY
Equity options	15 698.3	9 075.1	-10 433.6	173.9	0.0
Equity equity contracts					
Stock index futures	1 619.8	3 943.9	-734.3		
Total equity derivatives	**17 318.1**	**13 019.0**	**-11 167.9**	**173.9**	**0.0**
Forward rate agreements	250 897.4	197 055.8	-4 596.0	4.8	-3.3
Interest rate futures	3 459.0	3 065.8	98.0	0.0	-0.2
Interest rate swaps	50 390.5	42 246.2	8 182.8	25.0	-11.7
Interest rate options	161 666.2	127 575.5	161 000.0	200.3	-2.8
Total interest rate derivatives	**466 413.1**	**369 943.3**	**164 684.7**	**230.0**	**-18.0**
Forward foreign exchange contracts	51 839.3	45 607.6	-47 071.5	54.5	-661.3
Cross currency interest rate swap	0.0	544.8	0.0	0.0	
Total currency derivatives	**51 839.3**	**46 152.4**	**-47 071.5**	**54.5**	**-661.3**
Credit derivatives	31 329.8	22 444.3	2 658.1		-52.1
Total credit derivatives	**31 329.8**	**22 444.3**	**2 658.1**	**0.0**	**-52.1**
Total derivatives	**566 900.3**	**451 559.1**	**109 103.5**	**458.4**	**-731.5**
Interest rate swaps accrued not due				**-19.7**	**-7.4**
Indirect investments in funds					**54.7**
Booked value				**438.7**	**-684.1**

Interest rate swaps include accrued interest not yet due for payment.
Investments i credit derivatives includes only indirect investments funds manages by Storebrand Kapitalforvatning.
The above table includes net positions in indirect investments.

14 Financial risk Storebrand Livsforsikring AS

LIQUIDITY RISK

The amounts shown include interest, indirect investments funds manages by Storebrand etc.

Contractual period to maturity

CURRENT/FIXED ASSETS	UP TO 1 MONTH	1 TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	NO FIXED MATURITY	TOTAL VALUE
Lending		37.8	81.5		536.8		656.1
Bonds held to maturity		1 049.3	1 890.0	11 134.0	27 713.6		41 786.9
Deposits with financial institutions	1 065.5	66.0	513.8				1 645.3
Bonds and commercial paper (current assets)	1 990.1	2 620.3	8 629.0	21 423.2	16 755.9		51 418.7
Other current assets	-260.1	-304.2	50.7	51.4	5.3	40 713.0	40 256.2
Total	**2 795.6**	**3 469.2**	**11 165.1**	**32 608.7**	**45 011.7**	**40 713.0**	**135 763.2**
Of which in foreign currency							
Deposits with financial institutions	63.2						63.2
Bonds and commercial paper (current assets)	1 021.0	1 779.9	1 594.6	7 155.8	11 877.8		23 429.1
Other current assets	-259.6	-333.1	48.2	-69.7	-10.0	26 113.8	25 407.8
Total in foreign currency	**824.7**	**1 446.8**	**1 642.7**	**7 086.1**	**11 867.8**	**26 113.8**	**48 900.0**

Contractual period to maturity provides only a partial view of the company's liquidity risk since in practice the majority of investment assets can be sold in the secondary market at shorter notice than the remaining maturity.

Interest rate fixing

CURRENT/FIXED ASSETS	UP TO 1 MONTH	1 TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	NO FIXED MATURITY	TOTAL VALUE
Lending		171.6	484.5				656.1
Bonds held to maturity		1 150.9	1 952.2	11 118.7	27 565.1		41 786.9
Deposits with financial institutions	1 065.5	66.0	513.8				1 645.3
Bonds and commercial paper (current assets)	7 597.9	16 219.8	8 844.7	8 480.8	10 275.3		51 418.7
Other current assets	-1 552.1	-5 824.7	1 284.6	3 615.6	2 217.3	40 515.6	40 256.2
Total	**7 111.3**	**11 783.6**	**13 079.8**	**23 215.1**	**40 057.7**	**40 515.6**	**135 763.2**
Of which in foreign currency							
Deposits with financial institutions	63.2						63.2
Bonds and commercial paper (current assets)	4 625.3	7 541.9	1 542.7	4 236.6	5 482.5		23 429.1
Other current assets	-219.8	-446.6	-2 608.7	4 201.6	-1 550.6	26 113.8	25 407.8
Total in foreign currency	**4 468.7**	**7 095.3**	**-1 066.0**	**8 438.2**	**3 931.9**	**26 113.8**	**48 900.0**

INTEREST RATE RISK

Interest rate sensitivity

NOK MILLION	UP TO 1 MONTH	1 TO 3 MONTHS	3 3 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Current assets						
NOK	-10.0	-61.9	-73.7	-85.5	-529.4	-760.5
EUR	-6.2	5.1	-115.9	11.0	-204.7	-310.6
USD	0.8	29.7	-6.7	-17.5	-120.7	-114.4
JPY	2.0	0.0	0.0	-12.2	-41.2	-51.5
GBP	1.2	-0.1	-0.7	-3.5	-45.7	-48.9
CAD	0.0	1.1	0.0	-2.3	-16.8	-18.0
DKK	0.0	0.0	0.0	-2.2	-3.4	-5.5
CHF	0.5	-0.1	-0.4	0.0	-2.8	-2.9
SEK	0.4	0.3	-16.9	23.6	-3.7	3.6
AUD	0.4	-0.1	0.0	-0.2	-1.8	-1.8
Other currency	0.1	0.2	0.0	0.0	0.0	0.3
Total	**-10.7**	**-25.9**	**-214.3**	**-88.8**	**-970.3**	**-1 310.1**
Fixed assets/subordinated loans						
NOK	0.0	-2.0	-17.4	-289.8	-1 842.2	-2 151.3
EUR	0.0	5.2	0.0	0.0	0.0	5.2
Total	**0.0**	**3.2**	**-17.4**	**-289.8**	**-1 842.2**	**-2 146.2**
Total quantified interest rate sensitivity	**-10.7**	**-22.7**	**-231.7**	**-378.7**	**-2 812.5**	**-3 456.2**

Interest rate sensitivity is a method of measuring interest rate is which is based on the effect of interest rate changes on the market value of bonds, interest rate derivatives and other interest-sensitive financial items. The summary provided demonstrates the effect on the value of financial current assets and financial fixed assets (bonds held maturity) at 31.12.05 of a 1 percentage point increase in interest rates. Storebrand takes interest risk positions through the assets it holds to offset elements of the interest risk inherent in the company's insurance commitments. However the interest risk arising from insurance commitments cannot be calculated and quantified in the same way as interest sensitivity for financial items.

FOREIGN EXCHANGE RISK

Assets and liabilities in foreign currency

NOK MILLION	NET BALANCE SHEET ITEMS EXCL. FX DERIVATIVES	FX DERIVATIVES NET SALES	NET POSITION IN CURRENCY	NET POSITION I NOK
Current assets				
AUD	112.5	-102.2	10.3	51.0
CAD	155.3	-140.8	14.4	83.5
CHF	208.2	-179.9	28.3	145.5
DKK	181.8	-145.3	36.4	39.0
EUR	2 476.1	-2 475.8	0.3	2.4
GBP	278.7	-259.4	19.3	224.3
HKD	189.2	-150.8	38.3	33.5
IDR	1.8	0.0	1.8	0.0
JPY	52 609.2	-52 514.4	94.9	5.4
KRW	288.4	0.0	288.4	1.9
MYR	0.6	0.0	0.6	1.0
NZD	2.7	-0.5	2.2	9.9
PHP	1.1	0.0	1.1	0.1
PLN	5.1	0.0	5.1	10.6
SEK	1 039.1	-989.4	49.6	42.2
SGD	22.1	-17.3	4.7	19.2
USD	2 893.9	-2 891.8	2.1	14.2
ZAR	2.6	0.0	2.6	2.8
Total current assets				686.7
Fixed assets/subordinated loans				
EUR	-360.1	363.2	3.1	25.3
SEK	30.3	-15.7	14.5	12.4
USD	0.1	0.0	0.1	0.4
Total fixed assets/Subordinated loans				38.1

The company continuously hedges all material exposure to currency risk. Currency risk arises as a result of investments in international securities and to some extent as a result of taking up subordinated loans denominated in foreign currency. Hedging is carried out at the portfolio level by using forward foreign change contracts, and total currency exposure is continually monitored within the total limit set. Negaative currency positions are closed no later then one day after they arise.

There are in addition specific limits to allow active involvement in taking currency positions. These positions are included in the note relating to current assets portfolios. The currency exposure shown for 31.12.05 is representative of the company's restricted limits for currency exposure.

15 Change in provisions for losses

NOK MILLION	2005	2004	2003
Specific provisions for losses on loans, guarantees etc. at 1.1.	0.0	1.9	1.7
Realised losses on loans, guarantees etc. where specific provision has previously been made			
Increase in specific loan loss provisions for the period			
New specific loan loss provisions in the period			
Reversal of specific loan loss provisions in the period			
Spesifisert avsetning til dekning av tap på utlån, garantier mv.	**0.0**	**0.0**	**1.9**
General provision for losses on loans, guarantees, etc. at 01.01.	0.0	2.6	4.2
General provision for losses on loans, guarantees, etc. in the period	0.0	-2.6	-1.6
General provision for losses on loans, guarantees, etc.	**0.0**	**0.0**	**2.6**

Lending volume

NOK MILLION	2005	2004	2003	2002
Non-accrual loans				
not yet provisioned	0.0	0.0	0.0	3.8
provisioned	0.0	0.0	0.0	3.8
Total of loans in default				
not yet provisioned	0.0	0.8	7.6	15.6
provisioned	0.0	0.8	5.7	14.0
Other doubtful loans				
not yet provisioned	0.0	0.0	0.0	0.0
provisioned	0.0	0.0	0.0	0.0
Interest suspended	0.0	0.0	0.0	0.1

16 Real estate: Storebrand Livsforsikring Group

NOK MILLION TYPE OF REAL ESTATE	FAIR VALUE	AVE. RENT PER SQ.M.	TERM OF LEASE	SQ.M.	PERCENTAGE LET
Office premises (inc. commercial premises, parking and storage)	8 104.0	1 160	4.9	507 925	95.0%
Shopping centres (inc. parking and storage)	5 464.1	1 325	3.0	318 238	97.7%
Parking	395.3	698	13.5	44 085	100.0%
Total real estate Storebrand Livsforsikring AS	**13 963.4**	**1 197**	**4.4**	**870 248**	**96.2%**
Real estate owned by Sjølyst Eiendom AS	**164.9**				
Real estate owned by Værdalsbruket	**7.4**				
Total real estate - Group	**14 135.7**				

Geographic location	
Oslo- Vika/Fillipstad Brygge	3 832.4
Oslo - other	5 279.8
Norway - other	4 851.2

Ownership structure:	
Directly owned	8 469.3
Property company (AS)	4 865.4
Property partnership (ANS)	628.7

NOK MILLION	2005	2004	2003	2002	2001
Additions	1 067.7	3 045.4	71.8	67.7	92.4
Disposals			-363.9	-1 314.6	-177.8

Property valuation methods

The company carries out its own assessment of the value of the properties which it owns. The properties are valued individually by discounting estimated future net income streams by a discount rate corresponding to the yield requirement for the relevant investment. The net income stream takes into account existing and future reduction in income resulting from vacancy, necessary investments and an assessment of the future development in market rents. The yield requirement is based on the expected future risk-free interest rate and an individually determined risk premium, dependent on the letting situation and the building's location and standard.

Fair value has been determined for all properties at 31.12.05.

17 } Movements in Storebrand Llivsforsikring Group's fixed assets during the year

NOK MILLION	REAL ESTATE	MACHINERY, CARS AND, EQUIPMENT	INTANGIBLE ASSETS	BONDS HELD TO MATURITY
Acquisition cost at 01.01	11 463.5	34.3	117.3	39 351.5
Revaluations in the year	30.9			0.0
Revaluations in earlier years	1 462.6			0.0
Additions	1 232.5	38.1	0.5	5 202.8
Disposals at acquisition cost		-25.3		-3 776.6
Re-classification		0.0		
Amortised over/under value for the year		0.0		-106.1
Aggregate write-downs and depreciation at 31.12.	-53.7	-20.6	-92.9	0.0
Book value at 31.12.05	**14 135.7**	**26.5**	**24.9**	**40 671.6**
Revaluations/reversals for the year	30.9		-17.2	
Ordinary depreciation for the year		-9.4		

Straight line depreciation periods for operating assets are as follows:

Machinery fixtures and fittings:	4 years
Computer systems:	3-6 years
Intangibel assets:	3-6 years

18 } Market value (fair value) of securities: Storebrand Livsforsikring Group

	2005					2004	2003
NOK MILLION	ACQUISITION COST (BOOK VALUE)	LOSS PROVISIONS	AT CLOSING FX RATE	UNREALISED GAINS/LOSSES	FAIR VALUE	UNREALISED GAINS/LOSSES	UNREALISED GAINS/LOSSES
Investments held as fixed assets							
Shares and other equity instruments	100.0						
Bonds	40 671.6			3 573.4	44 245.0	4 212.7	3 394.1
Total investments held as fixed assets	**40 771.6**	**0.0**	**0.0**	**3 573.4**	**44 245.0**	**4 212.7**	**3 394.1**
Of which held by subsidiaries	38.0						
- Shares and participations	38.0						
- Other fixed asset financial assets							

	2005					2004	2003
NOK MILLION	ACQUISITION COST (BOOK VALUE)	LOSS PROVISIONS	AT CLOSING FX RATE	UNREALISED GAINS/LOSSES	FAIR VALUE	UNREALISED GAINS/LOSSES	UNREALISED GAINS/LOSSES
Current financial assets							
Shares and other equity investments	35 261.5	44.6	313.9	3 807.6	39 338.4	2 387.1	1 689.8
Bonds	42 955.6		-322.5	186.7	42 819.7	398.2	70.5
Commercial paper	5 968.9		-1.5	-1.8	5 965.6	1.9	60.1
Deposits with credit institutions	1 528.5				1 528.5		
Financial derivatives - asset positions	488.3		41.0	-90.6	438.7	-20.0	-124.0
Financial derivatives - liability positions	-18.5		-647.7	-17.9	-684.1		
Other financial assets							-6.8
Total current financial assets	**86 184.3**	**44.6**	**-616.8**	**3 884.0**	**89 406.9**	**2 767.2**	**1 689.6**

19 Insurance reserves by class of business

NOK MILLION	GROUP PENSION PRIVATE INSUR.	GROUP PENSION PUBLIC INSUR.	GROUP LIFE INSUR.	ENDOW-MENT INSUR.	ANNUITY/ PENSION INSUR.	NON-LIFE INSUR.	TOTAL 2005	TOTAL 2004	TOTAL 2003
Premium reserve		85 960.6	317.6	18 892.2	18 881.3		124 051.7	111 819.5	99 909.1
Premium reserve	76 930,8	9 029,8	317,6	18 892,2	18 881,3		124 051,7	111 819,5	99 909,1
Additional statutory reserves	3 130,5	179,3		302,5	925,2		4 537,5	3 706,1	3 393,4
Premiumfund	4 544,0	431,5					4 975,5		
Pensioners surplus fund	215,0				252,6		467,6	4 946,2	4 858,6
Claims reserve	11,0	9,3	152,4	150,3	11,3		334,3	313,8	282,6
Other technical reserves						96,6	96,6	81,4	59,9
Insurance fund reserves 2005	**84 831,3**	**9 649,9**	**470,0**	**19 345,0**	**20 070,4**	**96,6**	**134 463,2**		
Insurance fund reserves 2004	**79 447,3**	**8 012,0**	**454,6**	**13 530,5**	**19 540,4**	**81,4**		**121 066,2**	
Insurance fund reserves 2003	75 039,9	6 845,1	436,8	7 295,1	19 083,1	59,9			108 759,9
Security reserve 2005	107,7	15,0	16,4	12,2	7,9		159,2		
Security reserve 2004	101,6	11,4	16,1	11,5	8,0			148,6	
Security reserve 2003	98,2	10,2	14,3	11,0	8,0				141,7
Insurance related reserves 2005	**84 939,0**	**9 664,9**	**486,4**	**19 357,2**	**20 078,3**	**96,6**	**134 622,4**		
Insurance related reserves 2004	**79 548,9**	**8 023,4**	**470,7**	**13 542,0**	**19 548,4**	**81,4**		**121 214,8**	
Insurance related reserves 2003	**75 138,1**	**6 855,3**	**451,1**	**7 306,1**	**19 091,1**	**59,9**			**108 901,6**

Reserves in respect of non-life insurance products are detailed in Note 21.

20 Transfers between insurance fund reserves etc. on closing 2004 accounts

NOK MILLION	GROUP PENSION	INDIVIDUAL	TOTAL
To/from premium fund	-67.3	277.7	**210.4**
To/from premium reserve	108.7	-310.7	**-202.0**
To/from additional statutory allocations	-41.4	8.1	**-33.3**

21 Technical insurance result and reserves for non-life classes

Private market insurances

NOK MILLION	2005	2004	2003
Premiums for own account	107.0	78.9	67.1
Gross business			
Premiums earned	112.4	79.6	67.6
Claims accrued	-51.9	-48.5	-32.3
Insurance related operating expenses	-47.8	-23.8	-23.5
Technical insurance result	12.7	7.3	11.8
Reinsurance ceded			
Premiums earned	-7.7	-1.4	-0.5
Claims accrued	0.7	0.3	0.1
Technical insurance result	-7	-1.1	-0.4
For own account			
Technical insurance result	5.7	6.2	11.4
Claims reserve	41.8	39.3	29.3
Norwegian FSA minimum requirement	41.8	39.0	29.3
Security reserve	48.6	36.8	26.4
Norwegian FSA minimum requirement	47.1	35.4	25.0
Administration reserve	6.2	5.3	4.1
Norwegian BISC minimum requirement	6.1	5.2	4.1

22 } Deferred tax allowances and deferred tax: Storebrand Livsforsikring AS

NOK MILLION	2005		2004			2003	
TIMING DIFFERENCES	TAX INCREASING	TAX REDUCING	TAX INCREASING	TAX REDUCING	NET CHANGE	TAX INCREASING	TAX REDUCING
Shares held as current assets					0.0		42.9
Balance sheet value of securities		397.3		521.2	123.9		53.6
Forward foreign exchange contracts		607.1	580.7		-1 187.8		70.5
Revaluations of real estate	937.7		941.7		-4.0	805.7	
Write down of KS/ANS participations	83.9	100.6	74.5	126.4	35.2		136.2
Operating assets		5.7		9.2	3.5	123.5	11.1
Insured pension scheme	13.5		85.7		-72.2	66.9	
Uninsured pension scheme		240.0		155.1	-84.9		129.6
Bonds to be held to maturity		205.8			-205.8		
Other		70.6		93.1	22.5	35.6	106.6
Total timing differences	1 035.1	1 627.1	1 682.6	905.0	-1 369.6	1 031.7	550.5
Tax losses carried forward		2 413.7		218.2			32.6
Allowable losses carried forward		683.8		464.3			464.3
Applied/settled	-1 035.1	-1 035.1	-1 587.5	-1 587.5		-1 031.7	-1 031.7
Net timing differences	0.0	3 689.6	95.1	0.0	-3 784.7	0.0	15.7
Tax	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Deferred tax/tax assets	0.0	0.0	26.6	0.0	-26.6	0.0	4.4
Deferred tax assets not booked in balance sheet		1 033.1					

Deferred tax allowances and deferred tax: Storebrand Livsforsikring Group

NOK MILLION	2005		2004			2003	
TEMPORARY DIFFERENCES	TAX INCREASING	TAX REDUCING	TAX INCREASING	TAX REDUCING	NET CHANGE	TAX INCREASING	TAX REDUCING
Shares held as current assets					0.0		42.9
Balance sheet value of securities		397.3		521.2	123.9		53.6
Forward foreign exchange contracts		607.1	580.7		-1 187.8		70.5
Revaluations of real estate	937.7		941.7		-4.0	805.7	
Write down of KS/ANS participations	112.4	100.6	24.2	126.4	114.0	20.4	136.2
Operating assets	615.6	6.0	604.0	10.0	15.6	376.8	11.6
Insured pension scheme	13.5		91.4		-77.9	72.8	
Uninsured pension scheme		258.6		160.5	-98.1		134.5
Bonds to be held to maturity		205.8			-205.8		
Other	24.4	73.6	3.3	101.8	49.3	39.8	109.7
Total timing differences	1 703.6	1 649.0	2 245.3	919.9	-1 270.8	1 315.5	559.0
- of which subsidiaries	668.5	22.0	637.3	14.3		283.7	8.3
Tax losses carried forward		2 414.3		217.7			42.8
Allowable losses carried forward		683.8		464.3			464.3
Applied/settled	-1 057.4	-1 057.4	-1 601.9	-1 601.9		-1 066.1	-1 066.1
Net timing differences	646.2	3 689.8	643.4	0.0	-3 687.0	249.4	0.0
Tax	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Deferred tax/tax assets	180.9	0.0	180.2	0.0	0.7	69.8	0.0
Deferred tax assets not booked in balance sheet			1 033.1				
Changes applied directly to the balance sheet or profit and loss account					-27.0		
Change in deferred tax/deferred tax allowance					-26.3		

See note 7

23 Subordinated loan capital

NOK MILLION DATE DRAWN DOWN	AMOUNT NOK	CURRENCY CODE	CURRENCY AMOUNT	MATURITY	INTEREST RATE %	CURRENCY GAINS/LOSSES
24.02.03, 6 months euribor + 2.20%, call 2008 *	1 481.1	EUR	185.4	24-02-23	4.36%	
09.06.04, 3 months euribor + 0.90%, call 2009	1 394.3	EUR	174.6	09-06-14	3.35%	
Total subordinated loan capital	**2 875.4**					**26.0**

There is no deduction on the amount of subordinated debt which qualifies for capital adequacy purposes.
The accounting treatment of currency hedging of subordinated loans is described in Accounting Principles.
*) Counts as perpetual subordinated debt for capital adequacy purposes.
The company has hedged the subordinated debt denominated in a foreign currency. Total costs (incl. currency gains/losses) relating to the company's sukbordinated debt amounts to NOK 141.6 million.

24 Transactions with connected parties

Transactions between companies in the group

NOK MILLION	AMOUNT
Profit ands loss items:	
Services bought	-124.1
Services sold	442.7
Transfer of reserves - received	57.2
Transfer of reserves - paid	-25.4
Balance sheet items:	
Receivables	25.6
Debt	14.9

Transactions between group companies are done on an arms-length basis.

25 Remuneration and obligations of senior employees

Idar Kreutzer is Chief Executive Officer of Storebrand ASA and Managing Director of Storebrand Livsforsikring AS. He received a salary of 5.1 million and the pension cost of the year was 0.7 million. He is entitled to 24 months' salary following the expiry of the normal notice period from Storebrand ASA. All forms of work-related income from other sources, including consultancy assignments, will be deducted from any such payments. Kreutzer is entitled to a performance-related bonus based on the group's ordinary bonus scheme, which has three aspects. The group's value creation finances the overall amount of the bonus, but individual performance determines allocation. Kreutzer's individual bonus entitlement is credited to a bonus account, and 1/3 of the balance on the bonus account is paid each year. The balance on Kreutzers bonus account is NOK 3 million, prior to the amount to be credited for 2005.
The Managing Director is a member of the Storebrand pension scheme on normal terms. The discounted present value of his pension entitlement amounts to NOK 9.2 million, made up of NOK 1.2 million in the insured scheme and NOK 8.0 million in the uninsured scheme. These amounts represent the liability of the insured and uninsured schemes calculated on a linear basis using the financial assumptions specified in the accounts (cf. note 8).

The Chairman of the Board of Directors, Leiv L. Nergard, received remuneration of NOK 0.1 million for this appointment. The company has no obligations towards the Chairman of the Board of Directors in respect of changes to or termination of his appointment.

Fees paid to external and internal members of the Board of Directors, excluding the Chairman, totalled NOK 0.5 million. In addition, the company meets the cost of directors' liability insurance for the members of its Board.

Storebrand operates a bonus scheme for its employees. The bonus scheme is linked to the company's value creation and individual performance.

NOK MILLION	NO. OF SHARES OWNED *)	LOAN FROM STOREBRAND GROUP NOK 1 000	INTEREST RATE AT 31.12.05	REPAYMANT. BASIS **)
Senior employees *)**				
Idar Kreutzer	28 878	6 054	2.75-3.20	AN2031
Maalfrid Brath ****)	1 703	5 236	2.75-3.05	SE2035
Rolf Corneliussen ****)	115	1 208	2.75-3.20	SE2011
Odd Arild Grefstad ****)	3 668	4 777	2.75-3.20	AN2024
Trond Killi ****)	0	2 283	2.75-3.20	AN2014
Lars Aa. Løddesøl ****)	1 803	4 495	2.75-3.05	AN2029
Board of Directors				
Leiv L. Nergard	20 000			
Hege Hodnesdal	2 653	2 582	2.75-3.05	AN2024
Trond Wilhelmsen	3 298	1 144	2.75	AN2026
Jan Kildal	8 061			
Camilla Grieg	0			

*) The summary shows the number of shares in Storebrand ASA owed by the individual, as well as his or her close family and companies where the individual exercises significant influence (cf. Accounting Act 7-26).
**) AN = Level payment loan, SE - Instalment loan, final payment.
***) Senior employees are contractually entitled to performance related bonuses related to the group's value-based management system.
The remuneration of senior management in the form of salary and employment benefits (excluding the Managing Director) totalled NOK 11.7 million. The discounted present value of the pension entitlements of senior management amounts to NOK 12.7 million, made up of NOK 2.7 million in the insured scheme and NOK 10 million in the uninsured scheme.
These amounts represent the liability of the insured and uninsured schemes calculated on a linear basis using the financial assumptions specified in the accounts (cf. note 8).
****) In the event of termination of employment in certain defined circumstances, such as receiving notice from the company, certain senior employees are entitled to guaranteed income/salary for periods that vary from 18–24 months after the normal notice period.

26 Audit fees of Storebrand Livsforsikring

Remuneration paid to Deloitte Statsautoriserte Revisrorer AS and related companies:

NOK MILLION	GROUP 2005	GROUP 2004	PARENT COMPANY 2005	PARENT COMPANY 2004
Statutory audit	1.8	2.3	1.2	2.1
Other reporting duties				
Taxation advice	0.8	0.4	0.7	0.3
Other non-audit services *)	3.4		3.4	

The amounts above are excluding VAT.

*) Assistance with evaluating processes and procedures.

27 Change in equity capital Storebrand Livsforsikring AS

NOK MILLION	2005	2004	2003
Share capital at 01.01	1 411.2	1 361.2	1 361.2
Share issue		50.0	
Share capital at 31.12	1 411.2	1 411.2	1 361.2
Share premium at 01.01.	726.4	26.4	
From merger	0.1		21.0
Other changes			5.4
Share issue		700.0	
Share premium at 31.12.	726.5	726.4	26.4
Total paid in equity	2 137.7	2 137.6	1 387.6
Other equity at 01.01.	2 366.2	1 973.3	1 714.6
Other changes			-5.4
Profit for the year	417.7	392.9	264.1
Other equity at 31.12.	2 783.9	2 366.2	1 973.3
Equity capital at 31.12 as per balance sheet	4 921.6	4 503.8	3 360.9

The company's shares are owned to 100% by Storebrand ASA and are of NOK 100 par value. All shares have equal voting rights The company does not own any of its own shares.

28 Capital adequacy

	GROUP			PARENT COMPANY		
NOK MILLION	2005	2004	2003	2005	2004	2003
Calculation base by class of risk weighting	151 234.1	133 795.5	118 760.1	151 238.0	133 445.9	118 802.6
Risk weight 0%	46 915.1	49 992.9	52 820.5	46 890.1	49 986.3	52 814.6
Risk weight 10%	1 065.1	1 861.6	1 861.3	1 065.1	1 861.6	1 861.3
Risk weight 20%	35 386.1	37 529.7	33 144.8	35 456.7	37 432.7	33 076.7
Risk weight 50%	2 404.0	828.0	1 511.7	2 288.4	506.8	1 556.3
Risk weight 100%	65 463.8	43 583.3	29 421.8	65 537.7	43 658.5	29 493.7
Weighted assets in the balance sheet	73 849.5	51 689.4	36 992.7	73 879.8	51 584.6	37 073.3
Weighted interest rate and FX contracts	462.3	530.2	187.9	462.3	530.2	187.9
Cross holding deduction for shares in other financial institutions	-18.5	-78.2	-53.5	-18.5	-78.2	-53.5
Unrealised gains on financial current assets	-3 863.7	-2 292.7	-1 483.8	-3 863.7	-2 292.7	-1 483.8
Loss provisions			-4.5			-4.5
Risk weighted calculation base	70 429.6	49 848.7	35 638.8	70 459.9	49 743.9	35 719.4
Core capital	4 896.6	4 366.2	3 226.2	4 921.5	4 414.3	3 286.5
Subordinated loans - perpetual	2 824.3	2 878.1	1 436.3	2 824.3	2 878.1	1 436.3
Subordinated loans - with maturity			981.5			981.5
Limitation on eligible subordinated loan capital						
Eligible subordinated loan capital	2 824.3	2 878.1	2 417.8	2 824.3	2 878.1	2 417.8
Cross holding deduction for shares in other financial institutions	-18.5	-78.3	-53.5	-18.5	-78.2	-53.5
Net primary capital	7 702.4	7 166.0	5 590.5	7 727.3	7 214.2	5 650.8
Capital ratio in %	10.94	14.38	15.69	10.97	14.50	15.82

The book value of the Storebrand Livsforsikring group's equity is NOK 4 921.6 million. The difference between equity and core capital of is caused by NOK 25 million for other intangible assets.

29 Solvency margin Storebrand Livsforsikring AS

The estimated solvency margin requirement for Storebrand Livsforsikring AS for 2005 was NOK 5 760 million. (NOK 5 256 million in 2004). Solvency margin capital amounts to NOK 10 090 million (NOK 8 902 million in 2004). This gives a solvency margin of 175.2 % (169.4% in 2004).

NOK MILLION	2005	2004	2003
Primary capital 31.12.	7 727.0	6 964.7	5 650.8
Admissible share of Security Reserve	94.3	84.3	76.4
50% of additional statutory reserves at 31.12.	2 268.8	1 853.1	1 696.7
Solvency margin capital at 31.12.	**10 090.1**	**8 902.1**	**7 423.9**

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To the Annual Shareholders' Meeting of Storebrand Livsforsikring AS

AUDITOR'S REPORT FOR 2005

We have audited the annual financial statements of Storebrand Livsforsikring AS as of 31 December 2005, showing a profit of NOK 1,193.1 million for the parent company and a profit of NOK 1,193.1 million for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The group accounts comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The rules of the Norwegian accounting act and good accounting practice in Norway have been applied to produce the financial statements. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,
- the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company and of the Group as of 31 December 2005, and the results of its operations and its cash flows for the year then ended, in accordance with good accounting practice in Norway
- the Company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Oslo, 13 February 2006
Deloitte

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

Audit.Tax & Legal.Consulting.Financial Advisory.

Member of
Deloitte Touche Tohmatsu

Medlemmer av Den norske Revisorforening
Org.nr.: 980 211 282

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