Storebrand ASA

Capital adequacy regulations (Basel II), Pillar 3

4th Quarter 2009

storebrand

Contents

1 Introduction

The purpose of this document is to disclose information about capital, risk exposures and risk management in accordance with Pillar 3 of the capital adequacy regulations (Basel II), which stipulates a set of requirements concerning the disclosure of financial information. Storebrand operates a financial entity subject to strict requirements with respect to the control and management of risk. Good risk management is an important strategic means of creating value in the entity. Its goals are to maintain good risk-bearing capacity while continuously tailoring the financial risk to the entity's solvency.

This document primarily discloses information about Storebrand's business areas that are subject to the Basel II regulations. Please refer to Storebrand ASA's annual report for more information about the insurance business and other activities in the Storebrand Group.

The information about primary capital and minimum primary capital requirements in this document is updated quarterly. Otherwise the document is updated annually.

2 Capital adequacy regulations/Basel II

The capital adequacy regulations/Basel II are divided into three pillars (areas). Pillar 1 defines the regulatory minimum capital requirements, and therefore represents a further development of the former Basel I regulations. Pillar 2 addresses institutions' internal processes for overall capital adequacy and supervisory review and evaluation Internal Capital Adequacy Assessment Process (ICAAP), while Pillar 3 addresses the requirements for the disclosure of financial information.

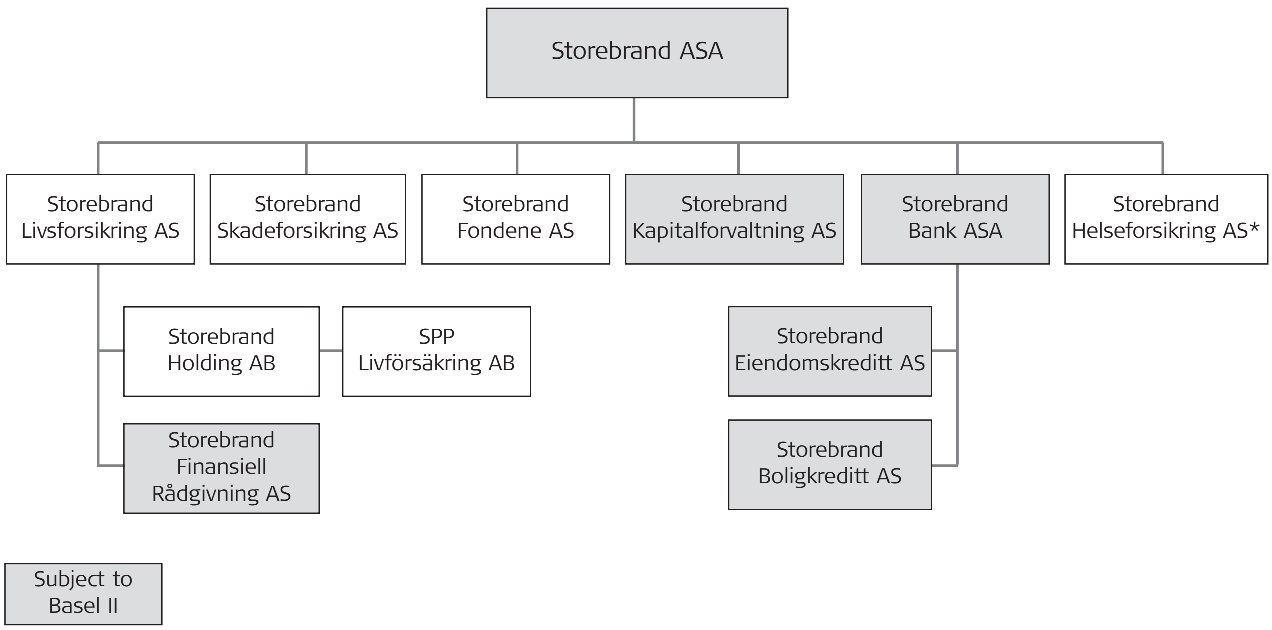
3 Description of the consolidation rules

The consolidated financial statements of Storebrand ASA encompass the holding company, Storebrand ASA, as well as its subsidiaries, jointly controlled companies (joint ventures) and associated companies. The companies in the group subject to the capital adequacy regulations operate in the areas of banking, life insurance, P&C insurance, investment advice, and asset management.

The consolidated financial statements are prepared in accordance with IFRS. Transactions carried out within the group between different units of the group are eliminated in the consolidated financial statements.

The dominant business of the Storebrand Group is insurance, and the various business areas of the group are subject to different capital adequacy rules. Basel II is primarily intended for banks, credit institutions, capital management companies and investment firms, while insurance companies continue to follow the Basel I framework. Insurance companies will in due course be subject to new solvency regulations as part of the Solvency II process. Since insurance companies are not subject to Basel II, which applies different capital adequacy rules to Basel I, consolidated capital adequacy will be the result of differing capital adequacy principles.

Simplified legal structure:



* 50 percent ownership interest

The following subsidiaries were subject to Basel II as per 31 December 2009.

- Storebrand Bank ASA
- Storebrand Boligkreditt AS
- Storebrand Eiendomskreditt AS
- Storebrand Kapitalforvaltning AS
- Storebrand Finansiell Rådgivning AS

The calculation of capital adequacy is subject to the specific rules on consolidation stipulated in the consolidation regulations. In the case of ownership interests in companies of between 10-20 percent a capital adequacy reserve of 100 percent of the carrying amount is set aside in the primary capital, as long as the company is not consolidated.

For the purposes of capital adequacy calculations, all subsidiary companies are fully consolidated, while joint ventures and associated companies are consolidated on a proportional basis. Associated companies are consolidated pursuant to the equity method in the consolidated financial statements, while jointly controlled companies are consolidated pursuant to the gross method.

Consolidated capital adequacy is based on the valuation rules applied in the unconsolidated financial statements. The unconsolidated financial statements are prepared in accordance with generally accepted accounting principles in Norway (N GAAP), with the exception of the unconsolidated financial statements of Storebrand Bank ASA, which are prepared in accordance with simplified IFRS.

Storebrand is classified as a cross-sectoral financial group. Companies involved in P&C insurance and life insurance must carry out calculations pursuant to both the capital adequacy regulations and the solvency margin regulations. The group includes the following insurance companies: Storebrand Livsforsikring AS and its subsidiaries SPP Livsförsäkring AB, Euroben Ltd and Nordben Life and Pension Ltd, as well as Storebrand Skadeforsikring AS, Oslo Reinsurance AS, and Storebrand Helseforsikring AS. The Norwegian insurance companies in the group are subject to capital adequacy regulations, but these do not apply to the foreign insurance companies.

Asset management activities are subject to separate capital adequacy rules, and the requirements vary depending on the type of licence under which a particular company operates. This represents whichever is the highest of the requirement for initial capital, capital adequacy with and without operational risk or primary capital in relation to the previous year's fixed costs. This applies to Storebrand Kapitalforvaltning AS and Storebrand Finansiell Rådgivning AS.

4 Risk and capital management

4.1 Capital management

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

The group's goals are to achieve a solvency margin in life and pensions of more than 150 percent and a core (tier 1) capital ratio in the bank of 10 percent over time. The level of capital should support a level A rating of the life and pensions business. The goal of the group's parent company is to achieve a net debt-equity ratio of zero over time. This means that liquid assets shall correspond to the level of interest-bearing liabilities. The group's financial goals are listed in the table below. In addition to the solvency goal, the group aims to achieve a return on equity (RoE) of 15 percent annually.

In general, the equity of the group can be managed without material restrictions if the capital requirements are met and the respective legal entities have adequate solidity. Capital can be transferred from foreign legal entities with the consent of local supervisory authorities.

KEY FIGURES	TARGET	31.12.2009	31.12.2008
Return on equity*	15%	8%	-9%
Rating Storebrand Life Insurance	A	A-/A3	A-/A2
Solvency margin Storebrand Life Insurance Group	>150%	170%	160%
Core (tier 1) capital ratio Storebrand Bank Group	10%	10.4%	8.1%
Net debt-equity ratio Storebrand ASA	0%	11%	13%

* Adjusted for the amortisation of intangible assets

4.2 Storebrand's value-based management system

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

Storebrand's value-based management system

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

The Storebrand Group carries out an annual strategy and planning process in each business area. The final product is a rolling three-year plan for the group with general targets, strategies and budgets in which financial prognoses and capital plans are produced at a subsidiary and at a group level. Risk and capital assessment and internal control reporting are integral parts of the strategy and planning process. The management teams work actively to identify areas of risk and measures to promote the company's strategy and objectives. This work is summarised in an internal control report submitted to the Audit's Committee and the boards.

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

4.2.1 Operational and business risk

Operational risk is defined as the risk of unexpected fluctuations in results due to weaknesses or errors in internal processes and systems, inadequacies or failures by employees, or due to external events.

The group's operational risk is to a large degree associated with systemic challenges linked to adapting and managing products, and resulting from the growth in recent years in the number of customers and complexity the systems are supposed to handle. Operational risk plays a key role in the management of the group and is afforded a key position in the risk assessment process and contingency and measures assessments.

Storebrand's products and customer relationships are based on solid, long-term trust between the company and the market. A poorer reputation could influence its ability to retain and attract customers and employees. Groupwide principles and internal rules are important elements of reputation risk management.

The group uses the Easy Risk Manager risk management tool in the risk assessment process and for monitoring operational risk. Easy Risk Manager supports the identification of areas of risk and helps assess the likelihood and consequences of a risk scenario occurring. The tool also documents who is responsible for implementing risk reducing measures.

Risk assessments are integrated into the value-based management system by linking the risk assessment to the units' ability to achieve their business goals, comply with regulatory requirements, and the degree to which the risk will affect Storebrand's reputation. The internal auditor's reviews of various areas of risk are regarded as a very important control and risk reducing measure. Risk and measures assessments help to ensure operations can be continued and losses limited in the event of serious errors or events.

4.2.2 Organisation of the risk control and compliance functions in the Storebrand Group

The organisation of the risk control and compliance functions in the group is based on the following basic principles:

- The control functions are organised separately from each other and from the activities they are intended to monitor and control.

- The employees cannot execute tasks that entail participation in decision-making processes for the area they are supposed to monitor and control.

- The managers of the control functions must not report to a person who is responsible for the activities being monitored and controlled.

- The managers of the control functions report directly to the Board of Directors and/or general manager (executive management).

- The remuneration of people involved in risk control and compliance functions may not be structured in a manner that influences or could influence their objectivity.

Overarching group responsibility for risk control is borne by a key staff position, Chief Risk Officer (CRO), who reports to the Executive Vice President Economy/Finance (CFO). The CRO's main duty is to ensure the group's activities comply with the strategies and parameters for risk taking as defined by the group's financial strategy, 3-year rolling plan, and the individual companies' investment strategy. The position is also responsible for coordinating the processes in the group's business units and group-wide functions for identifying, assessing and reporting operational risk, including reputation risk and compliance risk. The position is responsible for preparing the group's executive management's risk meetings.

The central risk control function is divided into control functions for financial market risk, business risk, and operational risk.

Local risk control and compliance positions have also been established in the business units and key management teams. These are responsible for coordinating the processes for identifying, assessing, and reporting operational risks (including reputation risk and compliance risk) within the respective organisational units.

The Internal Audit's audit plan includes an independent assessment of the risk control and compliance function's procedures and control systems.

4.3 Internal capital adequacy assessment process (ICAAP)

The risk and capital adequacy assessment process is part of the group's strategy and planning process. Companies subject to the Basel II regulations undergo a risk and internal capital adequacy assessment process (ICAAP) based on the capital adequacy regulations and guidelines issued by Finanstilsynet. The insurance business in Storebrand is not subject to the guidelines and therefore no ICAAP is carried out pursuant to the regulations for this part of the business. Given this, an ICAAP is currently only carried out at a company level in the companies subject to the regulations and not at a group level. Storebrand ASA is not subject to the ICAAP process either. However, an equivalent risk and capital adequacy process, including the preparation of an investment strategy and financial plan that includes a capital plan, is carried out as part of the group's strategy and planning process for the insurance business and other business areas in Storebrand as well.

The process and results from an ICAAP along with an evaluation of the risk profile and pertinent capital requirements are documented in writing and separately discussed and adopted by the various boards of directors. The capital requirement are assessed on the basis of regulatory minimum requirements (Pillar 1) with additional buffers for other areas of risk. The minimum requirements for credit and market risk are calculated using the standard method. The basic method is used for operational risk. Apart from credit, market and operational risk as calculated in Pillar 1, Storebrand Bank's calculated capital requirement also takes into account extra capital requirements linked to concentration, liquidity, residual, market and reputation risk. Scenario analyses are carried out to assess the company's risk-bearing capacity and the effect of stress tests on the capital base that could occur and during periods of economic downturn. The stress scenario used for Storebrand Bank is an economic downturn with falling real estate prices and an increasing likelihood of non-performance over a 3-year period. Concentration risk is also stressed in the scenario. The stress scenarios used for Storebrand Kapitalforvaltning AS and Storebrand Finansiell Rådgivning AS affect operating revenues directly, e.g. falls in new sales volumes and customer portfolios, and indirectly, through falls in the value of customers' assets which result in a lower earnings base.

The assessment of the capital level is based on the results from the quantitative analyses and qualitative assessments of what is justifiable from a business perspective. The target capital level is thus derived at on the basis of the company having an adequate and acceptable capital buffer that exceeds the regulatory minimum requirements and in which the size of the capital buffer is a result of the ICAAP analysis. A capital plan for maintaining the capital level in the companies is prepared on the basis of the target capital level, result prognoses, and expected growth and composition of statement of financial position.

4.4 Risk management and control

Storebrand assumes risk as part of its core activities. Good risk management is a prerequisite for achieving the group's financial goals and ensuring the group has the financial strength to withstand and limit losses in its operations.

Storebrand has stipulated guidelines for risk management and internal control at a group level. The purpose of the guidelines is to ensure that the Storebrand Group has effective and robust functions in place for risk management, risk control and compliance, which ensure the implementation of the group's and group companies' strategies and compliance with the framework for risk taking. The guidelines are approved each year by the boards of Storebrand ASA and the subsidiaries.

The risks and risk management in the business areas subject to the Basel II regulations are described below. Please refer to Storebrand ASA's annual report for a more detailed description of risk management in the group's insurance business.

4.4.1 Risk management - bankgroup

The financial risk in Storebrand Bank ASA and its subsidiaries Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS principally consists of credit, liquidity, interest and currency risk. Credit risk is regarded as the most important. The Board of Storebrand Bank ASA and the boards of the mortgage companies believe it is important that the bank group maintains a moderate financial risk. Storebrand Bank's board approved risk strategy stipulates this desire to maintain a moderate risk profile and provides risk limits for the various business areas. The respective companies also have board approved financial risk policies. Storebrand Bank ASA manages the lending portfolios of its subsidiaries Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS. Risk in the subsidiaries is monitored in the same way as risk in the parent company. The following descriptions for Storebrand Bank ASA also apply to the mortgage companies.

In its ICAAP (Pillar 2) the bank has assessed the total capital requirement for the banking group. The bank is regarded as being well capitalised in relation to its risk profile.

Credit risk
Storebrand Bank ASA places great importance on maintaining close relationships with its corporate customers and regular credit risk monitoring. The bank has set rules for reviewing credit. A significant proportion of Storebrand Bank's corporate lending is linked to real estate in the greater Oslo area. Storebrand follows economic conditions and the real estate market in this region closely. Lending to corporate customers over a certain limit requires the approval of either a credit committee chaired by the bank's managing director or the bank's board. Credit risk is monitored through a risk classification system that ranks each customer by ability to pay, financial strength, and collateral. The risk classification system estimates the likelihood of a borrower defaulting (ability to pay/financial condition) and the likely loss given default (collateral).

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

Separate credit approval processes are now used for retail lending on the basis of credit scoring, combined with case-by-case evaluation of the borrower's ability to repay. The weighted loan-to-collateral value ratio for residential mortgages is between 55 percent and 60 percent, and around 92 percent of mortgages for customers in the retail market were secured by mortgages in properties within 80 percent of market value.

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

The risk in Storebrand Boligkreditt AS is very low and in Storebrand Eiendomskreditt AS it is low. The performance of banking's lending portfolio is monitored using tools such as non-performance reports and risk reports. Measures and focus areas are continuously assessed based on the performance of the base data. Non-performance reports are produced twice a month for the corporate market portfolio, and overdue payments are reviewed every week in the bank's credit committee meetings. Monthly non-performance and overdue payment reports are produced for the retail market. Risk reports are produced every month with expanded versions every quarter.

The bank's and mortgage companies' counterparty risk associated with investments, which includes the securities/liquidity portfolio, or exposure to other institutions, including derivative transactions, is managed on the basis of credit ratings and the size of the commitment. The counterparty risk limits take account of both pure investments and settlement risk. The bank, residential mortgage company, and commercial property mortgage company have solid counterparties, and limit their exposure per counterparty in order to avoid losses and ensure high liquidity in their holdings of securities. The risk management unit's mid-office measures and reports at least once a month.

Other subsidiaries in the bank face limited credit risk beyond any outstanding fees. Age distributed customer lists are followed up regularly. In our experience the losses from claims against these companies have been very low, but the weak market for sales of new housing meant that Ring Eiendomsmegling had to make provisions for losses of approximately NOK 8 million during 2009, primarily in connection with amounts owed by customers in relation to sales of new housing projects.

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

The liquidity indicators in Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS are within the internally set limits. In 2009, Storebrand Bank ASA used the now ended government swap scheme in which the bank swapped covered bonds issued by Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS for government paper. The market for covered bonds market normalised to some extent in Q4 2009, while the market for senior bonds is still relatively tight. No immediate change is expected in this market situation. The Storebrand Bank Group increased the average borrowing term in 2009 and will continue this work in 2010.

The bank has established good liquidity buffers, and continuously monitors liquidity reserves against internal limits. Committed credit lines from banks have also been established that the companies can draw on if necessary. Storebrand Bank ASA is rated by S&P and Moody's, and also emphasises having relationships with several international banks. This ensures access to the international capital market and broadens the group's sources of funding. Moody's adjusted it rating of Storebrand Bank ASA in 2009 to A3 with a negative outlook. Standard & Poor's maintained its BBB+ rating of Storebrand Bank ASA, but changed from a positive to a stable outlook. Storebrand Boligkreditt AS' lending programme is rated Aaa by Moody's.

Interest risk
Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS manage their exposure in the interest rate market to ensure that their interest rate sensitivity is as low as possible. This means Storebrand Bank has narrow limits for interest risk. Borrowing and fixed-rate lending are mostly swapped to three months variable NIBOR. Other items have an interest rate duration of maximum three months. Interest risk is monitored continuously and there are defined risk limits for the Storebrand Bank Group, Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS that are measured at least once a month and reported monthly to the bank's board. Financial hedging is structured such that it has minimal accounting consequences. This is done by the company using hedge accounting or the fair value option. The purpose of hedge accounting is that the company's profit and loss does not change in response to changes in the market value of derivative contracts alone, but follows changes in the market value of the underlying asset and liability items since these items are also recognised in the financial statements at fair value in respect of interest rate risk. The QRM system is used to measure interest risk.

Currency risk
The policy of Storebrand Bank ASA and Storebrand Boligkreditt AS is to fully hedge its foreign currency exposure. The purpose of this is to minimise the foreign currency risk associated with investments, lending and borrowing in foreign currency. Storebrand Bank does not carry out own account trading in foreign currencies. Risk limits have been established and these are continuously monitored with monthly reporting to the bank's board. Financial hedging is principally carried out by rolling short-term forward foreign exchange contracts.

The risk management unit's mid-office monitors and reports market risk (interest and currency risk) every month.

Financial hedging/hedge accounting
All instruments with an interest rate fixing period in excess of six months are subject to a specific hedging policy. The policy's objective is to optimise the balance between risk and return and to ensure that the derivative contracts entered into by the bank are appropriate and properly

documented in order to satisfy the accounting requirements for hedge accounting, or at fair value.

The fair value of the item hedged must be interest rate hedged. It is the base interest risk that is hedged in hedge accounting and not the credit spread. The credit spread is kept constant in hedging efficiency calculations that document compliance with the conditions for hedge accounting.

Operational risk

Operational risk management is an integral part of the management responsibilities in Storebrand Bank ASA's corporate governance structure, in which the risk is assessed against the organisation's ability to attain its goals.

The objective of the risk review is to reach a common understanding of the overall risk picture for the banking group's activities, and in this way achieve a broader basis for making decisions in connection with important prioritisations. Consequently the risk assessments form an important part of the basis for adopting the group's strategy and approving the level of risk in the business plan. Risk assessments take the current situation and how the risk owner experiences risk, based on the existing internal control, as their starting point. After this an assessment is made of the assumed risk after planned improvement measures have been implemented. Risk assessments are integrated into the value-based management system by linking the risk assessment to the units' ability to achieve their business goals, comply with regulatory requirements, and the degree to which the risk will affect Storebrand's reputation.

The bank's internal control activities in the form of risk assessments, monitoring and reporting satisfy the requirements of the Internal Control Regulations. The Board has in 2009, for the first time, conducted a review of itself and its competence in this area.

4.4.2 Risk management - Storebrand Kapitalforvaltning AS

Storebrand Kapitalforvaltning AS manages assets on behalf of customers and bears limited risk above normal commercial and operational risk for this type of activity. The credit risk is regarded as low and the business' direct exposure to market risk is limited since the company's investments in securities are limited to investments of surplus liquidity.

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

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

Mid-office monitors compliance with investment mandates and risk factors. The compliance officer monitors the own account trading regulations, compliance with mandates for discretionary portfolios and the Securities Trading Act. Any breaches are reported to the management group, the Board of Directors and The financial supervisory authority of Norway.

4.4.3 Risk management - Storebrand Finansiell Rådgivning AS

Storebrand Finansiell Rådgivning AS offers comprehensive financial advice and order channelling within a broad spectrum of products for the group. The company is exposed to limited financial risk linked to the business beyond normal business and operational risk for this type of business. This particularly applies to compliance risk associated with the rules for good advice provision, compliance with the own account trading regulations and the risk associated with complaints in the event of inadequate advice. The company actively works to reduce this risk. This is accomplished by training advisors and sales managers, clarifying existing routines, spot checks by the compliance officer in the company, and checks carried out by the internal audit function. The vast majority of advisers will complete the authorisation scheme for financial advisers in 2010.

5 Capital/capital requirements

The table below provides information about core capital, supplementary capital and net primary capital for the Storebrand Group and the companies subject to Basel II.

Net primary capital as at 31.12.2009

NOK MILLION	STOREBRAND KAPITAL-FORVALTNING AS	STOREBRAND FINANSIELL RÅDGIVNING AS	STOREBRAND BANK ASA	STOREBRAND BOLIGKREDITT AS	STOREBRAND EIENDOMS-KREDITT AS	STOREBRAND ASA	STOREBRAND GROUP
Share capital	4	30	961	350	450	2 250	2 250
Other equity	207	135	1 349	284	300	12 586	14 967
Equity	**211**	**165**	**2 310**	**634**	**750**	**14 836**	**17 217**
Hybrid tier 1 capital			276				1,715
Conditional bonus							2,755
Goodwill and other intangible assets	-14	-73	-48				-6,773
Deferred tax assets	-31	-26	-176		0		-213
Risk equalisation fund							-225
Security reserves							-101
Minimum requirement reassurance allocation							-46
Unrealised gains on company portfolio							-17
Capital adequacy reserve							-254
Other	-60	-11				823	-121
Tier 1 capital	**107**	**54**	**2 362**	**634**	**750**	**15 659**	**13 938**
Hybrid tier 1 capital							47
Perpetual subordinated loan capital							5 047
Dated subordinated loan capital			684				675
Capital adequacy reserve							-254
Tier 2 capital			**684**				**5 515**
Net primary capital	**107**	**54**	**3 046**	**634**	**750**	**15 659**	**19 453**
Capital adequacy							
Capital adequacy ratio	**10.3 %**	**121.0 %**	**17.2 %**	**12.5 %**	**32.8 %**	**88.4 %**	**13.9 %**
Core capital adequacy ratio	**10.3 %**	**121.0 %**	**13.3 %**	**12.5 %**	**32.8 %**	**88.4 %**	**10.0 %**

According to Basel II, a capital requirement that amounts to 8 percent of the basis for calculation. The net primary capital must as a minimum equal the capital requirement. At a consolidated level the capital requirement is also included for the insurance companies subject to rules pursuant to Basel I.

There are separate regulations for calculating the primary capital for capital adequacy. Pursuant to the regulations for primary capital the core capital can be substantially different to the equity on the statement of financial position. The above table specifies additions and deductions when calculating core capital in relation to equity in the financial statements.

Hybrid tier 1 capital can account for a maximum of 15 percent of core (tier 1) capital, while any overshoot can be included as perpetual subordinated loan capital. The conditional bonus in SPP is capital that can, pursuant to certain methods and conditions, be included as primary capital at a consolidated level.

Minimum requirements primary capital as at 31.12.2009

NOK MILLION	STOREBRAND KAPITAL-FORVALTNING AS	STOREBRAND FINANSIELL RÅDGIVNING AS	STOREBRAND BANK ASA	STOREBRAND BOLIGKREDITT AS	STOREBRAND EIENDOMS-KREDITT AS	STOREBRAND ASA	STOREBRAND GROUP
Credit- and counterparty risk							
Local and regional authorities			2			1	3
Public corporates						1	1
Institutions	5	4	235	9	3	1 381	85
Corporates			390		173	0	546
Retail marked			78				77
Loans secured on real estate			469	377			846
Loans past-due			75	3			78
Covered bonds			62				4
Units in mutual securities funds	2						2
Other	7		48	6		9	65
Company using Basel I							9.406
Total minimum requirements credit- and counterparty risk	**14**	**4**	**1 358**	**395**	**176**	**1 392**	**11 112**
Of which							
Counterparty risk derivatives							
Basel II companies			33	8			41
Operational risk	69		70	11	7	24	128
Deductions			-8				-58
Minimum requirements primary capital	**83**	**4**	**1 420**	**406**	**183**	**1 417**	**11 182**

Specifications of subordinated loan capital

NOK MILLION	NOMINAL VALUE	CURENCY	INTEREST RATE	CALL DATE AND OTHER CONDITIONS	BOOK VALUE Q4 2009
Issuer					
Perpetual hybrid (Tier 1) capital					
Storebrand Bank ASA	107	NOK	Fixed	2014	107
Storebrand Bank ASA	168	NOK	Variable	2014	167
Storebrand Life Insurance	1 500	NOK	Variable	2018	1 486
Perpetual subordinated loan capital					
Storebrand Life Insurance	300	EUR	Fixed	2013	2 703
Storebrand Life Insurance	1 700	NOK	Variable	2014	1 687
Storebrand Life Insurance	1 000	NOK	Fixed	2015	1 043
Dated subordinated loans					
Storebrand Bank ASA	175	NOK	Variable	2010	175
Storebrand Bank ASA	100	NOK	Variable	2011	100
Storebrand Bank ASA	250	NOK	Variable	2012	250
Storebrand Bank ASA	150	NOK	Variable	2012	150
Interest					2
Total subordinated and perpetual loans					**7 869**

6 Information about credit risk

6.1 Credit risk in general

6.1.1 Definition of non-performing and loss-exposed

The definition of non-performing and loss exposed without impairment was changed in Q4 2009. The new definition is significantly stricter than the previous version. The definition is now as follows:
If

1. a credit facility has been overdrawn for more than 90 days,
2. a repayment loan has arrears older than 90 days, or
3. a card has arrears older than 90 days and the credit limit has been overdrawn,

then the commitment and the rest of the customer's commitments will be regarded as non-performing. The number of days is counted from when the arrears exceed NOK 2,000. The account is given a clean bill of health when there are no longer any arrears. The amount in arrears can be less than NOK 2,000 at the time of reporting.

The definition used to be: Commitments are regarded as non-performing and loss exposed when a credit facility has been overdrawn for 90 days, when an repayment loan has arrears for more than 90 days, and the amount is at least NOK 500.

6.1.2 Impairment of financial assets

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

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

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

The bank's terms for lending are largely an administrative running fixed margin. The management of Storebrand Bank believes amortised cost is a good estimate of market value for most of the loans in the statement of financial position. The margin is fixed for some loans during the term of the loan. At year-end 2009, the bank had NOK 1.8 billion in which the setting of the interest rate is based on a margin added to the NIBOR 3 months rate with an expected term of 4 years in which there are no immediate plans to change the credit margin. This part of the portfolio, primarily corporate market loans, today has a margin that is lower than what the bank will require for new loans to borrowers of equivalent quality and security. The present value of the margin difference has been calculated at minus NOK 44 million based on the expected loan value and a discount rate of 3 percent.

6.1.3 Assessments of write-downs of loans

The group assesses on each statement of financial position date whether or not there is objective evidence that the value of a loan or group of loans is impaired. Loans or groups of loans are considered to be impaired if there is objective evidence of a fall in value that will reduce the future cash flow available for servicing the commitment. The fall in value must be the result of one or more events that have occurred since inception, and it must be possible to measure the impact of such events reliably.

Objective evidence that the value of a loan or group of loans is impaired relates to observable data of which the group becomes aware in respect of one of the following events:

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

Lending write-downs are divided into two categories:

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

b) Group write-downs
Group write-downs are calculated separately for corporate lending and retail lending (i.e. loans to commercial customers and loans to private individuals). In the case of groups of loans in corporate lending, the objective criteria for write-downs are considered to be closely correlated with changes in the risk classification of lending relationships. The classification model for corporate lending considers three factors: quality of the borrower/financial condition (debt servicing capacity), quality of the collateral (loan-to-collateral value ratio) and commercial factors (internal/external risk). The risk classification model states the classification based on the information recorded in the accounting module at the time the calculation of group write-downs is made, the realisable value recorded for collateral, and an evaluation of commercial factors. Account is also taken of changes in macroeconomic factors that may have a significant impact on commercial lending, including changes in interest rates, and expectations of future changes in interest rates.

The objective criteria for write-downs in the group of loans making up retail lending are considered to be correlated to the default status of the loans making up the group and the historic repayment record. Non-performance status is divided into 30-90 days and over 90 days on loans that are not subject to individual write-downs because there is objective evidence of impairment. The repayment record is updated quarterly in line with the overall performance of the portfolio.

6.2 Credit risk per commitment category, geographic area, counterparty and term

The tables below cover those companies in the Storebrand Group subject to Basel II.

Credit risk investment portfolio

Short-term holdings of interest-bearing securities
Analysis of credit risk by rating

NOK MILLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NIG FAIR VALUE	TOTAL FAIR VALUE
Asset backed securities		401.6		100.5		502.0
Corporate bonds			142.0			142.0
Finance, bank and insurance	65.7	130.6	1 658.8	155.1	0.1	2 010.4
State and state guaranteed	2 377.4	30.1				2 407.5
Local authority, county	311.1	141.9	8.1			461.1
Covered bonds	170.9	50.2				221.1
Bond funds					4.8	4.8
Total	**2 925.1**	**754.4**	**1 808.9**	**255.6**	**4.9**	**5 748.9**

Credit exposure for lending activities

Commitments per customer group

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUAR-ANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMIT-MENTS	NON-PER-FORMING LOANS WITHOUT EVIDENCE OF IMPAIRMENT	NON-FORMING AND LOSS-EXPOSED LOANS WITH EVIDENCE OF IMPAIRMENT	GROSS NON-PER-FORMING LOANS	WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PER-FORMING LOANS
Financial auxiliaries		1.0		1.0			0.0		0.0
Mine operators and mining	7.2	0.0		7.2			0.0		0.0
Industry	1.0	0.0		1.0			0.0		0.0
Elelctricity, gas, steam and hot water supply	1.1	0.0		1.1			0.0		0.0
Development of building projects	1 436.3	127.1	149.2	1 712.6		17.5	17.6	6.6	11.0
Wholesale and retail trade, motor vehicle repair	14.7	0.5		15.2	1.0	0.3	1.3	0.2	1.1
Haulage and storage	37.3	0.2		37.5			0.0		0.0
Accommodation and hospitality	15.0			15.0			0.0		0.0
Information and communications	6.6	1.7	2.0	10.3			0.0		0.0
Sale and operation of real estate	7 292.5	159.2	120.5	7 572.2	2.5	376.8	379.3	53.1	326.2
Professional and financial services	585.0	2.0	3.1	590.1		5.8	5.8	5.8	-0.1
Business services	702.2	0.1	0.5	702.7		2.5	2.5	2.8	-0.3
Other service providers	34.0	0.4	0.1	34.5			0.0		0.0
Wage-earners	25 690.5	1.2	2 794.8	28 486.5	299.8	148.8	448.6	89.9	358.6
Other	0.1	37.1		37.2			0.0		0.0
Foreign	299.9		26.5	326.4	5.7	23.2	28.9	23.5	5.4
Total	36 123.3	330.4	3 096.6	39 550.4	309.1	574.8	883.9	182.0	702.0
Write-downs of groups of loans	-107.2			-107.2					
Total loans to and due from customers	**36 016.1**	**330.4**	**3 096.6**	**39 443.2**	**309.1**	**574.8**	**883.9**	**182.0**	**702.0**

The classification into customer groups is based on Statistics Norway's standard for sector and business classification.
The individual customer's classification is **determined by the customer's primary activity.**

Average size of total commitments per customer group

NOK MILLION	AVERAGE SIZE LOANS TO AND DUE FROM CUSTOMERS	AVERAGE SIZE GUARANTEES	AVERAGE SIZE UNDRQAWN CREDIT LIMITS	AVERAGE SIZE TOTAL COMMITMENTS
Financial auxiliaries				0.0
Mine operators and mining				0.0
Industry	1.2			1.2
Elelctricity, gas, steam and hot water supply	1.2			1.2
Development of building projects	1 565.2	126.8	112.3	1 804.3
Wholesale and retail trade, motor vehicle repair	8.4	0.5		8.9
Haulage and storage	65.3	1.2		66.5
Accommodation and hospitality	15.0	2.4		17.4
Information and communications	5.8	0.4		6.2
Sale and operation of real estate	7 786.7	185.2	282.8	8 254.7
Professional and financial services	1 077.5	36.3	11.0	1 124.8
Business services	170.5	1.0	0.8	172.3
Other service providers	46.2	0.4	0.1	46.7
Wage-earners	26 962.9	1.1	2 781.0	29 745.0
Other	0.2			0.2
Foreign	275.2		19.2	294.4
Total loans to and due from customers	**37 981.3**	**355.3**	**3 207.3**	**41 543.9**

Given the relatively even development of the statement of financial position and changes to business codes in 2009, the size of the commitment in the middle of 2009 is a best estimate for the average of the portfolio.

Commitments per geographical area

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUAR-ANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMIT-MENTS	NON-PER-FORMING LOANS WITHOUT EVIDENCE OF IMPAIRMENT	NON-FORMING AND LOSS-EXPOSED LOANS WITH EVIDENCE OF IMPAIRMENT	GROSS NON-PER-FORMING LOANS	WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PER-FORMING LOANS
Eastern Norway	29 189.9	330.2	2 388.7	31 908.8	218.2	501.6	719.8	134.1	585.6
Western Norway	3 878.6	0.2	451.5	4 330.2	55.5	20.1	75.6	9.2	66.4
Southern Norway	482.8		72.5	555.4	3.9	8.6	12.5	4.6	7.9
Mid-Norway	1 537.2		97.0	1 634.2	15.2	3.6	18.8	1.7	17.1
Northern Norway	733.4		60.3	793.8	10.6	13.1	23.7	4.2	19.5
Foreign	301.4		26.5	327.9	5.8	27.8	33.6	28.1	5.5
Total	**36 123.3**	**330.4**	**3 096.5**	**39 550.2**	**309.1**	**574.8**	**883.9**	**182.0**	**702.0**

Group write-downs and other changes in value are not distributed by geographical area since these are calculated at a group level, irrespective of geographical area. Because of this, group write-downs are not segmented by geographical area.

Total commitments secured by mortgages

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Financial auxiliaries		1.0		1.0
Mine operators and mining	7.0			7.0
Industry	1.0			1.0
Elelctricity, gas, steam and hot water supply	1.1			1.1
Development of building projects	1 436.2	124.5	149.2	1 709.9
Wholesale and retail trade, motor vehicle repair	14.1			14.1
Haulage and storage	37.2			37.2
Accommodation and hospitality	15.0			15.0
Information and communications	6.6	1.7	2.0	10.3
Sale and operation of real estate	7 226.3	153.7	119.1	7 499.1
Professional and financial services	584.6	1.2	3.1	588.8
Business services	700.9		0.5	701.3
Other service providers	34.0			34.0
Wage-earners	25 378.3	1.2	1 876.6	27 256.0
Other	0.1			0.1
Foreign	290.3		14.8	305.0
Total	**35 732.7**	**283.2**	**2 165.1**	**38 181.0**

Total engagement amount by remaining term to maturity

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Up to 1 month	352.0	28.9	18.8	399.7
1 - 3 months	636.3	39.3	34.5	710.0
3 months - 1 year	1 609.3	27.9	126.1	1 763.3
1 - 5 years	2 679.9	191.4	339.2	3 210.5
more than 5 years	30 845.9	42.9	2 578.0	33 466.8
Total	**36 123.3**	**330.4**	**3 096.6**	**39 550.3**

Age distribution of overdue engagements without write-downs

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Overdue 1 - 30 days	2 155.3		21.3	2 176.5
Overdue 31 - 60 days	138.5		0.6	139.1
Overdue 61- 90 days	29.4		0.2	29.6
Overdue more than 90 days	307.6		1.5	309.1
Total	**2 630.8**	**0.0**	**23.6**	**2 654.3**
Engagements overdue by more than 90 days by geographical area:				
Eastern Norway	217.0		1.1	218.2
Western Norway	55.2		0.3	55.5
Southern Norway	3.9			3.9
Mid-Norway	15.1			15.1
Northern Norway	10.5		0.1	10.6
Foreign	5.8			5.8
Total	**307.6**	**0.0**	**1.5**	**309.1**

Commitments overdue by more than 90 days are defined as non-performing and loss exposed. Only non-performing and loss exposed commitments are categorised by geographical area in this overview. The same definition as that used in the Capital Requirements Regulations is used for commitments due, but the number of days in the definition is equal to the age distribution.

Credit risk by customer group

NOK MILLION	TOTAL VALUE IMPAIRED ENGAGEMENTS	TOTAL DUE ENGAGEMENTS	TOTAL VALUE CHANGES	TOTAL WRITE-DOWNS	TOTAL VALUE CHANGE RECOGNISED IN PROFIT AND LOSS ACCOUNT DURING PERIOD
Development of building projects	17.5			6.6	9.3
Wholesale and retail trade, motor vehicle rapair	0.3	1.0		0.2	
Sale and operation of real estate	376.8	2.5		53.1	-27.3
Professional and financial services	5.8			5.8	-0.3
Business services	2.5			2.8	2.6
Other service providers					
Wage-earners	148.8	299.8		89.9	-19.9
Other					-1.4
Foreign	23.2	5.7		23.5	4.3
Total	**574.8**	**309.1**	**0.0**	**182.0**	**-32.7**

Write-downs of loans and guarantees

NOK MILLION	2009
Write-downs on individual loans 1.1.	
Losses realised in the period on individual loans previously written down	-92.1
Write-downs of individual loans for the period	71.8
Reversals of write-downs of individual loans for the period	-69.0
Other corrections to write-downs *)	8.9
Write-downs of individual loans at 31.12.	**182.0**
Write-downs of groups of loans and guarantees 1.1.	88.4
Grouped write-downs for the period	18.8
Write-downs of groups of loans and guarantees etc. at 31.12.	**107.2**
Total write-downs	**289.1**

*) Other corrections to write-downs relates to effects of amortisation.

Losses on loans and guarantees

NOK MILLION	2009
Write-downs of loans and guarantees for the period	
Change in individual write-downs for the period	67.4
Change in grouped write-downs for the period	-18.8
Other corrections to write-downs	-9.9
Change in individual write-downs of guarantees for the period	
Realised losses in period on commitments spesifically provided for previously	-92.1
Realised losses on commitments not specifically provided for previously	-0.3
Recoveries on previously realised losses	8.0
Write-downs of loans and guarantees for the period	**-45.6**

Credit risk derivatives 2009

DERIVATIVES CREDIT RISK PER COUNTERPARTY NOK MILLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NIG FAIR VALUE	TOTAL FAIR VALUE
Norway		118.8	266.1		214.7	599.6
Sweden			32.9			32.9
England		1.4	184.5			185.9
Denmark			0.2			0.2
Total	**0.0**	**120.2**	**483.7**	**0.0**	**214.7**	**818.6**

Counterparty risk associated with the companies' investments or through exposure to other institutions is managed on the basis of the counterparty's credit rating and size. Storebrand places great importance on the quality of its counterparties, and it limits its exposure to any one counterparty in order to avoid loss and ensure high liquidity in the financial instruments.

Equity positions outside the trading portfolio

NOK MILLION	BOOK VALUE	FAIR VALUE
Shares and units	60.4	60.4

Investments in equity positions outside the trading portfolio by companies subject to Basel II are limited. These investments are financial and do not include shares that are not listed. Unrealised gains and losses are included in capital and amount to a total loss of NOK 15 million. The investments are recognised at fair value through profit and loss in accordance with the fair value option. The valuation is based on observable assumptions or by using models when observable assumptions are unavailable. There were no sales during the period.

6.3 Counterparty risk derivatives

Nominal volume

Financial derivative contracts are related to underlying amounts which are not capitalised in the statement of financial position. In order to quantify a derivative position, reference is made to the underlying nominal principal, nominal volume, etc. Nominal volume is arrived at differently for different classes of derivatives, and gives an indication of the size of the position and risk the derivative creates. Gross nominal volume principally indicates the size of the exposure, whilst net nominal volume gives an indication of the risk exposure. Unlike gross nominal volume, the calculation of net nominal volume also takes into account which direction of market risk exposure the instrument represents by differentiating between long (asset) positions and short (liability) positions. A long position in an equity derivative produces a change in value if the share price increases. For interest rate derivatives, a long position results in a positive change in value if interest rates fall. For currency derivatives, a long position results in a positive change in value if the relevant exchange rate strengthens against the NOK. Figures for average gross nominal volume are based on monthly calculations of gross nominal volume.

6.4 Rating agencies

Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS limit the credit risk associated with investment activities by stipulating minimum criteria for rating the bank's liquidity portfolio. Storebrand Kapitalforvaltning AS' model for credit limits and ratings is used as the framework for setting the bank's lines of credit associated with the investment portfolio where no rating from a rating agency is available.

Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS do not use ratings when setting capital requirements.

6.5 Collateral

Storebrand Bank ASA's, Storebrand Boligkreditt AS' and Storebrand Eiendomskreditt AS' lending is primarily secured through real estate collateral. Loans to retail customers are secured through collateral in people's homes, largely within 80 percent of their market value. Small overdrafts with security are made available and credit cards are issued with short-term drawing limits for retail customers.

Derivatives

NOK MILLION	GROSS NOM. VALUE 2)	AVERAGE NOM. VALUE 2)	NET NOM. VALUE 3)	FAIR VALUE 2) ASSET	FAIR VALUE 2) LIABILITY	OF WHICH - FAIR VALUE HEDGING ASSET	OF WHICH - FAIR VALUE HEDGING LIABILITY
Share options	572.2	859.5	57.1	4.1	3.8		
Total share derivatives	**572.2**	**859.5**	**57.1**	**4.1**	**3.8**	**0.0**	**0.0**
Forward rate agreement	950.0	465.6	-450.0	0.2	0.2		
Interest rate swaps 1)	38 368.5	34 636.9	7 362.6	661.0	316.9	409.5	90.8
Total interest rate derivatives	**39 318.5**	**35 102.5**	**6 912.6**	**661.2**	**317.1**	**409.5**	**90.8**
Foreign exchange forwards	6 782.5	5 993.1	1 471.3	47.9	74.5		
Basis swaps	2 668.6	2 364.6	1 865.6	105.4	0.0		
Total currency derivatitves	**9 451.1**	**8 357.7**	**3 336.9**	**153.3**	**74.5**	**0.0**	**0.0**
Total derivatives	**49 341.7**	**44 319.6**	**10 306.5**	**818.6**	**395.4**	**409.5**	**90.8**

The above table includes net positions in indirect investments.

1) Interest rate swaps are included accrued interest.
2) Value at 31.12.
3) Average for the year.

Meanwhile, unsecured credit constitutes a very small part of the bank's total lending to retail customers. Storebrand Bank regularly updates the value of the real estate pledged as collateral in the retail portfolio. In the corporate market corresponding loans are provided against real estate in the form of rental properties and project financing. Very few unsecured loans are granted. Unsecured operating credit is not provided in the corporate customer market. The value of the collateral in the corporate market is updated at least once a year. Storebrand Bank monitors and measures concentration risk in the portfolio against the stipulated limits.

Storebrand Bank ASA and Storebrand Boligkreditt AS do not use guarantees and/or credit derivatives in connection with the calculation of capital requirements.

6.6 Interest risk

Storebrand Bank has no trading portfolio. The interest risk in the bank is generated by ordinary lending to customers, the investment portfolio, and positions in relation to counterparties and derivative trades in connection with this. This is explained in more detail in chapter 4.4.1. For changes in market risk that arise during the course of 1 year, the effect on the result and equity will be as presented below, based on the statement of financial position as per 31 December 2009.

Change in market value

NOK MILL.	TOTAL
Shares -20%	-12.0
Shares +20%	12.0
Interest rate -1.5%	21.8
Interest rate +1.5%	-21.7

The table includes the accounting effect over a 12 month period of an immediate parallel change in interest rates of +1.5 percentage points and -1.5 percentage points respectively. Account is taken of the one-time effect such an immediate interest rate change has on the items recognised at fair value and hedging value, and on the effects the interest rate change has on the result for the remainder of the interest rate duration period before the interest rate change has income and costs-related effect.

Items affected by one-time effects and which are recognised at fair value are the investment portfolio, fixed rate lending, borrowing via the government swap scheme, deposits with equity returns, and derivatives. The item affected by one-time effects and which is subject to hedge accounting is fixed rate borrowing.

6.7 Limitations

Storebrand Bank has not invested in or signed agreements concerning securitisation, credit derivatives and guarantees linked to assets.