Storebrand Kredittforetak AS

4th Quarter 2008

storebrand

Storebrand Kredittforetak AS

- interim report for and as of the fourth quarter of 2008

(Figures for the corresponding period in 2007 shown in brackets)

- Pre-tax profit of NOK 2.2 million in the quarter and NOK 10.8 million for the year
- Gross lending totalled NOK 11.6 billion as of 30 December 2008, an increase of NOK 3 billion during the quarter
- Average loan to value ratio of 47.1% in the home loan portfolio
- Satisfactory liquidity

During Q4, the company raised another NOK 4.3 billion by issuing covered bonds in the Norwegian market. Loans corresponding to NOK 3 billion were transferred during the quarter, meaning that gross lending totalled NOK 11.6 billion as per 31 December 2008. The pre-tax profit amounted to NOK 2.2 million for the quarter and NOK 10.8 million for the year.

Net interest income amounted to NOK 24.6 million for the year, which results in a net interest income as a percentage of average assets figure of 0.36%. Net interest income amounted to NOK 6.7 million in Q4 2008, which includes NOK 15.1 million in negative hedging effects due to the financial instability. The effect of the fair value hedging amounted to minus NOK 13.2 million for the year.

Operating costs amounted to NOK 9.5 million for the year and NOK 2.1 million in Q4. Costs as a percentage of income amounted to 45.3% in 2008. The company has no employees, and purchases services principally from Storebrand Bank ASA and Storebrand Livsforsikring AS. Services are purchased on normal commercial terms.

The company's collateral is regarded as very satisfactory. The company's lending portfolio at the close of the quarter was regarded as good and its average loan to value ratio was 47.1% as per 31 December 2008. This represents a marginal fall since 30 September 2008. One non-performing commitment of NOK 2,6 million was registered at the close of Q4, however the management does not believe there is a need to write down any individual loans. As a result of developments in the interest rate market and general economic conditions, the company carried out a group loan write-down of NOK 0.7 million as of 31 December 2008. The company has significant surplus collateral relative to the covered bonds it has issued. It has therefore not invested in any additional collateral.

The company's assets under management at the end of Q4 totalled NOK 12.9 billion. The lending portfolio of NOK 11.6 billion relates entirely to lending in the retail customer segment. The company's investment portfolio amounted to NOK 311 million at the close of the year.

At the close of 2008 the company had drawn NOK 1.0 billion from the company's drawing facility of NOK 10 billion with its the parent company, Storebrand Bank ASA.
The company's liquidity is regarded as satisfactory and the liquidity risk is regarded as little changed from before despite the current financial disquiet.

The capital ratio at the end of the quarter was 11.0%, with a core capital ratio of 11.0%. Net primary capital at the end of the quarter amounted to NOK 556 million, including the year's allocation of profits.

No events have occurred since the date of the balance sheet that would be material to the interim accounts.

Changes in the level of interest rates, conditions in the residential property market and conditions in the funding market are judged to be the most significant risk factors that may affect the company's accounting figures in 2009.

Oslo, 10 February 2009

The board of Storebrand Kredittforetak AS

Storebrand Kredittforetak AS

PROFIT AND LOSS ACCOUNT

		Q4		YEAR	
NOK 1000	NOTE	2008	2007	2008	2007
Interest income		200 865		473 055	502
Interest expense	6	-194 144		-448 392	
Net interest income	3	**6 720**	**0**	**24 662**	**502**
Commission income		18		49	
Commission expense					
Net commission income		**18**	**0**	**49**	**0**
Net gains on financial instruments at fair value	4	-2 328		-3 723	
Other income					
Total other operating income		**-2 328**	**0**	**-3 723**	**0**
Staff expenses		12		-100	
General administration expenses		-8		-353	
Other operating costs	6	-2 140		-9 048	-15
Total operating costs		**-2 137**	**0**	**-9 501**	**-15**
Operating profit before losses and other items		**2 274**	**0**	**11 487**	**487**
Loss provisions on loans and guarantees	9	-100		-666	
Profit before tax		**2 174**	**0**	**10 821**	**487**
Tax	5	-609		-3 030	-136
Profit for the year		**1 565**	**0**	**7 791**	**350**

Storebrand Kredittforetak AS

BALANCE SHEET

NOK 1000	NOTE	31.12.2008	31.12.2007
Loans to and deposits with credit institutions		49	80 571
Financial assets designated at fair value through profit and loss:			
Bonds and other fixed-income securities	10, 16	310 819	
Derivatives	16	914 779	
Other current assets	6	72 743	
Gross lending	8	11 617 812	
- Write-downs of individual loans	9		
- Write-downs of groups of loans	9	-666	
Net lending to customers		11 617 146	
Deferred tax assets		1 770	
Total assets		**12 917 306**	**80 571**
Liabilities to credit institutions	6, 11	1 005 346	
Other financial liabilities:			
Derivatives			
Commercial paper and bonds issued	12	11 313 547	
Other liabilities		40 538	487
Provision for accrued expenses and liabilities			
Total liabilities		**12 359 431**	**487**
Paid-in equity		557 875	80 084
Other equity			
Total equity		**557 875**	**80 084**
Total liabilities and equity		**12 917 306**	**80 571**

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

Storebrand Kredittforetak AS

KEY FIGUES

NOK 1000	Q4 2008	YEAR 2008
Profit and Loss account: (as % of avg. total assets) 1)		
Net interest income	0,65%	0,36%
Main balance sheet figures:		
Total assets		12 917 306
Average total assets	11 130 913	6 813 043
Total lending to customers		11 617 812
Equity		557 875
Other key figures:		
Total non-interest income as % of total income	-52,38%	-17,50%
Loan losses and provisions as % of average total lending		0,00%
Individual impairment loss as % of gross defaulted loans 3)		25,62%
Costs as % of operating income	48,45%	45,27%
Return on equity after tax 2)	9,25%	2,25%
Capital ratio		11,0%

Definitions:

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

2) Profit after tax as % of average equity.

3) Gross defaulted loans with identified loss of value.

Storebrand Kredittforetak AS

CHANGES IN EQUITY

31.12.2008

NOK 1000	PAID-IN CAPITAL SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	OTHER EQUITY REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER CAPITAL	TOTAL EQUITY
Equity NGAAP	50 000	30 084		80 084				80 084
Effects of the transition to simplified IFRS								
Equity at the beginning of the period	**50 000**	**30 084**	**0**	**80 084**	**0**	**0**	**0**	**80 084**
Profit for the period						7 791	7 791	7 791
Total revenue and costs for the period	**0**	**0**		**0**	**0**	**7 791**	**7 791**	**7 791**
Equity transactions with the owner:								
Capital increase paid in but	300 000	170 000		470 000				470 000
Group contribution received			12 341	12 341				12 341
Provision for group contribution			-4 550	-4 550		-7 791	-7 791	-12 341
Equity at the end of the period	**350 000**	**200 084**	**7 791**	**557 875**	**0**	**0**	**0**	**557 875**

31.12.2007

NOK 1000	PAID-IN CAPITAL SHARE CAPITAL	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	OTHER EQUITY REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	TOTAL EQUITY
Equity NGAAP	100	44	144				144
Effects of the transition to simplified IFRS							
Equity at the beginning of the period	**100**	**44**	**144**				**144**
Profit for the period							
Total revenue and costs for the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Equity transactions with the owner:							
Capital increase paid in but	49 900	30 040	79 940				79 940
Equity at the end of the period	**50 000**	**30 084**	**80 084**	**0**	**0**	**0**	**80 084**

Number of shares are 35.000.000 of nominal value NOK 10 per share.

Storebrand Kredittforetak AS

CASH FLOW STATEMENT

NOK 1000	31.12.2008
Cash flow from operations	
Net receipts/payments of interest, commissions and fees from customers	430 889
Net disbursement/payments on customer loans	-11 583 112
Net receipts/payments -securities in the investment portfolio	-303 254
Net receipts/payments on other operating activities	-9 425
Net cash flow from operating activities	**-11 464 902**
Cash flow from investment activities	
Net payments on purchase/sale of fixed assets etc.	
Net cash flow from investment activities	**0**
Cash flow from financing activities	
Net receipts/payment from borrowing	10 914 817
Group contribution payments	-487
Equity paid-in	470 000
Net cash flow from financing activities	**11 384 331**
Net cash flow in period	**-80 571**
Cash and bank deposits at the start of the period	80 571
Cash and bank deposits at the end of the period	**0**

The company has a credit arrangement (drawing facility) with Storebrand Bank ASA that is included in the item "Liabilities to credit institutions" as at 31.12.08. See also Note 11.

Notes to the accounts

NOTE 1 ACCOUNTING PRINCIPLES

The interim accounts for the fourth quarter of 2008 are prepared in accordance with the Norwegian regulations for the annual accounts of banks and finance companies etc., and with IFRS, including IAS 34 Interim Financial Reporting as approved by the EU, as well as the additional Norwegian requirements set out in the Securities Trading Act. The interim accounts do not include all the information required for full annual accounts prepared in accordance with all the current IFRS standards. The company has elected to apply Section 1-5 of the regulations for the annual accounts of banks and finance companies etc. that provides for "Simplified application of international accounting standards", (hereinafter termed simplified IFRS). A description of the accounting principles applied by the company in preparing the accounts is found in the report for 1st Quarter 2008. See www.storebrand.no. There have not been any substantial changes in the accounting principles since the accounts for 1st Quarter 2008.

On October 13, IASB stipulated amendments to IAS 39 that allow the reclassification of financial instruments in some circumstances. The amendments were adopted by the EU in a specific directive on 15 October and the Norwegian Ministry of Finance stipulated specific regulations that implemented these amendments on 16 October. Storebrand Kredittforetak AS has not reclassified any financial instruments.

NOTE 2 ESTIMATES

The preparation of the interim accounts involves the use of estimates and assumptions that have an effect on assets, liabilities, revenue, costs, the notes to the accounts and information on potential liabilities. In the future, actual experience may deviate from the estimates used. In the opinion of the Board of Directors, the interim accounts are based on best estimates at the time the accounts were prepared.

The situation in the financial markets as per Q4 means that the scope to which financial instruments can be measured on the basis of observable transactions has declined and that the uncertainty in the base information used in the valuation techniques has increased. Storebrand has assessed the suitability of previously used price sources and valuation techniques and concluded that it will continue to use the same price sources and valuation techniques as before.

As far as losses on loans are concerned the uncertainty in the markets' future development has resulted in uncertainty in the calculation of losses having increased somewhat. No changes have been made to routines and assumptions associated with the assessment of non-performance and the need for write-downs compared with earlier periods.
The risk of experiencing a loss in the portfolio has increased somewhat due to the recent financial instability and the uncertainty in the real estate and housing markets, which means increased uncertainty in the assessment of the size of individual and group write-downs.

NOTE 3 NET INTEREST INCOME

	Q4		YEAR	
NOK 1000	2008	2007	2008	2007
Interest and other income on loans to and deposits with credit institutions				502
Interest and other income on loans to and due from customers	195 896		464 563	
Interest on short-term debt instruments, bonds and other interest-bearing securities	4 968		8 492	
Other interest income				
Total interest income	**200 865**	**0**	**473 055**	**502**
Interest and other expenses on debt to credit institutions	-32 808		-137 478	
Interest and other expenses on deposits from and due to customers				
Interest and other expenses on securities issued	-161 337		-310 915	
Interest and other expenses on subordinated loan capital				
Other interest expenses				
Total interest expenses	**-194 145**		**-448 392**	
Net interest income	**6 720**		**24 662**	**502**

Notes to the accounts

NOTE 4 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

	Q4		YEAR	
NOK 1000	2008	2007	2008	2007
Bonds, commercial paper and other interest-bearing securities				
Commercial paper and bonds issued by the public sector	54		-424	
Other interest-bearing securities issued by the public sector				
Total securities issued by the public sector	**54**		**-424**	
Commercial paper and bonds issued by others	-458		-1 479	
Other interest-bearing securities issued by others				
Total securities issued by others	**-458**		**-1 479**	
Total bonds, commercial papper and other interest-bearing securities	**-404**		**-1 903**	
Financial derivatives:				
Financial derivatives, held for trading	-1 924		-1 820	
Total financial derivatives	**-1 924**		**-1 820**	
Net income and gains from financial assets and liabilities at fair value	**-2 328**		**-3 723**	

NOTE 5 TAX

Tax cost is based on an expected average tax rate of 28% of profit before tax adjusted for permanent differences.

NOTE 6 CLOSE ASSOCIATES

Transaksjoner med konsernselskaper pr. 31.12.2008:

NOK 1000	STOREBRAND BANK ASA	OTHER GROUP COMPANIES
Interest income	1 396	
Interest expense	166 060	
Services sold		
Services purchased	5 328	2 472
Due from	39 068	
Liabilities to	4 530 353	

Storebrand Kredittforetak AS has no employees, and purchases personnel resources from Storebrand Bank ASA and services including treasury and accounting functions from Storebrand Livsforsikring AS. All loans made by the company are purchased from Storebrand Bank ASA pursuant to an agreement entered into with Storebrand Bank ASA to purchase loans, as well as a management agreement with Storebrand Bank ASA for management of the loan portfolio. In outline terms, the management agreement involves the company paying fees to Storebrand Bank ASA for management of the company's loan portfolio.
In addition, the company has entered into an agreement with Storebrand Bank ASA for a credit facility to finance loans purchased (see Note 11). Agreements entered into with other companies in the group are based on the principle of business at arm's length.

NOTE 7 SEGMENT INFORMATION

Business segments are the company's primary reporting segments. The company has only one segment, Retail Lending.
This segment comprises lending to private individuals, and all loans are purchased from Storebrand Bank ASA.
The company's accounts for Q4 2008 therefore relate entirely to the Retail Lending segment.
Geographic segments form the company's secondary reporting segments. The company does not have any activities outside Norway. Customers from abroad are classified as part of the Norwegian activities. All operating income and the company's earnings therefore relate solely to its Norwegian activities.

Notes to the accounts

NOTE 8 LOAN TO VALUE RATIOS AND COLLATERAL

NOK 1000	31.12.2008
Gross lending	11 617 812
Average loan balance	1 337
No. of loans	9 509
Total value of collateral for lending	23 965 516
Weighted average seasoning (months)	31
Weighted average remaning term (months)	211
Average loan to value ratio [1])	47.1 %
Overcollateralisation	110 %
The rating agency's requirement to overcollateralisation	106 %
Composition of collateral:	
Residential mortgages	11 429 490
Supplementary security [2])	
Total	**11 429 490**

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

2) The company has no supplementary security.

NOTE 9 LOSSES AND POVISIONS FOR NON-PERFORMING AND LOSS-EXPOSED LOANS, GUARANTEES ETC.

NOK 1000	31.12.2008
Non-performing and loss-exposed loans	
Non-performing loans without evidence of impairment	2 600
Non-performing and loss-exposed loans with evidence of impairment	
Gross defaulted and loss-exposed loans	**2 600**
Provisions for individual impairment losses	
Net defaulted and loss-exposed loans	**2 600**

NOK 1000	Q4 2008	YEAR 2008
Losses on loans and guarantees etc. during period		
Change in individual impairment loss provisions		
Change in grouped impairment loss provisions	-100	-666
Other write-down effects		
Realised losses specifically provided for previously		
Realised losses not specifically provided for previously		
Recoveries on previous realised losses		
Loss provisions on loans and guarantees	**-100**	**-666**

The loan portfolio is purchased from Storebrand Bank ASA. In the opinion of the Board of Directors, the quality of the loan portfolio is such that there is no need for individual write-downs or write-downs for groups of loans in addition to the write-downs recordes as at 31 December 2008.

Notes to the accounts

NOTE 10 INVESTMENT PORTFOLIO

Rating per issuer category

NOK 1000	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NON-INVESTMENT GRADE FAIR VALUE	TOTAL FAIR VALUE
Finance, Banking and Insurance	40 176					40 176
Sovereign and Government Guaranteed	270 643					270 643
Total	**310 819**	**0**	**0**	**0**	**0**	**310 819**

Rating categories are based on Standard & Poor's.

NOTE 11 LOANS TO AND DEPOSITS WITH CREDIT INSTITUTIONS

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

NOTE 12 COMMERCIAL PAPER AND BONDS ISSUED

Covered bonds:

NOK 1000 *ISIN Code*	NOMINAL VALUE	CURRENCY	INTEREST	ISSUED	MATURITY	BOOK VALUE 31.12.2008
XS0366475662	500 000	EUR	Fixed	28.05.2008	28.05.2010	4 870 839
NO0010428584	1 000 000	NOK	Fixed	06.05.2008	06.05.2015	1 001 174
NO0010428592	3 100 000	NOK	Floating	02.05.2008	02.05.2011	3 096 165
NO0010466071	1 250 000	NOK	Floating	24.10.2008	24.04.2014	1 254 881
NO0010479967	1 000 000	NOK	Floating	12.12.2008	12.06.2012	1 000 000
Amortised interest						90 488
Total commercial paper and bonds issued						**11 313 547**

NOTE 13 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

NOK 1000	YEAR 2008	YEAR 2007
Undrawn credit llimits	745.9	
Total contingent liabilities	**745.9**	**0.0**

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

Notes to the accounts

NOTE 14 CAPITAL ADEQUACY

Ansvarlig capital

NOK 1000	31.12.2008
Share capital	350 000
Other equity	207 875
Equity	**557 875**
Deductions	
Deferred tax assets	-1 770
Core capital	**556 104**
Subordinated loan capital less own holdings	
Deductions	
Net supplementary capital	**0**
Net capital base	**556 104**

Minimumskrav ansvarlig capital

NOK 1000	31.12.2008
Credit risk	401 194
Of which:	
Institutions	20 040
Loans secured against real estate	323 256
Loans past-due	628
Other	57 271
Total minimum requirement for credit risk	**401 195**
Sum minimum requirement for market risk	**0**
Operational risk 1)	3 501
Deductions	-53
Minimum requirement for capital base	**404 643**

Capital adequacy

	31.12.2008
Capital ratio 2)	11,0%
Core capital ratio	11,0%

1) Operational risk is calculated on the basis of budgeted income for 2008 in accordance with the Capital Adequacy Regulation, §42-1, No. 2.
2) The minimum requirement for capital adequacy is 8.00%.

The company was granted its licence in January 2008, and has not calculated capital adequacy prior to this date. Capital adequacy is calculated in accordance with the new capital adequacy regulation (Basel II). The company uses the standard method for credit risk and market risk, and the basic method for operational risk.

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

Notes to the accounts

NOTE 15 RISK MANAGEMENT

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

Credit risk/counterparty risk
Storebrand Kredittforetak is exposed to credit risk through its lending, and is exposed to counterparty risk in connection with transactions in financial instruments.
Lending to retail customers is subject to a different credit approval process. Loans to private individuals are granted on the basis of credit scoring combined with case-by-case evaluation of debt service capacity. Loans are only granted against security in real estate.
The company's counterparty risk (i.e. its credit exposure to other financial institutions) is regulated on the basis of the counterparties' credit ratings and the amounts involved.

Market risk
Market risk is the risk that the company suffers a loss as a result of unexpected unfavourable market movements in interest rates and exchange rates. Storebrand Kredittforetak manages its exposure to interest rate risk so that the net interest rate exposure of both assets and liabilities is as small as possible. Interest rate hedging is structured so that it has moderate accounting impact. All instruments with an interest rate fixing period in excess of six months are subject to a hedging policy for financial and accounting hedging. The financial interest rate risk is calculated on the basis of a stress test that exposes all balance sheet items to a 2 percentage point adverse shift in the yield curve, and with varying distortions of the curve. The most unfavourable of these scenarios is used for the interest rate risk.
Storebrand Kredittforetak's policy is to minimise currency risk and that currency positions must be covered at the time the risk arises.

Derivatives
Derivatives are only used for hedging purposes. The company thus has no trading portfolio consisting of derivatives. The derivatives that can be used in hedging situations are interest rate swaps, interest and exchange rate swaps, exchange rate swaps, future interest rate agreements, currency options and interest rate options.
Storebrand Kredittforetak's exposure to market risk is therefore marginal in relation to the bank's total activities.
Market risk exposure is reported on a monthly basis to the Asset and Liability Committee and the Board.

Liquidity risk
Liquidity risk is the risk that the company is not able to meet all financial commitments as they fall due for payment. It is the company's policy to always have sufficient liquidity to support balance sheet growth as well as to repay loans and deposits as they fall due, and to not take on greater liquidity risk than is justifiable. The liquidity management is designed to ensure that sufficient funding is available to avoid liquidity problems in situations such as:

- Uncertainty among investors about the financial markets in general.
- Uncertainty among investors about the development of house prices.
- Uncertainty in respect of the bank's owner/other group companies.

Kredittforetaket's liquidity is primarily affected by a relatively few large bonds reaching maturity. The company will, to the extent it makes business sense, take out "soft bullet bonds", which means the maturity period of a bond can be extended by up to one year, in order to ensure a proper liquidity situation. In addition there will be limits with respect to how large each repayment can be. The company will also maintain a minimum holding of liquid assets.
Repayments for new borrowing in Kredittforetaket will also always be planned in such a way that no breach of any liquidity targets need be expected in any future periods.
It is highly likely that Kredittforetaket's funding needs will be greater than what can be funded through covered bonds. This funding need will be continuously be covered by the bank. Kredittforetaket will draw on the loan facility from the parent bank as needed for liquidity, including in connection with borrowing repayments.
The liquidity position is managed with the help of the indicators minimum liquidity level, maximum volume per issue and within every 6 month period, and the maximum volume of net repayments within 12 months.
The long-term funding ratio is calculated in accordance with the liquidity risk indicators stipulated by Kredittilsynet (the Norwegian FSA). The liquidity position is reported monthly to the Board.
The group's treasury department carries out daily management of liquidity. A separate risk management system known as Quantitative Asset Management is used for the management and measurement of liquidity risk.

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

Notes to the accounts

NOTE 16 VALUATION

Specification of financial assets to fair value

Bonds and other fixed-income securities

NOK 1000	QUOTED PRICES AND OBSERVABLE ASSUMPTIONS	UNOBSERVABLE ASSUMPTIONS	BOOK VALUE 31.12.2008
Finance, Banking and Insurance	40 176		40 176
Sovereign and Government Guaranteed	270 643		270 643
Total	**310 819**	**0**	**310 819**

Derivatives

NOK 1000	QUOTED PRICES AND OBSERVABLE ASSUMPTIONS	UNOBSERVABLE ASSUMPTIONS	BOOK VALUE 31.12.2008
Basis swaps	914 779		914 779
Interest rate swaps	245 141		245 141
Total derivatives			1 159 920
- Derivatives designated to hedge accounting			245 141
Total derivatives excl. hedge accounting			**914 779**
Derivatives with a positive fair value			914 779
Derivatives with a negative fair value			
Sum			**914 779**

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

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

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

Company information

Foto: Jo Michael/iStockphoto - Produksjon: ReclameService - 02.2009

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Company registration number:	990 645 515

Senior Management:

Åse Jonassen	Managing Director

Board of Directors:

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

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