

Annual Report 2000



Report of the Board of Directors for 2000

Storebrand Bank AS is a wholly owned subsidiary of Storebrand ASA. The Storebrand Bank group comprises Storebrand Bank AS, its subsidiary Storebrand Finans AS and a 50% interest in Bertel O. Steen Finans AS (BOS Finans). Storebrand Finans is a collection company engaged in both collecting its own receivables and receivables for other companies in the Storebrand group. BOS Finans was incorporated in March 1999, and offers financing through the Bertel O. Steen network of car dealerships.

Strategy

Storebrand Bank's objective is to be a leading Norwegian supplier of personal financial services for private individuals with the capacity to undertake savings and investment. The bank intends to achieve this objective by positioning itself as a leading financial adviser for customers in its target group. By offering a comprehensive and first-class financial advice concept, Storebrand Bank intends to be the main relationship that its priority customers will use for all their financial requirements. The strategy of basing services on financial advice will be reinforced through all service channels, with the personal financial adviser playing a key role in the overall relationship with each customer. The bank's financial advisers have a high level of essential expertise, and receive further training and certification both from Storebrand Bank and through co-operation with the Norwegian School of Management BI. This ensures that customers are served by the best financial advisers the market can offer. Storebrand Bank has also entered into a strategic co-operation with PricewaterhouseCoopers that will offer the bank's customers access to specialist expertise in related areas such as tax, legal questions, inheritance etc.

Storebrand Bank attaches great importance to developing a first rate system to provide financial advice that gives customers a very sound base for making the right decisions on their financial situation, both now and in the future. By offering a unified and good quality range of products from both Storebrand and third party suppliers, as well as attractive customer loyalty programs and reporting systems that give customers a good overview of their personal financial situation, Storebrand Bank aims to be the preferred partner for financial products and services.

Market position

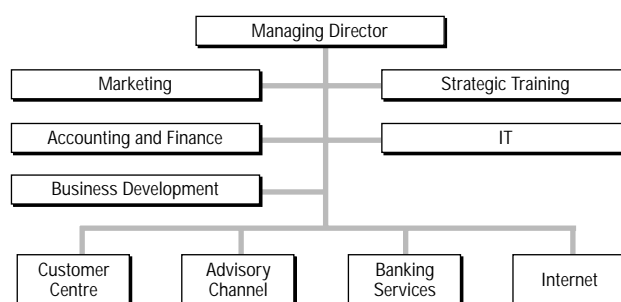
Storebrand Bank currently serves approximately 370,000 retail customers, including 270,000 life insurance customers, 104,000 mutual funds customers and 78,000 banking customers. Storebrand has a very strong market position in a number of product areas for the retail market, including a 32% share of the market for life insurance and a 22% share of the unit-linked market. Storebrand's position in the market for equity funds at the close of 2000 showed a market share of 23.7% of net inflows and 10.4% of outstanding volumes. Sales to the retail market make a significant contribution to these figures for market share.

Organisational arrangements

Storebrand Bank AS was established in 1996 as a telephone banking operation. In 2000 all of the Storebrand group's distribution activities for the retail market were integrated into Storebrand Bank. The bank now has overall responsibility for distribution, customer service and marketing of financial products and services to the retail market.

Storebrand Bank serves its customers through three distribution channels:

- *Financial advisers.* Storebrand Bank operates 20 financial centres with a further 35 satellite offices, representing coverage of 90% of the Norwegian population for the bank's 170 financial advisers. Together with Storebrand Bank's corporate agencies, this constitutes a distribution channel for Storebrand Bank of around 200 personal financial advisers throughout Norway.
- *Customer centres.* Storebrand Bank operates a central customer centre staffed by approximately 50 advisers to offer customer service by telephone.
- *Internet.* Storebrand Bank operates a highly developed and market-leading Internet service which again won awards and general recognition in 2000 as Norway's best Internet bank.



The total number of employees involved in Storebrand Bank's activities increased from 392 at the start of 2000 to 395 at the start of 2001.

FINANCIAL RESULTS

The Storebrand Bank group achieved a profit for the year of NOK 38.0 million in 2000, representing an improvement from the profit of NOK 3.1 million reported for 1999. Operating results showed an improvement from an operating loss of NOK 32.1 million in 1999 to an operating profit of NOK 6.7 million for 2000. The parent company Storebrand Bank AS reported a profit for the year of NOK 38.0 million. Storebrand Finans achieved a profit for the year of NOK 49.1 million as compared to NOK 41.7 million in 1999. Storebrand Bank's share in the results of BOS Finans was a loss of NOK 0.6 million as compared to a loss of NOK 0.4 million in 1999.

Net interest income

Net interest income showed an increase of NOK 68.8 million to NOK 208.1 million. The increase in net interest income reflects both higher interest margin and overall growth in assets. Interest margin for Storebrand Bank AS increased from 1.50% in 1999 to 2.00% in 2000. The increase in interest margin was driven by higher product margins and sales of equity index bonds. The positive contribution of these factors was to some extent offset by a reduction in the proportion of lending funded from deposits. The bank's deposit customers and its mortgage lending are to all practical purposes on floating rate terms. Other interest-bearing assets and liabilities have short interest fixing periods.

Non-interest income

Total non-interest income showed a significant increase from NOK 61.8 million in 1999 to NOK 362.6 million in 2000. The increase should be seen against the background of the concentra-

Report of the Board of Directors for 2000

tion of all the Storebrand group's distribution activities for the retail market into Storebrand Bank with effect from 2000. Net commission income increased strongly to NOK 55.5 million as result of sales of equity index bonds and growth in overall customer numbers. Increased interest rates caused a loss of NOK 1.2 million on securities whereas 1999 saw a gain on securities of NOK 4.9 million. Other sources of non-interest income, principally commissions earned on the distribution of life insurance products, mutual funds products and securities funds, increased from NOK 35.8 million in 1999 to NOK 308.9 million in 2000.

Operating expenses

Total operating expenses increased by NOK 330.7 million to NOK 564.0 million. The higher level of operating expenses should be seen in the context that Storebrand Bank has taken over all functions in Storebrand related to distribution and customer service for the retail market. The increase in expenses principally reflects increases in staff costs and commissions paid to advisers, higher IT costs in respect of operational responsibilities for major systems and systems development, higher marketing costs and the cost of refurbishing the bank's financial centres. Salaries and general administration expenses increased by NOK 247.0 million to NOK 390.0 million. Ordinary depreciation was unchanged from 1999 at NOK 8.7 million. Other operating expenses increased by NOK 83.8 million to NOK 165.3 million.

Loan losses and provisions

The Storebrand Bank group recognised a write-back of NOK 47.3 million in respect of loan losses and provisions in 2000 as compared to a write-back of NOK 36.6 million in 1999. This related largely to the activities of Storebrand Finans. Loan losses and provisions for Storebrand Bank AS amounted to NOK 3.7 million, up by NOK 1.0 million from 1999. Loan losses and provisions reduced by NOK 27.0 million for the year, realised loan losses amounted to NOK 11.2 million and NOK 31.5 million was written back in respect loan losses and provisions booked in previous years. The net total of loans in default or considered doubtful amounted to NOK 96.6 million at the end of 2000.

Write-down of fixed assets

The interest in BOS Finans has been written down by NOK 1.5 million to zero since the company's losses have exhausted its equity. The process of re-capitalising the company is underway.

Transfers and profit allocation

A group contribution of NOK 470.5 million was received from Storebrand ASA. A provision of an equivalent amount has been made for dividend payment. It is proposed that the profit for the year of NOK 38.0 million be allocated to other equity.

BALANCE SHEET

The Storebrand Bank group increased its total assets by NOK 3,219 million in 2000 to reach NOK 11,310 million by the end of the year. The increase in total assets was driven by growth in lending.

Lending

Net lending amounted to NOK 9,157 million at year-end, representing an increase of NOK 6,811 million from 31 December 1999. The bank's lending mainly consists of residential mortgage loans. Growth in lending represents a combination of new residential mortgage lending and equity index bonds.

Securities

Storebrand Bank's investment assets increased in pace with the bank's overall balance sheet, growing from NOK 926 million at the end of 1999 to NOK 1,172 million at the end of 2000. The bank's securities portfolio, which comprises commercial paper and bonds with limited credit and market risk, is recognised at market value at year-end. Storebrand Bank does not hold any securities classified as trading portfolio.

Deposits

Deposits from customers, principally retail customers, increased by NOK 510 million to NOK 5,666 million at the close of 2000. The moderate increase in deposits should be seen in connection with the success of sales of equity index bonds. The loan to deposit ratio was 62% at year end.

Funding

The bank's non-deposit funding increased significantly in 2000 as a result of the strong growth in lending, slower growth in deposits and sales of equity index bonds. Interbank borrowing was reduced over the course of the year to NOK 230 million at year-end, while certificates issued increased from NOK 975 million to NOK 2,365 million at year-end. A total of NOK 250 million was raised by issuing bonds during 2000, and bonds outstanding at year-end totalled NOK 1,434 million. Storebrand Bank has a revolving credit facility amounting to NOK 1,000 million which expires in 2004.

Capital base

The total capital base amounts to NOK 671.3 million, equivalent to a capital ratio of 12.5%. Capital base consists entirely of core capital. Equity capital amounted to NOK 778.7 million at year end, made up of NOK 125.0 million of share capital, NOK 469.7 million of share premium reserve and NOK 184.0 million of other equity.

FINANCIAL CONDITION AND BUSINESS REVIEW

In the view of the Board of Directors the annual accounts provide a satisfactory description of the company's financial condition at the end of 2000. The annual accounts are based on the going concern assumption since the Board does not believe that there are any matters which might suggest this not to be the case.

2000 was the first full year of operations following the integration of Storebrand's retail market distribution activities into Storebrand Bank. The results achieved for the year are in line with the bank's plans, and the bank made good progress in the development of both sales and customer numbers.

Significant resources have been committed to establishing the bank's advisory concept. This has involved the development of a first-class system for giving financial advice and related support systems, training and education of financial advisers and refurbishment of the bank's financial centres. At the same time the decision has been taken to discontinue the franchise distribution concept in order to focus attention on the financial advice concept. Further improvements were made to Storebrand Bank's Internet banking service in 2000, and this is now recognised as the leading Internet service for financial services in Norway. Additional resources have also been committed to automating production and processing customer applications. The product range was expanded in 2000 by introducing equity index bonds, credit cards and customer loyalty programs. New savings and credit products and customer loyalty programs will be launched in 2001 to further improve the product range offered.

Report of the Board of Directors for 2000

Storebrand Bank will continue to invest significant resources during 2001 in developing the bank's advisory concept and increasing the numbers of financial advisers employed, as well as in marketing and launching new products and customer programs.

The Storebrand Bank group expects to achieve an increase in earnings in 2001. The improvement in operating profit seen for Storebrand Bank AS in 2000 is expected to continue. However the income generated by recoveries of previous losses in Storebrand Finans is expected to reduce over time. Storebrand Bank has set a target of maintaining a prudent capital adequacy ratio which exceeds the minimum requirements laid down by the authorities.

RISK MANAGEMENT

The bank's aim is to control the risks arising from changes in cash flow and from movements in market interest rates, as well as to minimise loan losses. The Board is responsible for ensuring that asset and liability management is appropriate for the satisfactory control and organisation of the bank, and it determines limits for risk exposure, delegated authorities and reporting requirements. The Managing Director is responsible for ensuring that asset and liability management is carried out in a satisfactory manner, as well as making proposals to the Board and ensuring that its decisions in this regard are implemented. The Bank's Asset and Liability Management Committee operates as an advisory body for the Managing Director, and its remit is to ensure effective and efficient exercise of the Managing Director's authority in the management of interest rate and liquidity exposure. The bank has implemented an advanced asset and liability management system which will improve the management of interest and liquidity risk and improve profitability.

Interest risk

Storebrand Bank manages its interest rate exposure in such a way as to limit the financial and commercial impact of unfavourable changes in interest rates. Interest rate risk is measured in terms of both accounting and commercial limits. The accounting risk measure calculates the full year effect of a 1% change in interest rates, whilst the commercial risk measure concentrates on the immediate impact of a 1% change in rates. In addition, a sensitivity test is employed which looks at the change in available risk capital which a 2% change in interest rates would cause. At the end of the year, the bank's sensitivity to interest rate movements was calculated in total as NOK 6.3 million.

Liquidity risk

Liquidity is managed in such a way that the bank is able to meet all its commitments as and when they fall due. It is intended that liquidity in Storebrand Bank should always be sufficient to support growth in the balance sheet as well as meeting loan and deposit obligations as they mature. Storebrand Bank's liquidity is managed on the basis of the 90 day mis-match between expected cash inflows and outflows at the balance sheet date. Storebrand Bank has a sound liquidity position on the basis of the current balance sheet composition and the bank's access to liquidity.

Credit risk

Credit risk arising from lending is managed with the help of a credit manual and delegated levels of approval, and credit exposure is monitored routinely. Credit scoring is used in the management of the bank's credit exposure. The bank's booked loans principally consist of residential mortgage loans and equity index bonds based on conservative valuations and with a low credit risk.

In view of the bank's risk management procedures, its sound capital base and liquidity, and the limited nature of its credit exposure, the risk of losses is not expected to be significant in the foreseeable future.

Other matters

The Board thanks all the staff for their efforts in continuing to promote the development of the bank over the past year. Regular surveys of employee satisfaction are carried out and these show that the working environment is considered good. Storebrand Bank's staff co-operation committee met three times in 2000. Absence due to sickness amounted to the equivalent of 8.87 working years, equivalent to 3.18% of total working time. No personal injuries or damage to the bank's assets were registered in 2000. Storebrand Bank's activities are solely service based, and do not pollute the environment. Storebrand Bank implements environmentally friendly measures such as paper recycling.

Over the course of the year Åge Korsvold, Karl Peter Thelin and Espen Klitzing left the Board of Storebrand Bank, whilst Ole Ruud, Oluf Ulseth, Ola Mørkved Rinnan, Terje Thon and Pål Sveinsson joined the Board as new members.

Oslo, 16 February 2001

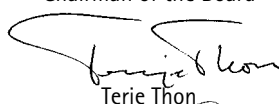
The Board of Directors of Storebrand Bank AS



Idar Kreutzer
Chairman of the Board



Ola Mørkved Rinnan



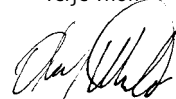
Terje Thon



Pål Sveinsson



Ole Ruud



Oluf Ulseth



Toril Klokke Råsen



Kai Gjesdal Henriksen
Managing Director

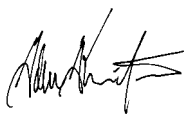
Statement of income


Storebrand Bank AS					Storebrand Bank Consolidated			
1998	1999	2000	Notes	NOK mill.	Notes	2000	1999	1998
2,4	4,3	2,4		Interest on interest-earning deposits with banks		6,5	7,7	2,4
242,3	438,2	563,1		Interest on loans		589,4	466,5	269,1
46,0	52,9	56,8		Interest on commercial paper, bonds and other interest-earning securities		56,8	53,6	46,0
0,8	6,0	254,2		Other interest income		254,2	6,0	5,4
291,6	501,4	876,5		Total interest income		906,8	533,8	322,9
16,4	13,4	23,4		Interest on loan from banks		23,4	13,4	16,4
102,7	273,2	307,8		Interest on interest-bearing deposits		307,8	273,2	102,7
106,0	90,7	145,3		Interest on commercial paper		145,3	90,7	106,0
6,5	17,3	222,2	2	Other interest expenses	2	222,2	17,3	6,6
231,6	394,5	698,7		Total interest expenses		698,7	394,5	231,7
59,9	106,9	177,8		Net interest income		208,1	139,3	91,2
63,1	41,3	48,4	17	Dividends and other income from securities	17	-0,6	-0,4	0,0
18,2	27,1	64,4	3	Commission income and income on banking services	3	64,6	28,1	20,0
-6,5	-6,6	-9,1	3	Commission expense and expense on banking services	3	-9,1	-6,6	-6,5
-17,9	4,9	-1,2		Gain/loss on foreign exchange and securities		-1,2	4,9	-17,9
49,5	29,0	302,1	4	Other operating income	4	308,9	35,8	56,1
106,4	95,6	404,6		Total non-interest income		362,6	61,8	51,7
108,4	129,1	375,8	1,5,6	Staff costs and general administration expenses	1,5,6	390,0	143,0	121,9
6,5	8,6	8,7		Depreciation of machinery and equipment		8,7	8,7	6,8
74,7	73,8	159,3	1,7	Other operating expenses	1,7	165,3	81,5	80,5
189,7	211,4	543,8		Total non-interest expenses		564,0	233,3	209,1
-23,3	-9,0	38,7		Operating income		6,7	-32,1	-66,2
-3,3	-2,7	-3,7	8	Provision for credit losses	8	47,3	36,6	77,5
0,0	0,0	-1,5	17	Write-downs on long-term securities	17	-1,5	0,0	0,0
29,1	14,8	4,6	10	Tax on ordinary result	10	-14,5	-1,4	0,8
2,5	3,1	38,0		Net income		38,0	3,1	12,1
74,9	0,0	0,0		Extraordinary income and expenses		0,0	0,0	0,0
0,0	0,0	0,0		Tax on extraordinary result		0,0	0,0	0,0
77,3	3,1	38,0		Profit/loss for the year		38,0	3,1	12,1
0,0	0,0	470,5		Allocations				
0,0	0,0	-403,0		Contribution from group companies		470,5	0,0	0,0
0,0	0,0	403,0		Contribution to group companies		0,0	0,0	0,0
0,0	0,0	-470,5		Dividends from group companies		0,0	0,0	0,0
77,3	3,1	38,0		Dividends to group companies		-470,5	0,0	0,0
				Transferred to other funds		38,0	3,1	12,1
77,3	3,1	38,0		Total allocations		38,0	3,1	12,1

Balance sheet

Storebrand Bank AS				Storebrand Bank Consolidated		
1999	2000	Notes	NOK mill.	Notes	2000	1999
Assets						
28,1	48,0		Cash and due from central banks		48,0	28,1
1,7	0,9	8	Interest-earning deposits with banks	8	84,4	62,2
28,0	58,7		Overdraft and working capital facilities		58,7	28,0
6 217,3	7 812,6		Instalment loans		7 812,6	6 217,3
503,2	1 227,2		Other loans		1 490,8	792,6
-2,9	-4,7	8	Specified provision for credit losses	8	-199,9	-223,2
-3,8	-5,4	8	Unspecified provision for credit losses	8	-5,4	-3,8
6 741,6	9 088,5	9,12,13,14	Net loans and receivables from customers	9,12,13,14	9 157,0	6 810,6
0,0	0,0		Other repossessed assets		0,0	0,0
925,7	1 172,1	16	Commercial paper, bonds and other interest-earning investments	16	1 172,1	925,7
0,0	0,0		Shares		0,0	2,6
2,1	0,0	17	Shares in associated companies	17	0,0	2,1
95,9	95,9	17	Shares in subsidiaries		0,0	0,0
82,8	67,5	10,18	Intangible assets incl. deferred tax asset	10,18	102,8	127,3
17,4	12,6	18	Premises, furniture and equipment	18	12,7	17,5
53,6	1 044,4	19	Other assets	19	593,2	13,6
96,7	135,2		Prepayments and accrued income		139,8	101,4
8 045,7	11 665,1		TOTAL ASSETS		11 310,0	8 091,2
Liabilities and shareholders' equity						
520,0	230,0	20	Loan from banks	20	230,0	520,0
5 155,8	5 665,8	21	Interest-bearing deposits	21	5 665,8	5 155,8
1 524,8	3 798,8	22	Commercial paper and bond debt	22	3 798,8	1 524,8
49,3	1 065,0	23	Other liabilities	23	664,0	51,8
58,7	142,0		Accruals and deferred income		145,7	64,6
9,2	16,7	24	Provisions for liabilities and charges	24	27,1	24,6
7 317,8	10 918,2		TOTAL LIABILITIES		10 531,3	7 341,5
125,0	125,0	25	Share capital		125,0	125,0
469,7	469,7		Share premium reserve		469,7	469,7
133,1	152,3		Other funds		184,0	155,0
727,8	747,0	26	TOTAL SHAREHOLDERS' EQUITY	26	778,7	749,7
8 045,7	11 665,1		TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		11 310,0	8 091,2
Conditional commitments						
597,2	684,7		Collateralised securities related to loan from central banks		684,7	597,2
0,0	0,0		Loan guarantees		6,3	26,4
18,1	50,1		Guarantee to the Commercial Banks Guarantee Fund		50,1	18,1
0,0	0,0		Other quarantees		0,1	0,2

Oslo, 16 February 2001
The Board of Directors of Storebrand Bank AS


Idar Kreutzer
Chairman of the Board


Ola Mørkved Rinnan


Terje Thon


Pål Sveinsson


Ole Ruud


Oluf Ulseth


Toril Klokke Råsen


Kai Gjesdal Henriksen
Chief Executive Officer

Accounting principles

Basis of the accounts

The accounts have been prepared in accordance with the new Accounting Act (1999) and the regulations issued by the Banking, Insurance and Securities Commission in respect of the annual accounts of banks and finance companies.

The Storebrand Bank group comprises Storebrand Bank AS and the subsidiary Storebrand Finans AS. Storebrand Finans is engaged in running down its finance company activities, and its collection activities cover both its own claims as well as liabilities owed to other members of the Storebrand group. During the course of 1999 Storebrand Bank AS acquired a 50% interest in Bertel O. Steen Finans AS. This company offers financing services through the Bertel O. Steen network of car dealerships.

All figures in the accounts are shown in NOK million to one decimal place, unless otherwise specified.

Consolidation

Shares in subsidiaries are treated in accordance with the past equity method of accounting, whereby the book value of shares in subsidiaries is offset against the equity of the subsidiary in question. The ownership interest in Bertel O. Steen Finans AS has been consolidated in accordance with the equity method of accounting. Internal transactions are eliminated in the profit and loss account and the balance sheet.

Securities

All holdings of bonds and commercial paper are classified as current assets. No holdings of securities are classified as trading portfolio.

The portfolio principle is applied to financial investments in bonds and commercial paper. Investments are valued as a single portfolio at the lower of acquisition cost and market value on the balance sheet date. Any reduction in value is written down and debited to ordinary profit.

Lending

Loans are recorded in the balance sheet at nominal value, less a deduction for loan loss provisions. Loan loss provisions are determined in accordance with the regulations of the Banking, Insurance and Securities Commission.

Specific loan loss provisions are intended to represent estimated losses on loans which are identified as bad or doubtful on the balance sheet date. Provisions are established in respect of all loans subject to legal recovery action, loans in the current portfolio which are considered to be doubtful on a case by case basis and all loans where payments are more than 67 days overdue. General loss provisions are booked to cover losses which, due to matters existing on the balance sheet date, must be expected to occur on facilities which have not been identified and valued in accordance with the rules for specific loss provisions. This type of provision is made for all current loans where there has not been a payment default exceeding 67 days. The provision is made on the basis of past experience and sector data.

Realised losses on facilities are losses which are considered to be final. These include losses arising on the borrower's bankruptcy, insolvency or composition with creditors, or where the company considers it is overwhelmingly likely that the loss is final.

Loans and other credit exposure are considered to be in default when payments are more than 90 days overdue. Once a loan is in default interest, commissions and fees cease to be recognised to income, and interest income for the current year which has been recognised to profit but not received is reversed.

Pension costs

The group applies the provisional Norwegian accounting standard for pension costs. Net pension cost for the period consists of the sum of pension liabilities accrued in the period, the interest charge on the estimated liability and the expected return on pension funds.

Prepaid pension is the difference between the actual value of the pension funds and the present value of estimated pension liabilities, and is booked as a long-term asset in the balance sheet. Correspondingly a long-term liability arises in the accounts when the pension liability is greater than the pension funds.

A distinction is made between insured and uninsured schemes.

The uninsured scheme will always be entered as a liability, as such a scheme does not have a pension fund.

The cumulative effect of changes in assumptions, deviations between calculated and estimated pension liabilities, and the difference between the expected and actual return achieved on pension funds is not charged to profit and loss until such time as it exceeds 10% of the higher of the pension liability or pension funds at the start of the year ("the corridor approach").

Deferred tax

The calculation of deferred tax in the profit and loss account and balance sheet is made on the basis of the provisional Norwegian accounting standard for corporate tax on income. Tax payable is calculated on the basis of the taxable profit for the year and changes in deferred tax/deferred tax assets.

Deferred tax/tax assets are calculated on the basis of timing differences between accounting and tax values as well as the tax effects of the loss and unused allowances carried forward.

Deferred tax assets are capitalised at a rate of 28% of the base amount for tax calculation. Changes in deferred tax assets are recognised in the profit and loss account as deferred tax expense or tax income.

Financial instruments

Storebrand Bank makes use of off-balance sheet financial derivatives in order to achieve the required risk and return profile. The bank uses interest rates swaps and forward rate agreements for this purpose, and the interest income and expense incurred on such instruments is recognised to profit and loss on a continuous basis. The bank does not hold any financial instruments classified as trading portfolio.

Discount on bond loans

Discounts on bond loans issued are amortised as interest expense over the interest-fixing period of the bond loan.

Equity index bonds

Equity index bonds are booked at the issue amount. These bonds are subject to a pre-determined discount which reduces the book value of the bond. The discount is amortised over the life of the bond as an interest expense. The book value therefore increases to issued amount at maturity. Commission is recognised in full in the month the bond is issued. The difference between interest income and the option premium paid represents the spread on the bond. Interest income is equivalent to the discount recognised in the balance sheet, i.e. interest is recognised in full in the month the bond is issued. The option is recognised at gross value as part of other assets/liabilities in the balance sheet on the basis of its market value at 31 December.

Notes

Note 1: Remuneration of senior employees etc.

Storebrand Bank AS:

NOK mill.	No. of shares held *	No. of bonus units	Salary and other remuneration **	Loan ***	Interest rate at 31.12.00
Chief Executive Officer	150	120 000	1 967 596	2 296 534	6,30%-7,85%
Other senior management	3 853	240 000	6 643 239	10 034 204	6,30%-8,10%
Chairman of the Board	600	-	0	1 867 481	6,30%-7,85%
Other Board members	2 245	-	42 167	7 918 100	6,30%-8,15%
Control Committee	386	-	532 167	0	-

* Refers to shares in Storebrand ASA.

** Pension costs for the Chief Executive Officer are included in salary and other remuneration

*** Loans made available both by Storebrand Bank AS and Storebrand Livsforsikring AS.

Remuneration of the Auditor

Storebrand Bank AS			Storebrand Bank Consolidated	
1999	2000	NOK mill.	2000	1999
328 453	624 165	Audit	729 165	398 453
37 445	103 695	Advice	103 695	37 445
365 898	727 860	Total	832 860	435 898

The amount shown for audit fee for Storebrand Bank AS for 2000 includes fees of NOK 187,941 in respect of 1999.

Note 2: Contribution to the Commercial Banks Guarantee Fund

NOK mill.	Storebrand Bank AS		
	2000	1999	1998
Contribution to the Commercial Banks Guarantee Fund	3,5	1,2	0,3

Contribution to the Commercial Banks Guarantee Fund has been recorded under the item "Other interest expenses" in accordance with requirements about the accounts for banks and finance companies.

Notes

Note 3: Commissions and fees on banking services

Storebrand Bank AS				Storebrand Bank Consolidated		
1998	1999	2000	NOK mill.	2000	1999	1998
Commission income and income on banking services						
0,8	0,8	1,2	Commissions on lines of credit	1,2	0,8	0,8
0,0	0,0	0,0	Guarantee commissions	0,2	1,0	1,8
6,1	7,6	10,7	Loan fees	10,7	7,6	6,1
7,3	11,0	14,2	Money transfer fees	14,2	11,0	7,3
3,9	6,1	6,9	Service charges on deposit accounts	6,9	6,1	3,9
0,0	0,0	28,2	Brokerage on equity index linked bonds	28,2	0,0	0,0
0,1	1,6	3,2	Other commission income	3,2	1,6	0,1
18,2	27,1	64,4	Total commission income and income on banking services	64,6	28,1	20,0
Commission expense and expense on banking services						
-3,8	-5,3	-7,5	Money transfer fees	-7,5	-5,3	-3,8
-0,9	-0,3	-0,4	Fee on securities to Norwegian Registry of Securities	-0,4	-0,3	-0,9
-1,7	-0,7	-0,9	Commitment fee on revolving credit arrangement	-0,9	-0,7	-1,7
-0,1	-0,2	-0,3	Other commission expense	-0,3	-0,2	-0,1
-6,5	-6,6	-9,1	Total commission expense and expense on banking services	-9,1	-6,6	-6,5

Note 4: Other income

Storebrand Bank AS				Storebrand Bank Consolidated		
1998	1999	2000	NOK mill.	2000	1999	1998
21,2	14,9	11,1	Income on distribution and management of loans	11,1	14,9	21,2
26,2	13,2	33,2	Income on distribution of mutual funds products	33,2	13,2	26,2
0,0	0,0	200,0	Income on distribution of life insurance products	200,0	0,0	0,0
0,0	0,0	3,3	Income on distribution of health insurance products	3,3	0,0	0,0
0,0	0,0	41,4	Income on distribution of unit linked products	41,4	0,0	0,0
0,0	0,0	0,0	Income on collection of liabilities on behalf of companies within the Storebrand group	6,8	6,8	6,6
2,1	0,9	13,1	Other income	13,1	0,9	2,1
49,5	29,0	302,1	Total other income	308,9	35,8	56,1

Storebrand Bank AS is responsible for distribution and management of the loan portfolio on behalf of Storebrand Livsforsikring AS and Storebrand Skadeforsikring AS.

Storebrand Bank AS is also responsible for distribution of mutual funds on behalf of Storebrand Fondene AS, distribution of health insurance products on behalf of Storebrand Helseforsikring AS, unit linked products on behalf of Storebrand Fondsforsikring AS and life insurance products on behalf of Storebrand Livsforsikring AS.

Storebrand Finans AS is responsible for collection of liabilities owed to all companies within the Storebrand group.

Notes

Note 5: Pension cost and pension liabilities

Staff pension cost are provided by a group scheme, primarily with Storebrand Livsforsikring AS, in accordance with the rules on private occupational pension schemes. Pensions are available at pension age which is 67 for executives and 65 for underwriters. The ordinary retirement age is 65, and a retirement pension equivalent to 70% of pensionable salary becomes payable on retirement. If the period of service to retirement is less than 30 years, a proportionate reduction in pension is made. The pension benefits form a part of the Storebrand group's collective employment terms. Early retirees are defined as those who retire before reaching 65 years of age.

Pension costs and pension liabilities are treated for accounting purposes in accordance with the accounting standards for pension costs issued by the Norwegian Accounting Standards Foundation (see also Accounting principles). Both funded and nonfunded schemes are treated as benefit plans. The following assumptions have been used in the calculation:

Financial assumptions:

-Return on pension funds	8,00 %
-Discount rate	7,00 %
-Annual salary growth	3,00 %
-Expected adjustment of Social Security Funds's basic amount (G)	3,00 %
-Annual pension increase	2,50 %
-Average rate of employers' contributions	13,50 %

Actuarial assumptions:

- Standardised assumptions on mortality/disability and other demographic factors as produced by the Norwegian Insurance Association.
- Average employee turnover rate of 2-3% of entire workforce.
- Linear earnings profile.

The calculation apply to 341 employees in Storebrand Bank AS and 375 employees in Storebrand Bank group.

Net accrued pension costs are shown in the table below.

Storebrand Bank AS						Net pension cost					Storebrand Bank Consolidated			
1998	1999		2000											
Total	Total	Funded scheme	Non-funded	Total	NOK mill.		Funded scheme	Non-funded	Total		1999	1998	Total	Total
-4,0	-3,5	-9,3	-1,7	-11,0	Pension contributions due for the year		-9,8	-1,9	-11,7		-4,6	-5,0		
-7,4	-1,4	-6,7	-0,8	-7,5	Interest expense pension liability		-7,5	-1,0	-8,5		-4,2	-9,2		
8,5	1,3	8,4	0,0	8,4	Expected return pension funds		9,5	0,0	9,5		4,5	10,6		
-2,9	-3,6	-7,6	-2,5	-10,1	Net pension cost		-7,7	-2,9	-10,6		-4,3	-3,6		

Calculated liability

Shown below is a reconciliation of estimated pension liabilities and the pension funds held in respect of these against the liability recorded in the balance sheet.

Storebrand Bank AS						Net pension liabilities					Storebrand Bank Consolidated			
1998	1999		2000											
Total	Total	Funded scheme	Non-funded	Total	NOK mill.		Funded scheme	Non-funded	Total		1999	1998	Total	Total
-23,8	-26,5	-79,3	-13,2	-92,5	Earned pension liability		-88,7	-17,0	-105,7		-53,7	-50,1		
-2,2	-3,0	-31,7	0,0	-31,7	Calculated effect of future salary growth		-34,4	0	-34,4		-6,3	-5,4		
-26,0	-29,5	-111,0	-13,2	-124,2	Calculated pension liability		-123,2	-17,0	-140,1		-60,0	-55,5		
20,0	20,2	112,8	0,0	112,8	Pension funds at market value		126,1	0,0	126,1		47,9	48,5		
-6,0	-9,3	1,8	-13,2	-11,4	Net calculated pension liabilities/funds		2,9	-17,0	-14,1		-12,1	-7,0		
0,0	0,0	-12,1	7,6	-4,5	Estimated deviation as at 1.1. *		-8,6	5,0	-3,7		0,0	0,0		
-0,2	1,0	0,0	0,0	0,0	Pension funds		0,0	0,0	0,0		2,3	-0,4		
0,1	-0,1	0,0	0,0	0,0	Pension liabilities		0,0	0,0	0,0		-0,1	0,2		
-6,1	-8,4	-10,3	-5,6	-15,9	Net pension liabilities recorded in balance sheet **		-5,7	-12,0	-17,7		-9,9	-7,2		

* Deviations from estimate are recorded against the "corridor" in accordance with Norwegian Accounting Standards, and are not reflected in the balance sheet or statement of income. (See Accounting Principles).

** Calculated employers' contribution (NOK 0,8 mill.) of recorded pension liability are included in the balance sheet under the item "Provision for liabilities and charges".

Notes

Note 6: Staff costs and general administration expenses

Storebrand Bank AS				Storebrand Bank Consolidated		
1998	1999	2000	NOK mill.	2000	1999	1998
47,2	53,7	174,6	Ordinary salaries	184,5	63,8	56,8
7,6	9,0	19,7	Employer's contribution	21,1	10,6	9,2
3,3	3,3	6,6	Other social security contributions *	7,2	3,8	3,7
3,1	3,7	13,0	Pension costs	13,6	4,3	3,8
61,2	69,7	213,9	Total staff costs	226,4	82,5	73,5
10,2	24,8	26,3	Equipment rentals and maintenance	27,0	25,2	10,7
9,0	9,5	20,4	Stationary, supplies and postage	20,8	9,8	9,2
3,8	4,3	22,0	Travel expenses and training expenses	22,6	4,7	4,2
24,2	20,8	93,2	Marketing and advertising	93,2	20,8	24,3
47,2	59,4	161,9	Total administration expenses	163,6	60,5	48,4
108,4	129,1	375,8	Total staff costs and general administration expenses	390,0	143,0	121,9
0,6	1,0	2,9	* expenses related to interest rate subsidies on loans to employees	3,2	1,2	0,7
142	154	279	Average number of employees calculated on a full-time basis	313	189	175

Note 7: Other operating expenses

Storebrand Bank AS				Storebrand Bank Consolidated		
1998	1999	2000	NOK mill.	2000	1999	1998
17,2	11,2	39,4	Contract personell	40,0	5,8	17,5
4,4	4,3	22,5	Operating expenses on rented premises	24,6	12,0	5,9
53,1	58,3	97,4	Inter-company charges for services	100,1	60,5	54,8
0,0	0,0	0,0	Other operating expenses	0,6	3,2	2,3
74,7	73,8	159,3	Total other operating expenses	165,3	81,5	80,5

Note 8: Credit and guarantee losses

Change in specified provision for credit losses to cover losses on loans to customers

Storebrand Bank AS				Storebrand Bank Consolidated		
1998	1999	2000	NOK mill.	2000	1999	1998
0,6	2,6	2,9	Specified provision for credit losses as of 1.1	223,2	232,0	263,8
			- This periods charge-offs covered by specified provisions made			
0,0	0,0	0,0	in previous years	-10,8	-16,1	-8,8
0,7	0,1	0,6	+ Increase in specified provision for credit losses in the period	12,3	20,1	0,0
1,3	0,2	1,2	+ New specified provision for credit losses in the period	8,7	1,2	22,3
0,0	0,0	0,0	- Recoveries of loans in the period previously charged-off	-33,5	-14,0	-45,3
2,6	2,9	4,7	Specified provision for credit losses as of 31.12.	199,9	223,2	232,0

The Bank has none specified provision for losses related to loans to other financial institutions.

Notes

Change in unspecified provision for credit losses to cover losses on loans to customers

Storebrand Bank AS				Storebrand Bank Consolidated		
1998	1999	2000	NOK mill.	2000	1999	1998
0,5	1,6	3,8	Unspecified provision for credit losses as of 1.1.	13,0	27,8	42,5
1,1	2,2	1,6	+/- Change in unspecified provision for credit losses in the period	-3,6	-14,8	-14,7
1,6	3,8	5,4	Unspecified provision for credit losses as of 31.12. *	9,4	13,0	27,8

The Bank has none unspecified provision for losses related to loans to other financial institutions.

* Figures for Storebrand Bank Consolidated includes unspecified provision for losses on guarantees.

Credit and guarantee losses etc.

Storebrand Bank AS				Storebrand Bank Consolidated		
1998	1999	2000	NOK mill.	2000	1999	1998
-2,0	-0,3	-1,8	Change in specified provision for credit losses in the period	23,4	8,8	31,8
-1,1	-2,2	-1,6	+ Change in unspecified provision for credit losses in the period	3,6	14,8	14,7
0,0	0,0	0,0	+ Charge-offs in the periode covered by specified provisions made in previous years	-10,9	-16,1	-5,5
-0,2	-0,2	-0,3	+ Charge-offs in the period not covered by provisions made in previous years	-0,3	-2,2	-8,8
0,0	0,0	0,0	- Recoveries of loans in the period previously charged-off	31,5	31,3	45,3
-3,3	-2,7	-3,7	Total credit and gurantee losses in the period	47,3	36,6	77,5

Note 9: Change in interest accrual on lending

Storebrand Bank AS			Storebrand Bank Consolidated	
1999	2000	NOK mill.	2000	1999
0,2	0,2	Interest accrued but not recognised to profit and loss on loans in the balance sheet at 1.1.	0,2	0,2
0,0	0,1	Interest accrued in prior period recognised to profit and loss this period	0,1	0,0
0,0	0,0	Interest accrued but not recognised to profit and loss on loans no longer in the balance sheet	0,0	0,0
0,0	0,0	Interest accrued but not recognised to profit and loss on bad and doubtful loans	0,0	0,0
0,2	0,3	Interest accrued but not recognised to profit and loss on loans in the balance sheet at 31.12.	0,3	0,2

Notes

Note 10: Deferred tax/tax benefit

Storebrand Bank AS:

NOK mill.	2000		1999		Net
Temporary differences:	Positive	Negative	Positive	Negative	change
Securities		3,2		3,8	0,6
Operating assets		4,0		2,1	-1,9
Pension liabilities		15,9		8,6	-7,3
Total temporary differences	0,0	23,1	0,0	14,5	-8,6
Loss carried forward		0,0		67,5	67,5
Tax allowances carried forward		210,8		203,0	-7,8
Set-off	0,0	0,0	0,0	0,0	0,0
Net temporary differences	0,0	233,9	0,0	285,0	51,1
Limitation in deferred tax benefit		0,0		0,0	0,0
Base for balance sheet entries	0,0	233,9	0,0	285,0	51,1
Tax		65,5		79,8	14,3
Deferred tax/tax benefit	0,0	65,5	0,0	79,8	14,3
Other items recorded against tax					-18,9
Deferred tax in the income statement					-4,6

Storebrand Bank Consolidated:

NOK mill.	2000		1999		Net
Temporary differences:	Positive	Negative	Positive	Negative	change
Securities		3,2		3,8	0,6
Operating assets		21,6		22,8	1,2
Provision for liabilities and charges		5,3		12,7	7,4
Prepaid pension	4,6		4,7		-0,1
Pension liabilities		22,3		14,8	-7,5
Profit and loss account		6,1		7,6	1,5
Total temporary differences	4,6	58,5	4,7	61,7	3,1
Loss carried forward		93,9		620,6	526,7
Tax allowances carried forward		212,4		204,6	-7,8
Set-off	-4,6	-4,6	-4,7	-4,7	0,0
Net temporary differences	0,0	360,2	0,0	882,2	522,0
Limitation in deferred tax benefit		0,0		-438,2	-438,2
Base for balance sheet entries	0,0	360,2	0,0	444,0	83,8
Tax	0,0	100,8	0,0	124,3	23,5
Deferred tax/tax benefit	0,0	100,8	0,0	124,3	23,5
Other items recorded against tax					-9,0
Deferred tax in the income statement					14,5

Note 11: Operating loss carried forward

NOK mill.	Storebrand	Storebrand
Year	Bank AS	Bank Consolidated
1994	-	93,9
Total loss carried forward	0,0	93,9

Notes

Note 12: Loan and guarantees to elected representatives and employees

NOK mill.	Storebrand Bank AS	
	2000	1999
Loans to and guarantees for employees 1)	1 699,2	1 315,4
Loans to and guarantees for the CEO 2)	2,3	2,4
Loans to and guarantees for the Chairman of the Board of Directors	1,9	0,0
Loans to and guarantees for other members of the Board of Directors 3)	7,9	7,6

1) Relates to loans to employees of Storebrand ASA.

2) NOK 1,2 million level instalment loan repayable in monthly instalments to 2029, current interest rate 6.3%.

NOK 1,1 million term loan repayable in monthly instalments to 2015, current interest rate 7.85%.

3) 1999 figure includes loans of NOK 2.4 million from Storebrand Livsforsikring AS.

Note 13: Loans

Storebrand Bank AS		Loans classified according to geographical location		
1999	2000	NOK mill.	Storebrand Bank Consolidated	
			2000	1999
2 135,3	3 237,3	Oslo	3 237,3	2 135,3
3 054,9	4 009,1	Eastern Norway	4 009,1	3 054,9
146,3	181,1	Southern Norway	181,1	146,3
884,9	1 050,4	Western Norway	1 050,4	884,9
489,5	571,2	Central Norway/Northern Norway	571,2	489,5
37,5	49,4	Abroad	49,4	37,5
6 748,4	9 098,5	Total loan	9 098,5	6 748,4
0,0	0,0	Receivables from customers within Storebrand Finans AS	263,6	289,4
6 748,4	9 098,5	Total loans and receivables from customers	9 362,1	7 037,8

Storebrand Bank AS		Loans for principal sectors		
1999	2000	NOK mill.	Storebrand Bank Consolidated	
			2000	1999
0,0	75,2	Private sector limited liability entities	75,2	0,0
0,0	0,0	of this past due loans	0,0	0,0
0,0	0,0	of this non-performing assets	0,0	0,0
		Specified provision for credit losses on loans to private sector limited		
0,0	0,0	liabilities entities	0,0	0,0
0,2	3,7	Sole proprietors/small business	3,7	0,2
0,0	0,0	of this past due loans	0,0	0,0
0,0	0,0	of this non-performing assets	0,0	0,0
0,0	0,0	Specified provision for credit losses on loans to sole proprietors/small business	0,0	0,0
6 710,7	8 970,2	Retail customers	9 233,8	7 000,1
19,2	32,9	of this past due loans	296,5	308,6
0,0	0,0	of this non-performing assets	0,0	0,0
2,9	4,7	Specified provision for credit losses on loans to retail customers	199,9	223,3
37,5	49,4	Abroad	49,4	37,5
0,0	0,0	of this past due loans	0,0	0,0
0,0	0,0	of this non-performing assets	0,0	0,0
0,0	0,0	Specified provision for credit losses on loans to abroad	0,0	0,0
6 748,4	9 098,5	Net loans and receivables from customers	9 362,1	7 037,8

Storebrand Bank AS		Lines of credit		
1999	2000	NOK mill.	Storebrand Bank Consolidated	
			2000	1999
27,956	35,9	Drawn lines	35,9	27,956
58,4	76,9	Credit limit	76,9	58,4
48 %	47 %	Line utilisation	47 %	48 %

Notes

Note 14: Past due loans and non-performing assets

Past due loans and non-performing assets									
Storebrand Bank AS					Storebrand Bank Consolidated				
1997	1998	1999	2000	NOK mill.	2000	1999	1998	1997	
2,4	10,3	19,2	32,9	Past due loans	296,5	308,6	335,2	361,5	
-0,6	-2,6	-2,9	-4,7	Specified provision for credit losses	-199,9	-223,2	-232,0	-263,8	
1,8	7,7	16,3	28,2	Net past due loans	96,6	85,4	103,2	97,7	
0,0	0,0	0,0	0,0	Non-performing assets	0,0	0,0	0,0	0,0	
0,0	0,0	0,0	0,0	Specified provision for credit losses	0,0	0,0	0,0	0,0	
0,0	0,0	0,0	0,0	Net non-performing assets	0,0	0,0	0,0	0,0	
1,8	7,7	16,3	28,2	Net past due loans and non-performing assets	96,6	85,4	103,2	97,7	

Key figures									
Storebrand Bank AS					Storebrand Bank Consolidated				
1997	1998	1999	2000	NOK mill.	2000	1999	1998	1997	
2 040,9	4 915,7	6 748,4	9 098,5	Gross loans and receivables from customers	9 362,1	7 037,8	5 240,6	2 400,0	
2,4	10,3	19,2	32,9	Past due loans	296,5	308,6	335,2	361,5	
0,0	0,0	0,0	0,0	Non-performing assets	0,0	0,0	0,0	0,0	
2,4	10,3	19,2	32,9	Total past due loans and non-performing assets	296,5	308,6	335,2	361,5	
0,0 %	0,2 %	0,3 %	0,4 %	Total past due loans and nonperforming assets in percent of gross loans	3,2 %	4,4 %	6,4 %	15,1 %	
25,0 %	25,2 %	15,1 %	14,3 %	Specified provision for credit losses in % of total past due loans and nonperforming assets	67,4 %	72,3 %	69,2 %	73,0 %	
0,0 %	0,0 %	0,1 %	0,1 %	Unspecified provision for credit losses in % of net loans	0,1 %	0,1 %	0,0 %	0,0 %	

Note 15: Financial derivatives

Storebrand Bank AS							Storebrand Bank Consolidated						
Gross nominal volume	Average nominal volume	Net nominal volume	Credit equivalent amount	Book value	Market value	NOK mill.	Gross nominal volume	Average nominal volume	Net nominal volume	Credit equivalent amount	Book value	Market value	
Options related to equity													
862,9	323,0	862,9	8,6	112,8	112,8	index bonds *	862,9	323,0	862,9	8,6	112,8	112,8	
0,0	268,8	0,0	0,0	0,0	0,0	Forward rate agreements	0,0	268,8	0,0	0,0	0,0	0,0	
1 882,0	1 490,5	1 078,0	3,2	0,0	58,1	Interest rate swaps	1 882,0	1 490,5	1 078,0	3,2	0,0	58,1	

The bank uses derivatives to reduce exposure to interest rate risk. Interest rate swaps are used to hedge a 3 year bond loan and the bank's fixed-rate customer lending. FRAs are used to hedge interest rate risk on funding.

* See also note 19 and note 23

Notes

Note 16: Securities

Storebrand Bank AS							Storebrand Bank Consolidated					
Commercial paper and bonds			Other interest-earning securities			NOK mill.	Commercial paper and bonds			Other interest-earning securities		
Acqui-sition cost	Book value	Market value	Acqui-sition cost	Book value	Market value		Acqui-sition cost	Book value	Market value	Acqui-sition cost	Book value	Market value
331,8	332,0	335,2	0,0	0,0	0,0	Norwegian government & govt. entities	331,8	332,0	335,2	0,0	0,0	0,0
131,6	131,5	131,5	0,0	0,0	0,0	Public sector lending institutions	131,6	131,5	131,5	0,0	0,0	0,0
75,8	76,2	76,2	0,0	0,0	0,0	Commercial banks	75,8	76,2	76,2	0,0	0,0	0,0
0,0	0,0	0,0	0,0	0,0	0,0	Savings banks	0,0	0,0	0,0	0,0	0,0	0,0
54,3	54,6	54,6	0,0	0,0	0,0	Mortgage lending institutions	54,3	54,6	54,6	0,0	0,0	0,0
206,9	206,4	206,4	0,0	0,0	0,0	Norwegian regional authorities	206,9	206,4	206,4	0,0	0,0	0,0
243,7	242,9	242,9	0,0	0,0	0,0	Norwegian municipal authorities	243,7	242,9	242,9	0,0	0,0	0,0
0,0	0,0	0,0	0,0	0,0	0,0	State owned enterprises	0,0	0,0	0,0	0,0	0,0	0,0
59,1	58,5	58,5	0,0	0,0	0,0	Municipal enterprises	59,1	58,5	58,5	0,0	0,0	0,0
70,0	70,0	70,0	0,0	0,0	0,0	Private sector limited liability entities *	70,0	70,0	70,0	0,0	0,0	0,0
Total current assets not valued												
1173,2	1172,1	1175,3	0,0	0,0	0,0	as per Accounting Act §5-8	1173,2	1172,1	1175,3	0,0	0,0	0,0
75,8	75,8	76,2	0,0	0,0	0,0	of which listed securities	75,8	75,8	76,2	0,0	0,0	0,0
breakdown of current assets by currency:												
1173,2	1172,1	1175,3	0,0	0,0	0,0	Norwegian kroner	1173,2	1172,1	1175,3	0,0	0,0	0,0

Average effective yield: Commercial paper 5.73%, bonds 6.09%.

* Applies only to an irrevocable convertible bond issue by ACTA that confers the right and obligation to convert to shares in ACTA at a price of NOK 27.50 prior to 31.12.2001.

Note 17: Shares in group companies and associated companies

Group companies:

NOK mill.	Ownership interest (%)	Acquisition cost	2000 profit	Book value 31.12.00
Storebrand Finans AS	100,0 %	95,9	49,1	95,9

Storebrand Finans AS is consolidated on the cost method. The profit of Storebrand Finans AS is recognised in full as a dividend receipt by the parent company Storebrand Bank AS.

Associated companies:

NOK mill.	Ownership interest (%)	Acquisition cost	2000 profit	Book value 31.12.00
Bertel O. Steen Finans AS	50,0 %	2,5	-0,6	0,0

The shareholding in Bertel O. Steen Finans AS was acquired in March 1999, and is consolidated on the equity method of accounting. The accounts of Bertel O. Steen Finans AS show a loss for 2000 and negative equity as at 31.12.2000. Storebrand Bank AS has therefore written down the value of its shareholding to NOK 0 in its accounts as at 31.12.2000.

Notes

Note 18: Operating assets

Storebrand Bank AS							Storebrand Bank Consolidated					
1999			2000			NOK mill.	2000			1999		
Machinery, plant and equipment	Real estate	Intangible assets	Machinery, plant and equipment	Real estate	Intangible assets		Machinery, plant and equipment	Real estate	Intangible assets	Machinery, plant and equipment	Real estate	Intangible assets
25,2	0,0	5,0	33,0	0,0	5,0	Acquisition cost 1.1.	35,0	0,0	5,0	27,2	0,0	5,0
8,0	0,0	0,0	2,8	0,0	0,0	Additions during year	2,8	0,0	0,0	8,0	0,0	0,0
-0,2	0,0	0,0	0,0	0,0	0,0	Disposals at acquisition cost	0,0	0,0	0,0	-0,7	0,0	0,0
-15,5	0,0	-2,0	-23,2	0,0	-3,0	Accumulated depreciation and write-downs	-25,1	0,0	-3,0	-16,9	0,0	-2,0
17,4	0,0	3,0	12,6	0,0	2,0	Book value at 31.12.	12,7	0,0	2,0	17,5	0,0	3,0
7,6	0,0	1,0	7,7	0,0	1,0	Ordinary depreciation for the year	7,7	0,0	1,0	7,7	0,0	1,0
4 year	5 year	4 year	5 year	Estimated economic life of the asset			3-4 year	5 year	3-4 year	5 year		

In the statement of income the straight line principle is applied, which is based on the estimated economic life of the asset.

Note 19: Other assets

Storebrand Bank AS			Storebrand Bank Consolidated	
1999	2000	NOK mill.	2000	1999
5,9	6,3	Receivables group companies	6,3	5,9
41,7	452,1	Dividend from Storebrand Finans AS	0,0	0,0
0,0	470,5	Group contribution from Storebrand ASA	470,5	0,0
0,0	112,8	Market value on options related to equity index linked bonds *	112,8	0,0
3,7	0,0	Cash automatic teller-machines	0,0	3,7
2,4	2,7	Other assets	3,6	4,0
53,6	1 044,4	Total other assets	593,2	13,6

* See note 15 and note 23

Note 20: Liabilities to other financial institutions

Storebrand Bank AS			Storebrand Bank Consolidated	
1999	2000	NOK mill.	2000	1999
450,0	230,0	Due to Norges Bank 1)	230,0	450,0
0,0	0,0	Due to commercial banks	0,0	0,0
70,0	0,0	Due to savings banks	0,0	70,0
520,0	230,0	Total liabilities to other financial institutions	230,0	520,0

All liabilities to other financial institutions are denominated in Norwegian kroner.

The average interest rate on borrowing from Norges Bank is 7.05% and the average maturity of such loans is 3 days.

1) Securities pledged as security for fixed rate borrowing from Norges Bank amounted to NOK 684,7 million at 31.12.00.

Notes

Note 21: Deposits from and liabilities to customers

Storebrand Bank AS		Deposits by type of account NOK mill.	Storebrand Bank Consolidated	
1999	2000		2000	1999
838,2	957,0	Total current accounts	957,0	838,2
4 304,0	4 612,1	Total savings accounts	4 612,1	4 304,0
13,6	96,7	Total fixed term deposits	96,7	13,6
5 155,8	5 665,8	Total deposits from and liabilities to customers	5 665,8	5 155,8
Which represent the following break down by maturity:				
5 142,2	5 569,1	Deposits from and liabilities to customers with no fixed maturity	5 569,1	5 142,2
13,6	96,7	Deposits from and liabilities to customers for a fixed period	96,7	13,6

The average interest rate paid on deposits (excl. fixed term deposits) was 6.60% .

Fixed term deposits (deposits on specific terms) attracted an average interest rate of 7.28%.

Storebrand Bank AS		Deposits by type of depositor NOK mill.	Storebrand Bank Consolidated	
1999	2000		2000	1999
819,1	924,6	Commercial customers	924,6	819,1
4 233,2	4 633,1	Private individuals	4 633,1	4 233,2
103,5	108,1	Foreign depositors	108,1	103,5
5 155,8	5 665,8	Total deposits from and liabilities to customers	5 665,8	5 155,8

Note 22: Liabilities incurred by issuing securities

Storebrand Bank AS		NOK mill.	Storebrand Bank Consolidated	
1999	2000		2000	1999
975,0	2 364,9	Commercial paper issued	2 364,9	975,0
549,8	1 433,9	Bond loans issued	1 433,9	549,8
1 524,8	3 798,8	Total liabilities incurred by issuing securities	3 798,8	1 524,8

The average effective yield on commercial paper issued is 7.33% and the average maturity is 4.4 months, whilst the average effective yield on bond loans is 6.86% with average maturity of 2 years and an average period to the next interest fixing date of 3 months. The figures reported for effective yield exclude the effective of derivatives. The calculation of interest fixing periods does take derivatives into account.

Bond loans are due to redeem in full between 2001 and 2006.

Any discount on the issue of securities is amortised as interest expense for the borrowing in question over the period to the next interest fixing date.

All liabilities incurred by issuing securities are denominated in Norwegian kroner.

Note 23: Other liabilities

Storebrand Bank AS		NOK mill.	Storebrand Bank Consolidated	
1999	2000		2000	1999
0,4	13,1	Payable group companies	13,0	0,5
0,0	403,0	Group contribution to Storebrand Finans AS	0,0	0,0
0,0	470,5	Dividends to Storebrand ASA	470,5	0,0
0,0	112,8	Market value on options related to equity index linked bonds *	112,8	0,0
40,1	43,5	Money transfers	43,5	40,1
8,7	22,1	Other liabilities	24,2	11,1
49,3	1 065,0	Total other liabilities	664,0	51,8

* See note 15 and note 19

Notes

Note 24: Provision for liabilities and charges

Storebrand Bank AS			Storebrand Bank Consolidated	
1999	2000	NOK mill.	2000	1999
0,0	0,0	Unspecified provision for guarantees	4,0	9,2
8,4	15,9	Pension liabilities *	22,3	14,6
0,8	0,8	Other provisions	0,8	0,8
9,2	16,7	Total provision for liabilities and charges	27,1	24,6

* See note 5 - Pension cost and pension liabilities

Note 25: Share capital

NOK	2000	1999
Number of shares in Storebrand Bank AS	125 000	125 000
Nominal value	1 000	1 000
Share capital	125 000 000	125 000 000

Storebrand Bank AS is a wholly owned subsidiary (100% interest) of Storebrand ASA.

Note 26: Change in equity

Storebrand Bank AS					1999			
	Share capital	Share premium reseve	Other funds	Total equity	Share capital	Share premium reseve	Other funds	Total equity
NOK mill.								
Opening balance at 1.1	125,0	469,7	133,1	727,8	100,0	319,7	130,0	549,7
New share capital	0,0	0,0	0,0	0,0	25,0	150,0	0,0	175,0
Change in deferred tax arising from group contribution/dividend	0,0	0,0	-18,9	-18,9	0,0	0,0	0,0	0,0
Capitalised losses carried forward	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Profit for the year after tax	0,0	0,0	38,0	38,0	0,0	0,0	3,1	3,1
Equity at 31.12.	125,0	469,7	152,3	747,0	125,0	469,7	133,1	727,8

Storebrand Bank Consolidated					1999			
	Share capital	Share premium reserve	Other funds	Total equity	Share capital	Share premium reserve	Other funds	Total equity
NOK mill.								
Opening balance at 1.1	125,0	469,7	155,0	749,7	100,0	319,7	151,9	571,6
New share capital	0,0	0,0	0,0	0,0	25,0	150,0	0,0	175,0
Change in deferred tax arising from group contribution/dividend	0,0	0,0	-18,9	-18,9	0,0	0,0	0,0	0,0
Capitalised losses carried forward	0,0	0,0	9,9	9,9	0,0	0,0	0,0	0,0
Profit for the year after tax	0,0	0,0	38,0	38,0	0,0	0,0	3,1	3,1
Equity at 31.12.	125,0	469,7	184,0	778,7	125,0	469,7	155,0	749,7

Notes

Note 27: Capital adequacy

Storebrand Bank AS			Storebrand Bank Consolidated	
1999	2000	NOK mill.	2000	1999
0,0	0,0	Assets included in the trading portfolio	0,0	0,0
4 077,2	5 398,5	Assets not included in the trading portfolio	5 298,3	4 023,1
9,1	66,0	Off-balance-sheet items	72,3	22,3
0,0	0,0	Currency risk	0,0	0,0
4 086,3	5 464,5	Total risk-weighted assets	5 370,6	4 045,4
645,0	679,5	Core capital	671,3	617,7
0,0	0,0	Supplementary capital	0,0	0,0
645,0	679,5	Total capital	671,3	617,7
15,8 %	12,4 %	Total capital ratio	12,5 %	15,3 %
727,8	747,0	Booked equity	778,7	749,7
645,0	679,5	- Core capital	671,3	617,7
82,8	67,5	Net	107,4	132,0
0,0	0,0	Overfinancing of pension liabilities	4,6	4,7
82,8	67,5	Intangible assets	102,8	127,3
82,8	67,5	Total	107,4	132,0

Note 28: Residual maturity on balance sheet items for Storebrand Bank AS

NOK mill.	1-30 Days	31 Days to 90 Days	91 Days to 1 Year	1 Year to 5 Years	Over 5 Years	No fixed maturity	TOTAL
Cash and due from central banks	48,0						48,0
Interest-earning deposits with banks	0,9						0,9
Net loans	6,0	12,1	91,2	1 028,8	7 950,4		9 088,5
Securities		181,3	674,0	156,9	160,0		1 172,1
Other assets with fixed maturity	11,6	933,4	40,3	109,9	164,5		1 259,7
Assets with no fixed maturity						95,9	95,9
Total assets	66,5	1 126,8	805,5	1 295,6	8 274,9	95,9	11 665,1
Loan from banks	230,0						230,0
Interest-bearing deposits	1 370,7	96,7			4 198,4		5 665,8
Commercial paper	100,0	650,0	2 164,9	725,8	158,1		3 798,8
Other liabilities with fixed maturity	115,2	893,0	67,0	16,2	132,1		1 223,5
Shareholders' equity						747,0	747,0
Total liabilities and shareholders' equity	1 815,9	1 639,7	2 231,9	742,0	4 488,6	747,0	11 665,1
Liquidity exposure gap on balance sheet items	-1 749,4	-512,9	-1 426,4	553,6	3 786,3	-651,1	0,0
Receipts/payments of derivatives not recorded in the balance sheet	-	-	-	-	-	-	-
Net all items	-1 749,4	-512,9	-1 426,4	553,6	3 786,3	-651,1	0,0

Storebrand Bank AS has established a committed line of credit facility of NOK 1.000 mill., of which NOK 0 has been drawn.

Notes

Note 29: Interest Rate Gap Analysis – Storebrand Bank AS

NOK mill.	1-30 Days	31 Days to 90 Days	91 Days to 1 Year	1 Year to 5 Years	Over 5 Years	Non-interest sensitive	TOTAL
Cash and due from central banks	48,0						48,0
Interest-earning deposits with banks	0,9						0,9
Net loans		8 162,3	315,7	411,8	198,7		9 088,5
Securities		181,3	783,8	207,0	0,0		1 172,1
Other interest-earning assets						1 259,7	1 259,7
Noninterest-earning assets						95,9	95,9
Total assets	48,9	8 343,5	1 099,5	618,8	198,7	1 355,6	11 665,1
Loan from banks	230,0						230,0
Interest-bearing deposits		5 665,8					5 665,8
Commercial paper	350,0	650,0	2 164,9	475,8	158,1		3 798,8
Other interest-bearing liabilities						1 223,5	1 223,5
Shareholders' equity						747,0	747,0
Total liabilities and shareholders' equity	580,0	6 315,8	2 164,9	475,8	158,1	1 970,5	11 665,1
Interest exposure gap on balance sheet items	-531,1	2 027,7	-1 065,4	143,1	40,6	-614,9	0,0
Interest exposure gap, average of total assets	-5 %	17 %	-9 %	1 %	0 %	-5 %	0 %

Notes

STATEMENT OF CASH FLOWS

Storebrand Bank AS			Storebrand Bank Consolidated	
1999	2000	NOK mill.	2000	1999
Cash flows from operating activities:				
-3 242,4	-4 126,3	Payments made on loans to customers	-4 126,3	-3 242,4
1 433,7	1 822,7	Payments received on loans to customers	1 848,5	1 461,3
-81,9	-466,7	Payments made on credit lines and overdraft	-466,7	-81,9
64,6	428,1	Payments received on credit lines and overdraft	428,1	64,6
10 861,4	17 832,6	Interest-bearing deposits from customers	17 832,6	10 861,4
-9 459,6	-17 607,5	Repayment of customer deposits	-17 607,5	-9 459,6
450,6	609,8	Interests and commissions received	666,5	515,0
25,9	297,1	Other income	297,1	25,9
-24,0	-16,1	Interests and commissions paid	-16,1	-24,0
-191,0	-480,3	Noninterest expenses paid	-500,7	-215,4
-8,0	-2,9	Investment in and sale of operating assets	-3,0	-8,0
-170,7	-1 709,5	Net cash flows provided by operating activities	-1 647,4	-103,1
Cash flows from investing activities:				
600,6	355,3	Receipts on sale of short-term investments in bonds	355,3	600,6
-663,9	-731,1	Payments on purchases of short-term investments in bonds	-731,1	-663,9
772,7	380,0	Receipts on sale of short-term investments in commercial paper	380,0	772,7
-734,5	-251,7	Payments on purchases of short-term investments in commercial paper	-251,7	-734,5
60,3	58,1	Interest on securities received	58,1	60,3
-2,5	0,0	Payments on purchase of shares	0,0	-2,5
0,0	0,0	Receipts on other interest-earning securities	2,6	0,0
32,8	-189,5	Net cash flows provided by investing activities	-186,9	32,8
Cash flows from financing activities and other liquidity financing:				
175,0	0,0	Infows of share capital	0,0	175,0
-125,0	2 502,8	Net receipts/payments on the issue of commercial paper	2 502,8	-125,0
162,0	-290,0	Net receipts/payments on loans from credit institutions	-290,0	162,0
-132,2	-336,4	Interest paid on other liquidity financing	-336,4	-132,2
65,0	41,7	Net receipts/payments on dividends	0,0	0,0
144,8	1 918,1	Net cash flows from financing activities and other sources of liquidity	1 876,4	79,8
6,9	19,1	Net change in cash flow	42,1	9,5
22,9	29,8	+ Cash at 1.1.	90,3	83,4
29,8	48,9	= Cash at 31.12.	132,4	92,9
which consist of:				
28,1	48,0	Cash and due from central banks	48,0	28,1
1,7	0,9	Interest-bearing deposits with banks	84,4	62,2
0,0	0,0	Other interest-earning securities	0,0	2,6



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To the Annual Shareholders' Meeting of Storebrand Bank AS

AUDITOR'S REPORT FOR 2000

Respective Responsibilities of Directors and Auditors

We have audited the annual financial statements of Storebrand Bank AS as of 31 December 2000, showing a profit of NOK 38,041 million for the parent company and a profit of NOK 38,041 million for the group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit/coverage of the loss. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements and the Directors' report 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 other information according to the requirements of the Norwegian Act on Auditing and Auditors.

Basis of Opinion

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices 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 accounting estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards and practices 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.

Opinion

In our opinion,

- the financial statements have been prepared in accordance with law and regulations and present the financial position of the Company and of the Group as of December 31, 2000, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the Company's management has fulfilled its obligation in respect of registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit/coverage of the loss is consistent with the financial statements and comply with the law and regulations.

Oslo, 16 February, 2001

KPMG AS

Arne Frogner

State Authorised Public Accountant

Note: This translation of the Norwegian statutory Audit Report has been prepared for information purposes only



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Stord
Tromsø
Trondheim
Tønsberg
Ålesund

Storebrand Bank AS

Control Committee's Statement 2000

The Control Committee of Storebrand Bank AS has reviewed the Board of Directors' proposed Annual Accounts for 2000. With reference to the auditor's report of 16 February 2001

the Control Committee recommends that the Income Statement and the Balance Sheet are adopted as the Accounts of Storebrand Bank AS for 2000.

Oslo, 5 March 2001

Translation not to be signed

Finn Myhre
Chairman of the Control Committee

Storebrand Bank AS

Board of Representatives' Statement 2000

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

approve the Board of Directors proposal for the Annual Report and Accounts of Storebrand Bank AS and Storebrand Bank Group.

The Board of Representatives raises no objections to the Board's proposal regarding the allocation of the 2000 profit for the year of Storebrand Bank AS.

Oslo, 7 March 2001

Translation, not to be signed

Sven Ullring
Chairman of the Board of Representatives



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