

Storebrand Livsforsikring AS

Annual Report 1999

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KEY FIGURES: STOREBRAND LIVSFORSIKRING AS

NOK million	1999	1998	1997	1996	1995
STOREBRAND LIVSFORSIKRING AS:					
RETURN ON CAPITAL I *)	9.97%	5.85%	9.96%	8.48%	8.50%
RETURN ON CAPITAL II *)	15.74%	3.50%	10.45%	10.01%	9.90%
RETURN ON CAPITAL III *)	14.91%	2.93%	10.55%	10.37%	10.65%
AVERAGE YIELD:	9.51%	5.38%	9.50%	8.14%	8.16%
SOLVENCY CAPITAL AS PERCENTAGE OF MINIMUM REQUIREMENT:	208.4%	220.4%	194.8%	178.4 %	172.50%
AVERAGE GUARANTEED RETURN:	3.8%	3.8%	3.8%	3.9 %	4.0 %
COST RATIO	0.96%	0.94%	0.86%	0.90%	1.02%
PROFIT ANALYSIS (PARENT COMPANY FIGURES): **)					
- INTEREST RESULT	5,619	1,655	4,671	3,464	3,195
- RISK RESULT	284	279	388	296	163
- ADMINISTRATION RESULT	-123	-90	-30	-39	-80
- OTHER	-548	-63	-675	-294	59
TOTAL	5,232	1,781	4,354	3,427	3,337
STOREBRAND LIVSFORSIKRING GROUP:					
KEY FIGURES					
PROFIT AND LOSS ACCOUNT					
PREMIUM INCOME EXC. RESERVES TRANSFERRED	7,167	6,882	6,437	5,315	5,258
NET TRANSFERS	11	847	-705	-1,365	72
NET INCOME FROM FINANCIAL ASSETS	15,316	3,346	9,304	8,154	7,449
CLAIMS EXCLUDING TRANSFERRED RESERVES	-5,571	-5,392	-4,400	-4,046	-3,888
CHANGE IN INSURANCE RESERVES					
EXCLUDING TRANSFERRED ADDITIONAL STATUTORY RESERVES	-4,950	-4,874	-4,227	-2,359	-3,491
INSURANCE AND FINANCIAL INVESTMENT RELATED ADMIN. COSTS:	-896	-817	-701	-692	-732
OTHER ITEMS	-254	-214	-298	-200	-194
TO/FROM MARKET VALUE ADJUSTMENT RESERVE	-5,868	2,008	-1,052	-1,372	-1,131
OPERATING PROFIT	4,956	1,786	4,359	3,434	3,342
EXTRAORDINARY ITEMS	234				
PROFIT BEFORE ALLOCATION	5,190	1,786	4,359	3,434	3,342
FUNDS TRANSFERRED TO POLICYHOLDERS	-4,333	-1,286	-3,797	-2,866	-2,755
- OF WHICH CONDITIONAL ADDITIONAL STATUTORY ALLOCATIONS			-1,000	-1,800	-1,000
PRE-TAX PROFIT	857	501	562	568	587
TAX	-150	-42	-104	61	
MINORITY INTERESTS SHARE IN PROFIT	-1				
PROFIT FOR THE YEAR:	706	459	458	628	587
ASSETS					
REAL ESTATE	10,103	8,504	7,669	7,227	4,521
BONDS TO BE HELD TO MATURITY	25,125	17,781	14,644	13,751	10,240
LOANS	3,177	4,983	7,840	10,083	10,168
SHARES AND OTHER EQUITY INVESTMENTS	37,325	28,057	22,731	14,333	9,671
BONDS HELD AS CURRENT ASSETS	33,123	30,563	32,531	30,819	27,207
COMMERCIAL PAPER	1,907	1,784	4,063	6,381	15,441
OTHER FINANCIAL ASSETS	468	1,065	1,674	1,398	-78
TOTAL FINANCIAL ASSETS	111,229	92,737	91,152	83,992	77,170
OTHER ASSETS	4,005	7,069	4,604	4,089	5,612
TOTAL ASSETS	115,234	99,807	95,756	88,081	82,782
POLICYHOLDERS' FUND FOR OWN ACCOUNT	97,025	89,988	85,547	78,762	74,549
- of which additional statutory reserves	5,847	6,112	6,306	5,574	4,027
MARKET VALUE ADJUSTMENT RESERVE	8,596	2,728	4,736	3,684	2,312
EQUITY	2,949	2,888	2,766	2,668	2,292
CAPITAL ADEQUACY (GROUP):	11.98%	12.10%	10.51%	10.16%	14.10%

The presentation has been restated to reflect the new accounting regulations. It was not possible to fully restate 1995 figures.

*) Return on capital I: Realised financial income including revaluation of real estate

Return on capital II: As Return on capital I but also including changes in unrealised gains on financial current assets

Return on capital III: As Return on capital I but also including all unrealised gains

**) Profit analysis adjusted to show subsidiaries/associated companies treated on the proportional consolidation method, see Note 6.

Report of the Board of Directors Storebrand Livsforsikring AS

Storebrand Livsforsikring AS develops and provides savings and life insurance products for the corporate market, public sector and retail markets in Norway. The company owns 25% of Nordben Life and Pension Insurance Company Limited of Guernsey, which offers products to Norwegian companies with employees located outside the Nordic countries. Storebrand also provides services through its subsidiaries Aktuar Consult AS, Aktuar Systemer AS and Storebrand Pensjonstjenester AS in the areas of actuarial services, systems solutions for pension funds and the full range of operational services for pension funds.

Main features of the 1999 results

Storebrand Livsforsikring produced strong earnings in 1999. The company's solidity is strong, and the Annual Accounts have been prepared in accordance with the accounting principles appropriate for a going concern. Conditions in the capital markets were very favourable in 1999, and the company produced a good investment return for the year. The company's realised investment return available for allocation between customers and shareholders, calculated in accordance with the rules of the Banking, Insurance and Securities Commission, was 10%, and the return adjusted for unrealised gains and losses was 15.7%. The average yield was 9.5%.

A new Accounting Act came into force with effect from 1 January 1999, and the Ministry of Finance introduced corresponding new regulations for insurance companies at the same time. The most important change for life insurance companies was the move to recognising financial assets and real estate investments at market value. Unrealised gains on securities are recognised as a market value adjustment reserve which is not part of the allocation between policyholders and

shareholders, whilst unrealised gains on real estate are recognised as income and form part of the final allocation between policyholders and shareholders. A more detailed description of the effect of the new accounting legislation and regulations is provided in Note 1 to the accounts.

The life insurance group's operating result amounted to NOK 5,190 million. Storebrand Livsforsikring AS's operating result, before the allocation of profit between policyholders and equity, amounted to NOK 5,232 million in 1999, and of this amount NOK 4,333 million was allocated to policyholders. The equivalent figure for operating profit in 1998 was NOK 1,781 million, with an allocation to policyholders of NOK 1,286 million.

Income from financial assets provided a contribution (interest result) of NOK 5,619 million to the total result (NOK 5,633 million allowing for the proportional consolidation of subsidiaries). In 1998 the interest result was NOK 1,655 million.

The administration result showed a deficit of NOK 123 million (a deficit of NOK 136 million allowing for the proportional consolidation of subsidiaries), as compared to a deficit of NOK 90 million in 1998. The administration result includes a charge of NOK 55 million incurred because the company achieved investment returns in excess of the relevant benchmark indices. This cost is linked to the investment returns achieved for the year, and the returns achieved in excess of benchmark returns made a major contribution to the strong performance of the interest result.

The aggregate risk result was NOK 284 million in 1999 as compared to NOK 279 million in 1998. An amount of NOK 314 million was applied to build up the administration reserve in respect of individual policies transferred out of collective policies prior to 1 January 1999.

Premium income

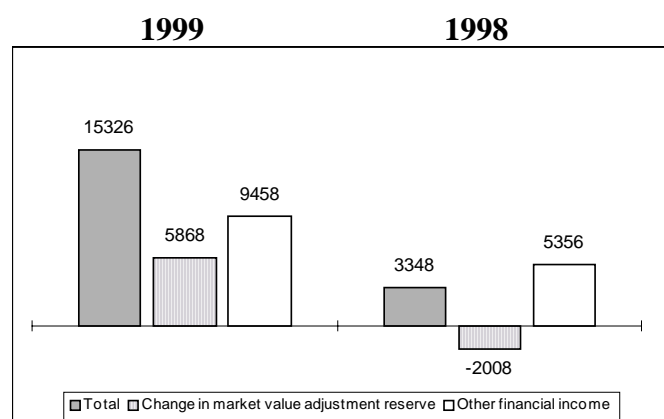
Total premium income, including premium reserve received as a result of policy transfers, increased by 4.2% in 1999 to NOK 9,264 million. The increase in premium income in 1999 came from the corporate market, with higher premium income from both group life and collective pension business. Individual endowment policies and individual pension insurance showed a fall in premium income in 1999. Statistics produced by the of Norwegian Financial Services Association show that Storebrand increased its market share of total premiums written, including transferred reserves, from 28% in 1998 to 31% in 1999. (These statistics do not include Norske Liv).

Net income from financial assets

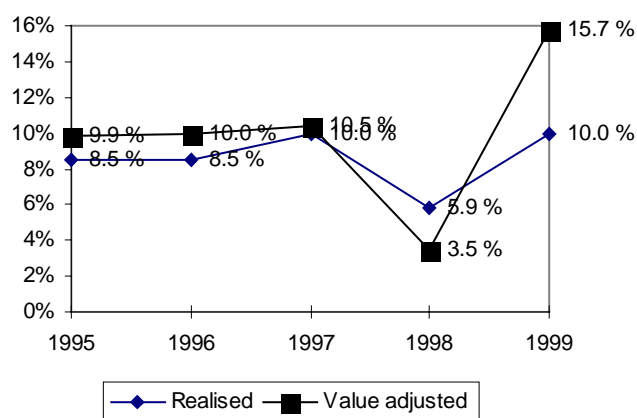
Financial current assets are recognised in the accounts at market value. Book financial income, which accordingly includes changes in unrealised gains and losses, amounted to NOK 15,326 million in 1999. This represents an increase of NOK 11,977 million from the previous year. Changes in unrealised gains and losses are transferred to the market value adjustment reserve, which is not included in the allocation of profit between policyholders and shareholders. A total of NOK 5,868 million was transferred to this reserve in 1999 and accordingly is not included in the profit for the year available for allocation between policyholders and shareholders. The market value adjustment reserve stood at NOK 8,596 million at the end the year.

Net income from financial assets

Exc. Operating costs



Investment return 1995-1999



Claims

Claims paid in 1999 amounted to NOK 5,563 million, as compared to NOK 5,393 million in the previous year.

An expense of NOK 2,207 million was debited to the 1999 accounts in respect of premium reserves etc. transferred from the company to other insurance companies or external pension funds. The increase of NOK 945 million from the previous year is very largely the result of transfers of individual annuity policies from Storebrand Livsforsikring AS to unit linked policies with Storebrand Fondsforsikring AS. Total claims paid, including movements in claims reserves, totalled NOK 7,779 million in 1999. The equivalent figure for 1998 was NOK 6,654 million.

Allocations to the insurance fund

Statutory allocations to the premium reserve amounted to NOK 4,899 million as compared to NOK 4,768 million in the previous year. The premium reserve totalled NOK 81,783 million at 31 December 1999.

The final allocation of profit to individual policyholders' funds will take place when the company provides statements to its customers for 1999. A provisional transfer of NOK 2,465 million was made to the policyholders' premium and pension adjustment fund in 1999. After interest and other payments and withdrawals, the premium and pension adjustment fund amounted to NOK 9,160 million at year-end. Policyholders benefit from a transfer of NOK 1,868 million to the premium reserve in the insurance fund. No additional statutory allocations were made in 1999. Additional statutory reserves amounted to NOK 5,847 million at 31 December 1999. The maximum permitted size of these reserves is NOK 9,379 million.

The insurance fund (aggregate assets attributable to policyholders) amounted to NOK 97,025 million as at 31 December 1999, an increase of 8.5% from the previous year-end.

The security fund stood at NOK 592 million at the end of 1999, unchanged from the previous year.

Operating expenses

Operating expenses include both sales and the administration expenses related to the insurance activities and the administration expenses related to holdings of financial assets. The operating expenses of Storebrand Livsforsikring AS amounted to NOK 896 million as against NOK 817 million in 1998. The increase of NOK 79 million includes a NOK 42 million increase in investment management fees and NOK 16 million of increased sales expenses. Measured in relation to average customer funds, the cost ratio was

0.96% in 1999 as against 0.94% in the previous year.

Business development - future prospects

Private market

Storebrand strengthened its position in the private market for life insurance products in 1999. The company's share of the market for individual lines of insurance increased from 29% in 1998 to 34% in 1999. After the turbulent conditions and increases in interest rates seen in financial markets in the second half of 1998, the markets returned to a positive situation in 1999. This served to reduce the extent of outflows from individual endowment policies to a significantly lower level than was seen in the autumn of 1998.

The major challenge for Storebrand in the private market is to become the leading one-stop supplier of mutual fund, banking and insurance products and services. This requires a strengthening of the group's position in mutual funds products whilst at the same time maintaining the strong position which the life company currently enjoys in guaranteed yield savings products and individual life insurance products.

Corporate market

Storebrand has maintained a strong competitive position in the corporate market. The company's market share for collective lines of insurance improved to 31%, representing an improvement from 28% in 1998. Storebrand's competitive position in the corporate market is very strong. The company has achieved good results by producing a high investment return, both in absolute terms and relative to competitors, and by maintaining a strong risk bearing capacity which creates the potential for a high level of future expected yield. The company also operates with a very competitive level of costs. Storebrand is strongly focused on developing product and service concepts for particular segments of the corporate market.

Storebrand expects to see defined contribution pension products become

increasingly popular, particularly in the small and medium-sized corporate market, and grow into a significant market in parallel with the current defined benefit schemes. The market for defined benefit pension schemes will continue to be a core area for Storebrand.

Risk management

The company's exposure to risk arises from insurance risk and the investment risk associated with the investment of financial assets. Exposure to insurance risk is subject to the tariffs set by the authorities. The tariffs are based on past statistical experience.

Storebrand considers the insurance risk exposure of the life company to be at a moderate level. The Board determines, on an annual basis, investment policies which focus on risk management and are structured to evaluate price, interest rate, credit and currency risks. Risk is managed to ensure that the available risk capital will at all times be able to absorb a sudden, sharp fall in market values affecting equity and fixed income portfolios simultaneously.

Investment policies are designed to ensure the best possible return over time for customers and shareholders, subject to maintaining an acceptable level of risk in relation to insurance liabilities, which include the annual guaranteed yield on policyholders' funds. These policies also take into account the legal requirements applying to capital adequacy and investment management. The allocation of assets between various types of investments is determined against the background of these investment policies.

Investment exposure is monitored daily by Storebrand Kapitalforvaltning AS as the manager responsible for the company's investments. It is the manager's responsibility to ensure that exposure is maintained within the approved limits at all times.

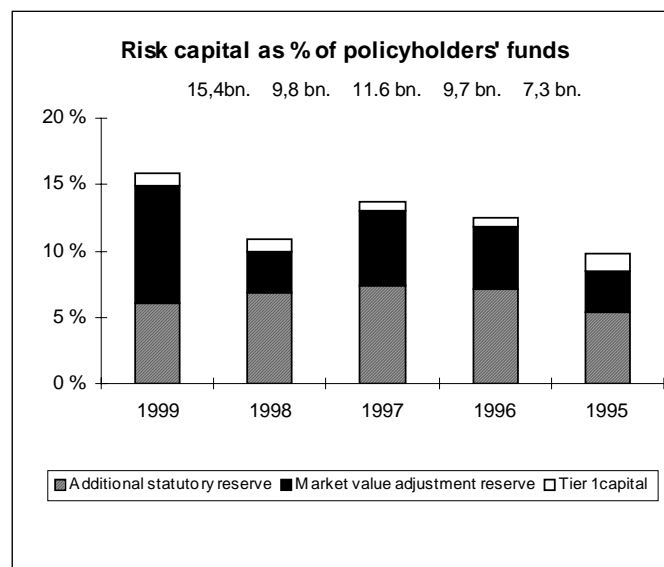
The risk of losses on lending, guarantee liabilities and other investments is evaluated routinely, and any necessary loss provisions are made.

A complete report of risk exposure throughout the company is reviewed by the Board of Directors annually. This report is prepared in accordance with the requirements for control and reporting laid down by the relevant authorities.

The extensive programme of work carried out to adapt and test the company's IT systems for the transition to year 2000 and the contingency plans which were put in place ensured a problem free transition to year 2000.

Capital and solidity

Storebrand has strong solidity. The company has built up significant financial reserves over recent years to provide buffer capital, and has pursued investment policies based on a well-differentiated securities portfolio with a significant international allocation in order to ensure a high degree of flexibility in asset allocation. The company's risk capital, made up of the market value adjustment fund, additional statutory reserves and primary capital, exceeded the minimum legal requirement by NOK 15.4 billion at 31 December 1999.



The life company's capital ratio stood at 12.0% at 31 December 1999, representing a modest reduction of 0.1 percentage points from the previous year as a result of an increase in total assets. Eligible primary

capital increased by NOK 267 million over the year, and the average risk weighting of assets fell by 1.2 percentage points.

Storebrand increased its subordinated funding by taking up a new loan of Euro 124.5 million in 1999. This loan does not affect the overall picture of capital adequacy in 1999 since it is intended to replace an earlier loan of USD 120 million which is due to be repaid in May 2000.

Storebrand was subject to a required level of solvency capital of NOK 4,259 million at 31 December 1999, and its actual capital was NOK 8,866 million, giving a solvency margin percentage of 208.4% as compared to 220.4% for the previous year.

Personnel, organisation and controlling bodies

Storebrand Livsforsikring AS is a wholly owned subsidiary of Storebrand ASA.

Of the total of 1,636 employees in the Storebrand group at year-end (full time equivalent positions) Storebrand Livsforsikring AS accounts for 597, Værdalsbruk accounts for 15 and other subsidiaries employ a total of 47. The frequency of absence due to sickness at Storebrand Livsforsikring was 3.5% in 1999, representing a small reduction from previous years. Employee representatives participate actively in the forums defined in the collective employment agreement and regular meetings are held between the employee representatives and the company's senior management.

The Board wishes to thank the staff for their commitment and co-operation in 1999.

The company does not pollute the external environment.

There were no changes in the composition of the Board of Directors in 1999. Espen Klitzing was appointed as the Managing

Director of Storebrand Livsforsikring AS on 4 March 1999.

The company's activities were previously organised into four business areas: Large Customers-Life; Corporate Life; Private Life; and Finance and Product-Individual. Organisational changes were implemented during 1999 that resulted in Storebrand Livsforsikring AS being organised as two market areas, Product and Corporate Distribution. The life company will in future purchase services from Retail Distribution, which is formally part of Storebrand Bank with effect from 1 January 2000.

Allocation of the profit for the year

The profit for the year of Storebrand Livsforsikring AS was NOK 5,231.9 million, and it is proposed that the profit be allocated between customers and equity as follows:

	NOK million	%
Customers	4,332.9	82.8
Equity	899.0	17.2

In addition to the financial income generated by the company's capital of NOK 407.7 million, an amount of NOK 386.8 million, equivalent to 0.42 percentage points of the profits generated by customer funds (policyholders' fund) has been retained, together with NOK 104.5 million in respect of extraordinary income arising from the application of the new accounting legislation and regulations. This represents a total profit before tax of NOK 899.0 million.

The policyholders' share of total operating profit, amounting to NOK 4,332.9 million, will be transferred to the customers' premium reserve and premium fund. The final allocation between the reserves will not be known precisely until accounting has been completed and the profit allocation must be regarded as conditional until the final accounting entries have been completed.

It is proposed that the accounting profit of Storebrand Livsforsikring AS of NOK 899.0 million be allocated as follows:

	NOK million
Group contribution to Storebrand ASA	642.8
To other equity	109.5
Tax	146.7
<hr/> Total	<hr/> 899.0

Oslo, 23 February 2000
The Board of Directors of
Storebrand Livsforsikring AS

Translation, not to be signed

Åge Korsvold
Chairman of the Board

Jan Kildal

Per Henry Christiansen

Aase Fagerhaug

Hans Henrik Klouman

Erik Haug Hansen

Espen Klitzing
Managing Director

Storebrand Livsforsikring

Storebrand Liv Group			Profit and loss account 1.1. - 31.12.		Storebrand Liv AS		
1997	1998	1999	NOK million	Note	1999	1998	1997
TECHNICAL ACCOUNT:							
6.452,7	6.890,4	7.173,8	1.1 Gross premiums written		7.173,8	6.890,4	6.452,7
-15,3	-8,8	-7,1	1.2 Reinsurance premiums ceded		-7,1	-8,8	-15,3
805,7	2.005,8	2.097,5	1.3 Premium reserves transferred from other companies	5	2.097,5	2.005,8	805,7
7.243,1	8.887,4	9.264,2	2. Premiums for own account	2,3	9.264,2	8.887,4	7.243,1
	0,7		2.1 Income from shares and participations in group companies		92,5	3,7	0,4
	9,5	11,0	2.2 Income from participations in associated companies		3,0		
9,5	9,5	11,0	2.3 Income from receivables due/securities issued by group companies		11,0	9,5	9,5
603,0	625,1	772,9	2.4 Income from property and real estate investments		637,9	578,2	550,7
4.468,5	4.526,4	4.549,9	2.5 Income from other financial assets		4.544,1	4.522,4	4.468,5
		166,6	2.6 Revaluation of property and real estate investments		166,6		
1.051,9		5.868,4	2.7 Unrealised gains/reversals of unrealised losses on financial current assets		5.868,4		1.051,9
190,8	2,4	2,1	2.8 Reversal of write-downs of financial assets		1,6	2,4	190,8
8.618,5	10.521,7	11.748,8	2.9 Gains on sales of financial assets		11.740,5	10.521,7	8.618,5
14.942,2	15.685,8	23.119,7	3. Income from financial assets	7	23.065,6	15.637,9	14.890,3
9,4	18,5	53,9	3. Other insurance related income		53,9	18,5	9,4
-4.383,1	-5.392,7	-5.562,7	3.1 Gross claims paid		-5.562,7	-5.392,7	-4.383,1
1,7	0,8	3,8	3.2 Claims paid - reinsurance		3,8	0,8	1,7
-18,4	0,0	-12,4	3.3 Gross change in claims reserve		-12,4	0,0	-18,4
-1.554,0	-1.262,3	-2.207,3	3.4 Premium reserves etc. transferred to other companies	5	-2.207,3	-1.262,3	-1.554,0
-5.953,8	-6.654,2	-7.778,6	4. Claims for own account	2	-7.778,6	-6.654,2	-5.953,8
-4.256,2	-4.764,7	-4.890,2	4.1 To/from premium reserve in the insurance fund (gross)		-4.890,2	-4.764,7	-4.256,2
-164,8	-184,1	-176,5	4.2 Guaranteed return on premium/pension adjustment fund		-176,5	-184,1	-164,8
-1.000,0		0,0	4.3 Additional statutory allocations for the year				-1.000,0
193,7	78,5	126,0	4.4 To/from additional statutory reserves in connection with claims/repurchase		126,0	78,5	193,7
43,8	103,2	120,8	4.5 Transfers of additional statutory reserves from other companies		120,8	103,2	43,8
	-3,2	-8,9	4.6 To/from security reserve			-8,9	
		-8,9	4.7 To technical reserves for non-life insurance business		-8,9	-3,2	
-5.183,5	-4.770,3	-4.828,8	5. Changes in insurance reserves etc. for own account	2	-4.828,8	-4.770,3	-5.183,5
-257,8	-283,1	-298,6	5.1 Sales expenses (insurance)	4	-298,6	-283,1	-257,8
-355,7	-435,2	-456,7	5.2 Insurance related administration expenses	9	-456,7	-435,2	-355,7
-613,5	-718,3	-755,3	6. Insurance related operating expenses for own account		-755,3	-718,3	-613,5
-13,3	-13,4	-13,4	6.1 Administration expenses: properties and real estate investments		-13,4	-13,4	-13,3
-74,3	-85,2	-126,9	6.2 Administration expenses: other financial assets		-126,9	-85,2	-74,3
-17,1	-53,7	-123,7	6.3 Interest expense arising from financial assets		-119,6	-49,7	-17,1
-216,3	-134,0	-146,7	6.4 Other expenses arising from financial assets		-87,6	-87,3	-169,5
		-163,8	6.5 Revaluation of properties and real estate investments		-163,8		
	-2.007,9		6.6 Unrealised losses/reversals of unrealised gains on financial current assets			-2.007,9	
-16,0	-23,5		6.7 Write-downs to other financial assets			-23,5	-16,0
-5.389,0	-10.120,7	-7.369,2	6.8 Loss on disposal of financial assets		-7.369,2	-10.120,7	-5.389,0
-5.726,0	-12.438,4	-7.943,7	7. Expenses in respect of financial assets	7	-7.880,5	-12.387,7	-5.679,2
-91,8	-36,1	-61,5	8. Other insurance related expenses after reinsurance share		-61,5	-36,1	-91,8
-1.051,9	2.007,9	-5.868,4	9. To/from market value adjustment reserve		-5.868,4	2.007,9	-1.051,9
3.574,2	1.982,3	5.201,5	10. TECHNICAL RESULT		5.210,6	1.985,1	3.569,1
-1.138,5	-341,5	-1.867,9	10.1 Transfers to the premium reserve in the insurance fund		-1.867,9	-341,5	-1.138,5
-1.658,3	-944,0	-2.465,0	10.2 Transfers to the premium and pension adjustment fund in the insurance fund		-2.465,0	-944,0	-1.658,3
-2.796,8	-1.285,5	-4.332,9	11. Funds transferred to policyholders	1,32	-4.332,9	-1.285,5	-2.796,8
777,4	696,8	868,6	11. BALANCE OF THE TECHNICAL ACCOUNT		877,7	699,6	772,3
NON-TECHNICAL ACCOUNT:							
107,0	115,9	47,1	12. Other income		0,5		
-322,4	-311,8	-292,9	13. Other expenses		-255,1	-203,9	-215,3
562,0	500,9	622,8	14. PROFIT FROM ORDINARY ACTIVITIES		623,1	495,7	557,0
		234,1	15. Extraordinary income		275,9		
-103,9	-42,4	-150,0	16. Tax	8,24	-146,7	-41,7	-35,4
		-0,6	17. Minority interests' share of profit				
458,1	458,5	706,3	18. PROFIT FOR THE YEAR		752,3	454,0	521,6
ALLOCATIONS:							
			19.1 Group contribution paid		-642,8		-225,0
			19.2 Dividend paid			-371,8	-192,0
			19.3 Transferred to other equity		-109,5	-123,9	-140,0
			19. Total allocated		-752,3	-495,7	-557,0

Allocations for 1997 and 1998 have not been changed as a result of the introduction of the new Accounting Act, although profit for the year has been restated.

Storebrand Livsforsikring

Storebrand Liv Group		Balance sheet at 31 December		Storebrand Liv AS	
1998	1999	NOK million	Note	1999	1998
		ASSETS:			
5.3	3.5	1.1 Goodwill	12	3.5	
118.9		1.2 Deferred tax allowances	24	43.7	190.3
124.2	3.5	1. Intangible assets		47.2	190.3
8,504.4	10,103.4	2.1 Properties and real estate	18,19	8,840.9	8,488.3
		2.2 Shares and participations in group companies	11	1,416.4	18.9
174.3	135.6	2.3 Receivables due/securities issued by group companies	20,27	135.6	174.3
31.8	32.7	2.4 Shares and participations in associated companies	11,20	32.7	19.0
0.4	36.7	2.5 Shares and other equity investments	10,20	0.3	0.3
17,781.1	25,124.8	2.6 Bonds to be held to maturity	14,20	25,124.8	17,780.9
4,621.1	2,907.9	2.7 Secured lending	17	2,907.9	4,621.1
361.9	268.8	2.8 Other lending	17	268.7	361.9
31,475.0	38,609.9	Long term financial assets		38,727.3	31,464.7
28,024.6	37,255.8	2.9 Shares and other equity investments	10,20	37,255.8	28,024.6
32,347.0	35,030.3	2.10 Bonds and other fixed income securities	13,20	34,896.5	32,347.0
684.3	310.2	2.11 Money market placements	20	310.2	684.3
53.1	22.4	2.12 Financial derivatives	10,15,20	22.4	53.1
153.4		2.13 Other financial current assets			153.4
61,262.4	72,618.7	Financial assets held as current assets		72,484.9	61,262.4
92,737.4	111,228.6	2. Total financial assets		111,212.2	92,727.1
1,000.4	662.1	3.1 Receivables due from insurance customers (direct business)		662.1	1,000.4
8.4	10.1	3.2 Receivables due arising from reinsurance		10.1	8.4
1,603.6	118.7	3.3 Other receivables		46.7	1,528.7
7.7	3.7	3.4 Intra-group receivables	27	102.2	9.6
2,620.1	794.6	3. Total receivables		821.1	2,547.1
52.2	20.6	4.1 Fixed assets	19	18.4	27.4
3,045.1	1,582.9	4.2 Cash and bank		1,453.5	2,977.5
90.0	81.0	4.3 Other assets by type	9	70.0	69.1
3,187.3	1,684.5	4. Total other assets		1,541.9	3,074.0
1,134.2	1,516.6	5.1 Accrued but not received lease rentals, interest etc.		1,516.6	1,134.2
3.6	6.2	5.2 Other prepaid costs and accrued income			
1,137.8	1,522.8	5. Total prepaid costs and accrued income		1,516.6	1,134.2
99,806.8	115,234.0	TOTAL ASSETS		115,139.0	99,672.7

Storebrand Livsforsikring

Storebrand Liv Group		Balance sheet at 31 December		Storebrand Liv AS	
1998	1999	NOK million	Note	1999	1998
EQUITY AND LIABILITIES:					
1,361.2	1,361.2	6.1 Share capital	30	1,361.2	1,361.2
1,361.2	1,361.2	6. Total paid-in share capital		1,361.2	1,361.2
1,526.4	1,587.6	7.1 Other equity	30	1,587.6	1,478.0
1,526.4	1,587.6	7. Total accrued capital		1,587.6	1,478.0
11.8 8. Minority interests' share in equity					
1,500.8	1,597.8	9.1 Perpetual subordinated loan capital		1,597.8	1,500.8
1,461.5	2,603.4	9.2 Other subordinated loan capital		2,603.4	1,461.5
2,962.3	4,201.2	9. Total subordinated loan capital	26	4,201.2	2,962.3
2,727.8	8,596.3	10. Market value adjustment reserve	20	8,596.3	2,727.8
74,971.6	81,783.4	11.1 Premium reserve for own account		81,783.4	74,971.6
6,112.4	5,846.7	11.2 Additional statutory reserves		5,846.7	6,112.4
8,098.9	9,159.9	11.3 Premium fund and pension adjustment fund		9,159.9	8,098.9
194.0	206.4	11.4 Claims reserve for own account		206.4	194.0
19.5	28.4	11.5 Other technical reserves	23	28.4	19.5
89,396.4	97,024.8	Insurance fund reserves for own account	22	97,024.8	89,396.4
591.8	591.8	11.6 Security reserve		591.8	591.8
89,988.2	97,616.6	11. Total insurance related reserves for own account	21	97,616.6	89,988.2
110.6	128.7	12.1 Pension liabilities etc.	9	119.5	108.0
13.7	47.1	12.2 Other reserves	9	11.5	12.9
124.3	175.8	12. Total reserves for other risks and costs		131.0	120.9
211.9	404.1	13.1 Accounts payable in respect of direct insurance		404.1	211.9
27.8	40.8	13.2 Accounts payable in respect of reinsurance		40.8	27.8
	40.3	13.3 Financial derivatives representing current liabilities	15,20	40.3	
329.4	284.9	13.4 Other liabilities		231.0	250.6
371.8	0.6	13.5 Allocated to dividend			371.8
36.7	766.9	13.6 Due to group companies	27	806.4	51.7
977.6	1,537.6	13. Total liabilities		1,522.6	913.8
85.1	85.3	14.1 Prepayments received of lease rental, interest etc.		85.3	85.1
53.9	60.6	14.2 Other accrued costs and deferred income		37.2	35.4
139.0	145.9	14. Total accrued costs and deferred income		122.5	120.5
99,806.8	115,234.0	TOTAL EQUITY AND LIABILITIES		115,139.0	99,672.7

Oslo, 23 February 2000
The Board of Directors of
Storebrand Livsforsikring AS

Translation, not to be signed

Åge Korsvold
Chairman of the Board

Jan Kildal

Per Henry Christiansen

Aase Fagerhaug

Hans Henrik Klouman

Erik Haug Hansen

Espen Klitzing
Managing Director

Notes to the Accounts

Accounting principles.

The Annual Accounts have been prepared in accordance with the regulations on annual accounts of insurance companies and the new Accounting Act that came into force on 1 January 1999.

Premiums written

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

Income/expense arising from financial assets

Income and expense arising from financial assets are recognised as ordinary operating income/operating expense. Income/expense includes both realised amounts and changes in unrealised value. Changes in unrealised value are transferred to a market value adjustment reserve and accordingly do not affect profit. Income and expense are shown as gross figures in the profit and loss account. Financial expense includes administration costs associated with the financial activities.

Claims paid

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

Transfers of premium reserve etc. (policy transfers)

Transfers of insurance fund premium reserves resulting from transfers of policies between insurance companies are booked to the profit and loss account as premiums for own account in the case of reserves received and claims for own account in the case of reserves paid out. The recognition of cost/income takes place at the date the insured risk is transferred. The premium reserve in the insurance fund is increased/reduced at the same date. The premium reserve transferred includes the policy's share in additional statutory reserves,

revaluation reserves and the year's profit. Transferred additional statutory reserves are

not shown as part of premium income but are reported separately as changes in insurance reserves. Transfer amounts are recognised as current assets/liabilities until such time as the transfer takes place. Interest arising on the time taken to complete transfer is recognised as part of the item 'other insurance related expenses'.

Profit allocated to policyholders

The profit allocated to policyholders is recognised as an expense in the profit and loss account. The guaranteed yield on the premium reserve and on the premium/pension adjustment fund is reported as part of the item changes in insurance reserves, but the balance of profit allocated to customers is shown under the item 'funds transferred to policyholders'.

Financial current assets:

Financial current assets are booked at actual value. A description of the valuation methods applied to the assets involved is given below.

Portfolio valuation of financial assets in respect of transfers to the market value adjustment reserve:

The portfolio principle is applied when evaluating transfers to the market value adjustment reserve in respect of financial investments in shares, bonds, certificates and financial derivatives which are managed as a single pool of investments. The portfolio principle only becomes relevant if the market value adjustment reserve falls below zero. The valuation of short-term investments on the portfolio principle applies the market value (actual value) converted into NOK on the date of the balance sheet. If this produces a fall in value, this is written down and recognised in the accounts as a financial expense. Changes in unrealised gains are part of the company's net financial income.

The portfolio principle is not applied to investments where a permanent loss is expected. Such investments are valued and recorded individually at their estimated value.

Shares held as short term investment

Shares held as short-term investments are recorded in the accounts at market value. Market value is determined at 31 December as the official closing price for shares quoted on the Oslo Stock Exchange and as the market price (last recorded bid/traded price) for shares quoted on foreign exchanges. The market value of other shares is determined on the basis of an evaluation using available information.

Shares in subsidiaries/associated companies

Investments of a long-term nature in subsidiaries and in associated or jointly owned companies considered to be of strategic importance are classed as fixed assets. Subsidiaries and associated companies (ownership interest 20-100%) are treated in accordance with the equity method in the parent company accounts.

Shares held as long term investments

The book value of strategic equity investments is the cost price, and write-downs are made on an individual basis if these are not due to reasons which are temporary or of an immaterial nature.

Bonds

Bonds are segregated in the Accounts into current bonds (short term holdings) and long term bonds (bonds which are to be held to maturity). Bonds held as current assets are valued at market value. Bonds held to maturity are booked at cost price and any premium/discount to face value is amortised over the remaining life of the bond and treated in the Accounts as interest. Defaulting bonds are valued in accordance with the Banking, Insurance and Securities Commission's regulations for loans.

Loans

Loans are booked at their face value in the balance sheet, and the values are reduced by specific and general loan loss provisions in accordance with the Banking, Insurance And Securities Commission's regulations dated 1 January 1992.

Specific loss provisions

Specific loss provisions are intended to cover the anticipated losses on loans which are

identified at the balance sheet date as being bad or doubtful. The provisions are made up of provisions made by the collections department on loans referred for legal debt recovery action, manual provisions recommended in respect of doubtful loans in the current loan portfolio and provisions for other loans which are more than 67 days in default on payments.

General loss provisions

General provisions are intended to provide for losses which are foreseeable on grounds evident at the balance sheet date but for which no specific provision has been made. This category of provision is considered for all current loans which are not more than 67 days overdue in payment. The provision is determined on the basis of experience and comparative evidence.

Realised loan losses are those which are assumed to be final. This includes losses arising on bankruptcy or insolvency, composition with creditors or similar arrangements, and wherever the company considers it overwhelmingly likely to be the case that the loss is final. Realised losses are applied directly against the nominal balances in the balance sheet. Interest, fees and commissions are reversed out on defaulting loans more than 90 days late in payment. Realised losses and loss provisions are recorded as deductions from financial income.

Real estate

With effect from the 1999 financial year real estate and property investments are valued at actual value. The accounting regulations for insurance companies specify how actual value is to be determined. See note 19. Market value must be determined at least once every three years. Changes in valuation are recognised to operating profit and loss. No normal corporate depreciation is applied.

Gains/losses arising on the sale of investment properties are treated as ordinary items in the accounts. The real estate category includes all investment in real estate, including properties which are organised as separate companies. These are treated as real estate rather than as equity investments on the principle of substance rather than form, since these are property investments of the same character as the directly owned properties.

Foreign exchange

The major part of currency risk arising from

international investment is hedged through forward foreign exchange contracts at the portfolio level. The unrealised currency gains/losses on forward foreign exchange contracts and the investments hedged are not included in the market value adjustment reserve but form part of the profit for allocation between policyholders and equity.

Securities held as short term assets are converted at the exchange rate prevailing on the date of purchase. Revaluations or write-downs are carried out at the currently prevailing exchange rate.

Liquid assets, receivables and liabilities are converted at the exchange rate prevailing on the date of the balance sheet.

Currency hedging of subordinated loans

Subordinated loans denominated in foreign currency are hedged by forward foreign exchange purchases of the equivalent principal amount plus the interest which will accrue to the maturity of the forward contract. Both the loan and interest are recorded at the exchange rate prevailing on the date of the balance sheet, and the forward foreign exchange contract is recorded at current market value.

Hedging:

Currency risk arising from international investment is hedged through forward foreign exchange contracts at the portfolio level. In the case of subordinated loans, currency and interest rate risk is hedged through forward foreign exchange contracts and interest rate swaps specific to each loan.

Financial derivatives

Financial derivatives are recorded in the accounts as current assets at market value. Storebrand undertakes routine mark-to-market valuations of all derivatives. Valuation is based on actual market values where these are available in a liquid market. If no market price is directly available, market value is calculated on the basis of the market price of the underlying instrument by using mathematical models generally accepted for pricing such instruments.

Financial derivatives form an integrated part of Storebrand's management of the risk and return profile of share and bond portfolios and are used to produce the required balance of risk and return.

The various categories of financial derivative are described in "Terms and Expressions".

Share options

Purchases and sales of share options are capitalised at market value. Share options are realised when they are exercised, expire or are closed out by a matching and opposite transaction.

Stock futures

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

Interest rate options

Interest rate options are treated in the same way as share options..

Interest rate futures

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

Interest rate swaps

Interest income and expense arising from interest rate swaps is accrued to profit and loss account.

Omløpsmidler bokføres til markedsverdi.

FRA-Forward rate agreements

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

Forward foreign exchange contracts

Forward foreign exchange contracts are principally used to hedge holdings of securities and other financial instruments. Unrealised changes in value are not included in the market value adjustment reserve but affect the profit available for allocation between policyholders and equity. The results of forward foreign exchange contracts which represent open currency positions are applied to the market value adjustment reserve.

Pension costs

The net pension cost for the period is included under insurance related operating expenses and consists of the sum of the period's pension earnings, the interest charge on the estimated liability and the expected return on the pension funds.

Prepaid pensions are the difference between the actual value of the pension funds and the present value of estimated pension liabilities and are booked as long term assets 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 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, respectively, at the start of the year ("the corridor").

For further details of pension expenses and the treatment of these in the Accounts, see Note 9

Deferred tax/deferred tax allowances

The tax charge in the profit and loss account consists of tax payable and changes for the year in deferred tax/tax allowances.

Tax payable is calculated on the basis of the taxable profit for the year. Deferred tax/tax allowances are calculated on the basis of timing differences between accounting and tax values as well as the tax effects of losses and unused allowances carried forward. Deferred tax allowances are recorded in the balance sheet to the extent that it is considered likely that future taxable income will make it possible to make use of the benefit they represent at some future date.

Principles for depreciation, write downs and reversals of write downs

Principles for financial assets are noted under the category of each asset type. Depreciation of the company's operating assets takes place over the economic life of the asset, subject to purchase price being greater than NOK 15,000 and the economic life being 3 years or more. The depreciation periods employed when no specific economic life is applied:

Machine, fixtures and fittings:	4 years
Computer systems:	3 years
Motor vehicles:	6 years
Goodwill:	5 years

Allocations to the market value adjustment reserve:

The value of the market value adjustment fund is equivalent to unrealised gains on financial current assets. Unrealised gains on foreign exchange contracts are not recognised in the market value adjustment fund with the exception of gains on forward exchange contracts in respect of open currency positions.

The market value adjustment reserve can never be negative. Movements in unrealised value which would reduce the reserve below zero will give rise to a write-down in the accounts which is recognised to profit and loss.

Insurance reserves - life insurance

The insurance fund

Premium reserve

Gross premium reserve represents the cash value of the company's total insurance obligations in accordance with the individual insurance agreements after deducting the cash value of future premiums. This is equivalent to the total of the amounts credited to the policyholders' accounts, as well as allocated premium reserve for policies which are not booked individually (risks with no investment content, including group life schemes etc.).

Additional statutory allocations:

The company is permitted to make additional statutory allocations to the insurance fund in order to ensure the solidity of its life insurance business.

The maximum additional statutory allocation is set at the difference between the premium reserve calculated on the basis of 3.5% guaranteed yield and the actual guaranteed yield under the contracts. The additional statutory allocations are a conditional reserve allocated to customers which is booked to the profit and loss account as a mandatory reserve allocation and which thereby reduces the profit for the year.

Premium fund/pension adjustment fund

The premium fund contains premiums prepaid by policyholders on individual and collective pension insurance as a result of taxation

regulations. The pension adjustment fund consists of payments from policyholders on collective pension insurance also resulting from taxation regulations. The fund is to be applied in payments of future bonuses to pensioners.

Payments and withdrawals are not booked through the profit and loss account but are taken directly to the balance sheet.

Claims reserve

Amount reserved for claims settlement either not yet completed or not yet paid out (IBNR and RBNS). The reserve only covers amounts which might have been paid in the accounting year had the claim been settled.

Security fund

The security fund consists of statutory security allocations to cover unexpected insurance risks. The calculations are made in accordance with regulations published by the Banking, Insurance and Securities Commission. It is possible to increase the reserve by 50% above the minimum allocation. In special situations the Banking, Insurance and Securities Commission may give permission that all or part of the reserve is used to cover a fall in the value of bonds or of shares classed as current assets. In the Accounts the entire reserve is shown as a mandatory reserve.

Consolidation:

Consolidation of subsidiaries

Elimination of shares in subsidiaries is based on the purchase value method, where the book value of shares in subsidiaries is eliminated against the equity capital in the subsidiaries. Any excess value/deficit is booked direct to the assets/liabilities in question and depreciated/taken as income in line with these. Any excess value which is not directly related to a specific item is capitalised and depreciated in accordance with the requirements of the Companies Act. The accounts of subsidiary companies are restated in accordance with the accounting principles that applied to life insurance companies if such restatement has a material affect.

Investments in associated companies

Associated companies are those in which the group owns between 20% and 50% of the

voting capital and the ownership is considered to be of a long term strategic character. These companies are consolidated in accordance with the equity method.

Translation of foreign subsidiaries

The profit and loss accounts of foreign subsidiaries are translated to NOK at the average exchange rates for the year, whilst the balance sheets are translated at the rate ruling at the end of the year. Any translation differences are posted against unrestricted equity.

Consolidation adjustments

Internal transactions such as intra-group interest etc. between companies in the group are netted out in the consolidated Accounts.

NOTES TO THE ACCOUNTS

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NOTE 1 THE INTRODUCTION OF NEW REGULATIONS FOR ANNUAL ACCOUNTS AND THE NEW ACCOUNTING ACT WITH EFFECT FROM 1 JANUARY 1999

As part of a listed group, Storebrand Livsforsikring AS has elected to re-state previous years figures where this is required for listed companies. Figures have not been restated where the effect of changes in principles is recognised to profit and loss in the year the changes are introduced. Figures have only been restated for items which are applied directly to the balance sheet in connection with introduction of the new Accounting Act.

Items which are subject to allocation between policyholders and equity are applied to the profit and loss account, whilst items which only affect equity are applied directly to the opening balance sheet.

ITEMS POSTED DIRECTLY TO THE PROFIT AND LOSS ACCOUNT IN 1999:

Real estate:

The new accounting regulations require real estate to be booked at market value. The effect of this change is booked as an extraordinary item in the accounts at 01.01.99. This item is included in the allocation of profit between policyholders and equity.

Subsidiaries and associated companies:

The regulations now require such investments to be recognised on the equity method in the parent company accounts. The effect of this change is booked as an extraordinary item in the accounts of Storebrand Livsforsikring AS.

This item does not appear in the group accounts since subsidiaries are consolidated. The change in this accounting principle will accordingly produce a difference between profit for the year in the parent company and group accounts for 1999.

Transfers of additional statutory reserves:

Figures for transfers of additional statutory reserves are no longer shown as part of premiums for own account but are now included in the line for additional statutory reserves in the insurance fund.

ITEMS POSTED DIRECTLY TO THE BALANCE SHEET:

Recognition of net deferred tax/deferred tax allowances:

The previous limitations on capitalising deferred tax allowances no longer apply. The company is now required to show net deferred tax/deferred tax allowances in the balance sheet. The effect of this change in accounting principle was applied directly to equity.

Change to mark-to-market valuation of financial current assets:

Short-term holdings of financial assets (financial current assets) must now be recognised at actual value in the accounts. The difference between acquisition cost and actual value is recognised to the market value adjustment reserve, and this reserve does not form part of the profit for allocation. The effect of this change in accounting principle was applied directly to the opening balance.

CHANGES IN BOOK VALUES AT 01.01.99 and 01.01.98

Profit and loss account:

NOK million	line no.	31/12/98	Change	01/01/99	31/12/97	Change	01/01/98
Transfers of premium reserve from other companies	1.3	2,109.0	-103.2	2,005.8	849.5	-43.8	805.7
Transfers to additional statutory reserves and market value adjustment reserve from other companies	5.5	0.0	103.2	103.2	0.0	43.8	43.8
Unrealised losses and reversals of unrealised gains on financial current assets	2.7/7.6	0.0	-2,007.9	-2,007.9	0.0	1,051.9	1,051.9
To/from market value adjustment reserve	9	0.0	2,007.9	2,007.9	0.0	-1,051.9	-1,051.9
Tax	16	-0.7	-41.7	-42.4	70.9	-174.8	-103.9

Balance sheet:

NOK million	line no.	31/12/98	Change	01/01/99
Assets				
Deferred tax allowances	1.2	72.2	46.7	118.9
<i>Financial current assets</i>				
Shares and other investments	2.9	25,765.3	2,260.3	28,025.6
Bonds and other fixed income securities	2.10	31,932.6	414.4	32,347.0

Financial derivatives	2.12	0.0	53.1	53.1
Liabilities and equity				
Other equity	7.1	1,407.5	118.9	1,526.4
Market value adjustment reserve	9	0.0	2,727.8	2,727.8
Deferred tax	11.2	72.2	-72.2	0.0

NOTE 2 PROFIT AND LOSS STATEMENT BY CLASS OF BUSINESS: STOREBRAND LIVSFORSIKRING AS

NOK million	Collective pension insurance	Group life insurance	Endowment insurance	Annuity/pension insurance	Non-life insurance	Total
1.1 Single premium	854,0	0,0		46,7	0,0	900,7
1.2 Annual premiums	3 669,2	374,9	196,2	292,6		4 532,9
1.3 Account products			1 310,7	390,9	38,9	1 740,5
Total premiums written	4 523,2	374,9	1 506,9	730,2	38,9	7 174,1
- Of which from products not eligible for profit allocation		374,9	71,6			446,5
1.4 Reserve transfers received	2 008,3		5,7	83,5		2 097,5
1.5 Reinsurance ceded	-2,1	-1,9	-2,4	-0,7	-0,3	-7,4
1 Premium income 1999	6 529,4	373,0	1 510,2	813,0	38,6	9 264,2
Premium income 1998	5 778,6	361,6	1 811,2	907,6	28,4	8 887,4
Premium income 1997	4 038,0	345,2	1 708,8	1 151,1		7 243,1
2 Income from financial assets	15 533,6	132,4	1 877,3	5 515,9	6,4	23 065,6
3 Other insurance related income	36,0	0,3	4,4	13,2		53,9
4.1 Claims paid	-2 227,6	-327,9	-641,2	-1 117,6	-12,2	-4 326,5
4.2 Agreements terminated/withdrawals from life account	-86,0		-1 098,1	-52,1		-1 236,2
4.3 Re-insurance ceded	0,1	0,2	2,9	0,5	0,1	3,8
4.3 Movements in claims reserve	1,0	1,9	-15,1	-0,2		-12,4
4.4 Reserve transfers disbursed	-980,4		-12,2	-1 214,7		-2 207,3
4 Claims 1999	-3 292,9	-325,8	-1 763,7	-2 384,1	-12,1	-7 778,6
Claims 1998	-3 026,9	-311,1	-1 902,2	-1 397,8	-16,2	-6 654,2
Claims 1997	-3 294,3	-319,9	-1 199,1	-1 140,5		-5 953,8
5.1 Movements in premium reserve	-5 717,2	-5,5	110,2	722,3		-4 890,2
5.2 Guaranteed interest on premium/pension adj. fund	-153,4			-23,1		-176,5
5.3 Additional statutory allocations for the year						0,0
5.4 Transfers of additional statutory allocations and market value adjustment reserve	113,4		0,3	7,1		120,8
5.5 Change in additional statutory allocations in the insurance fund	-29,8		63,6	92,2		126,0
5.6 Movement in security reserve	-2,0		-6,7	8,7		0,0
5.7 Technical reserves for non-life insurance business					-8,9	-8,9
5 Change in insurance related reserves 1999	-5 789,0	-5,5	167,4	807,2	-8,9	-4 828,8
Change in insurance related reserves 1998	-4 517,1	-5,3	12,0	-256,7	-3,2	-4 770,3
Change in insurance related reserves 1997	-3 516,8	-12,8	-658,4	-995,5		-5 183,5
6 Insurance related operating costs	-300,2	-63,2	-232,1	-148,2	-11,6	-755,3
7.1 Admin. costs financial assets	-94,5	-0,8	-11,4	-33,6		-140,3
7.2 Other costs: financial assets	-5 212,7	-44,4	-630,0	-1 851,0	-2,1	-7 740,2
7 Costs related to financial assets	-5 307,2	-45,2	-641,4	-1 884,6	-2,1	-7 880,5
8 Other insurance related costs	-37,8	-15,2	-2,4	-6,1		-61,5
9 To/from market value adjustment reserve	-3 977,6	-33,3	-471,3	-1 384,6	-1,6	-5 868,4
10 Funds transferred to policyholders	-2 789,8	-19,7	-407,6	-1 115,8		-4 332,9
11 Technical result	604,5	-2,2	40,8	225,9	8,7	877,7
12 Other income	0,4		0,1			0,5
13 Other costs	-171,8	-1,5	-20,7	-61,0	-0,1	-255,1
14 Profit from ordinary operations	433,1	-3,7	20,2	164,9	8,6	623,1
15 Extraordinary income	185,8	1,6	22,4	66,0	0,1	275,9
16 Extraordinary expense						0,0
17 Tax	-101,0	0,3	-7,0	-37,6	-1,4	-146,7
18 PROFIT FOR THE YEAR	517,9	-1,8	35,6	193,3	7,3	752,3

NOTE 3 SALES OF INSURANCE (NEW BUSINESS): THREE YEAR HISTORY

Premiums :	Collective pension insurance	Group life insurance	Endowment insurance	Annuity/pension insurance	Non-life insurance	TOTAL
NOK million						
1999	1 087,6	33,4	467,3	306,9	13,5	1 908,7
1998	1 007,9	33,4	1 277,9	361,0	8,3	2 688,5
1997	753,3	35,0	1 078,5	647,5		2 514,3

Sales are defined as new policies sold plus replacement policies sold after deduction for earlier policies not canceled.

Premium reserves transferred to the company (note 5) are not included in these figures.

NOTE 4 SALES COSTS

NOK million	1999	1998	1997
Salaries and other costs	-233.9	-218.5	-207.5
Commissions paid	-64.7	-64.6	-50.3
- of which commissions paid to other companies			
Total sales costs	-298.6	-283.1	-257.8

NOTE 5 MOVEMENTS OF RESERVES TO/FROM THE COMPANY

NOK million	Collective pension insurance	Endowment insurance	Annuity/pension insurance	TOTAL 1999	TOTAL 1998	TOTAL 1997
Funds received						
Premium reserve	2 008,3	5,7	83,5	2 097,5	2 005,8	805,7
Additional statutory reserves	113,4	0,3	7,1	120,8	103,2	43,8
Transfers of premium reserve etc.	2 121,7	6,0	90,6	2 218,3	2 109,0	849,5
Premium/Pension adjustment funds	172,1			172,1	304,0	257,2
Annual premium volume	164,8	1,3	4,3	170,4	168,8	87,8
Number of policies/customers	466	86	296	848	1 012	1 154
Funds transferred out						
Premium reserve	-880,9	-11,2	-1 099,4	-1 991,5	-1 102,3	-1 296,4
Additional statutory reserves	-78,3	-0,7	-84,8	-163,8	-110,3	-183,0
Revaluation reserve	-21,2	-0,3	-30,5	-52,0	-49,7	-74,6
Transfers of premium reserve etc.	-980,4	-12,2	-1 214,7	-2 207,3	-1 262,3	-1 554,0
Premium/Pension adjustment funds	-105,9		-55,2	-161,1	-313,6	-609,2
Annual premium volume	-53,2	-1,4	-51,9	-106,5	-75,6	-108,0
Number of policies/customers	-642	-156	-5 156	-5 954	-2 095	-1 340

NOTE 6 PROFIT AND LOSS BY CLASS OF INSURANCE: STOREBRAND LIVSFORSIKRING AS

NOK million	Line reference in note 2	Collective pension insurance	Group life insurance	Endowment insurance	Annuity/pension insurance	Non-life insurance	Total 1999	Total 1998	Total 1997
1. Financial income a)	2/3/7.2/8/9	6,379.5	55.1	780.4	2,293.0	2.7	9,510.7	5,144.1	7,953.8
2. Guaranteed yield		-2,581.1	-3.4	-326.4	-980.6		-3,891.5	-3,489.4	-3,283.1
- of which transferred to premium fund	5.2	-153.4			-23.1		-176.5	-184.1	-164.8
3. Interest result		3,798.4	51.7	454.0	1,312.4	2.7	5,619.2	1,654.7	4,670.7
Administration costs - subsidiaries e)		9.0	0.1	1.1	3.2		13.4		
4. Risk premium c)		449.8	324.9	257.1	-15.5	30.8	1,047.1	878.3	815.6
5. Risk addition c)		-257.0	-333.9	-175.9	66.8	-21.1	-721.1	-582.4	-409.8
6. Net reinsurance etc. a)		-25.9	-16.7	0.6	-0.3	-0.2	-42.5	-16.8	-18.2
7. Risk result		166.9	-25.7	81.8	51.0	9.5	283.5	279.1	387.6
8. Administration premium		388.3	55.6	164.6	156.4	8.2	773.1	727.2	671.6
9. Operating expenses	6/7.1	-394.6	-64.0	-243.5	-181.8	-11.7	-895.6	-816.8	-701.0
10. Administration result		-6.3	-8.4	-78.9	-25.4	-3.5	-122.5	-89.6	-29.4
Administration costs - subsidiaries e)		-9.0	-0.1	-1.1	-3.2		-13.4		
11. Change in premium/security reserve		-550.3		-6.7	8.7		-548.3	-63.0	-675.1
12. Gross result for sector (3+7+10+11)	5.3/10/17/18	3,408.7	17.6	450.2	1,346.7	8.7	5,231.9	1,781.2	4,353.8
To equity capital:									
-net return on equity etc. c)							-407.7	-129.5	-218.1
-0.42% of customers' funds d)							-386.8	-366.2	-338.9
-extraordinary income/expenses							-104.5		
13. Profit for the year							-899.0	-495.7	-557.0
14. Profit due to policyholders	5.3/10						4,332.9	1,285.5	3,796.8

a) Of the item "Other insurance related costs" (line 8 note 2) NOK 32.9 million is included in line 1 and NOK -40.5 million in line 6 for 1999.

b) Risk premium and risk addition are based to a certain degree on estimates.

c) Includes: Security reserve, subordinated loan capital, and equity at book value.

d) Includes: Premium reserve, additional statutory allocations, premium- and pension adjustment fund and claims reserve.

e) Adjusted to show analysis of profit as if subsidiaries were recognised on the proportional method of consolidation rather than the equity method in the parent company accounts.

NOTE 7 FINANCIAL ASSETS: INCOME AND EXPENSE

NOK million	1999	1998	1997
Income from group and other related companies	11.0	10.2	9.5
Income from properties and real estate	772.9	625.1	603.0
Interest income: bonds	3,344.7	3,320.5	3,259.1
Interest income: certificates	228.2	101.9	219.0
Interest income: loans	329.7	422.7	471.8
Interest income: other	177.5	212.8	130.1
Share dividends	469.8	464.5	353.7
Revaluation of real estate	166.6	0.0	0.0
Reversal of write-downs of financial assets	2.1	2.4	190.8
Gain on sale of shares including FX gain	8,160.2	6,384.3	4,377.4
Gain on sale of interest bearing securities	3,588.6	4,137.4	4,241.2
Unrealised gains on short term holdings of financial investments	5,868.4	0.0	1,051.9
Income from other financial assets	0.0	4.0	34.7
Financial assets: Income	23,119.7	15,685.8	14,942.2
Costs arising from real estate	-134.5	-79.8	-139.0
- of which administration costs	-13.4	-13.4	-13.3
Interest costs	-123.7	-53.7	-17.1
Mark-to-market adjustment for financial assets	0.0	-23.5	-16.0
Write-downs of real estate	-163.8	0.0	0.0
Loss on sale of shares including FX loss	-4,202.5	-6,230.6	-1,998.9
Loss on sale of interest bearing securities	-3,166.7	-3,890.1	-3,390.1
Unrealised losses on short term holdings of financial investments	0.0	-2007.9	0.0
Write-back of unrealised gains on short term holdings of financial assets	0.0	0.0	0.0
Financial assets: Other costs	-152.5	-152.8	-164.9
- of which administration costs	-126.9	-85.2	-74.3
Financial assets: costs	-7,943.7	-12,438.4	-5,726.0
Financial assets: Income/costs	15,176.0	3,247.4	9,216.2
- of which administration costs	-140.3	-98.6	-87.6
Of which in subsidiaries:			
Income from financial assets	54.1	47.9	51.9
Costs arising from financial assets	-63.2	-50.7	-46.8

Foreign securities is booked at current value.

NOK million	1999	1998	1997
Profit on shares	11,847.6	-1,391.9	4,179.0
Profit on bonds	2,218.8	3,511.3	3,957.7
Profit on certificates	233.2	119.1	155.7
Profit on lending	339.1	442.5	476.8
Profit on real estate	653.2	516.4	454.3
Other profit	24.4	148.6	80.3
Financial assets: income/costs	15,316.3	3,346.0	9,303.8
Financial assets: administration costs	-140.3	-98.6	-87.6
Financial assets: income/costs including admin. costs	15,176.0	3,247.4	9,216.2

NOTE 8 TAX CHARGE: STOREBRAND LIVSFORSIKRING AS

NOK million	1999	1998	1997
Profit before tax	850.6	495.7	557.0
+/- Permanent differences	-124.3	-261.4	102.0
+/- Group contribution	*)	0.0	-225.0
+/- Change in timing differences	-76.1	-1,643.5	-154.0
Tax losses carried forward/deferred tax allowances applied	-650.2		
Tax base for the year	0.0	-1,409.2	280.0
Rate of tax	28%	28%	28%
Tax	0.0	0.0	78.4
+/- Tax at source	0.0	0.0	-23.8
+/- Tax losses carried forward	-739.1	-1,389.3	
+/- Allowance for Norwegian dividend	-904.2	701.9	-131.8
Tax payable on income	0.0	0.0	0.0
Deferred tax - net change	146.7		-35.4
Tax cost	146.7	0.0	0.0

The effective tax rate is: 17.2%

Taxes payable:			
Norway			
Overseas			
Total tax payable	0	0	0
Deferred tax:			
Norway	146.7	-6.4	-35.4
Overseas			
Total deferred tax	146.7	-6.4	-35.4
Tax on capitalised items		-35.3	
Tax cost	146.7	-41.7	-35.4

See note 25.

*) Group contribution payments are not tax free for the payer if the paying company records a loss in excess of the group contribution.

TAX CHARGE: STOREBRAND LIVSFORSIKRING GROUP

NOK million	1999	1998	1997
Pre-tax profit	856.3	500.9	562.0
Tax payable	-0.2	-1.2	0.4
Net change in deferred tax	-149.8	-41.2	-104.3
Tax payable	-150.0	-42.4	-103.9

NOTE 9 PENSION COSTS AND PENSION LIABILITIES: GROUP

Staff pensions are provided by a group pension scheme, primarily with Storebrand Livsforsikring AS, in accordance with the "Rules on private occupational pension schemes". Pensions are payable at pension age, which is 67 for salaried staff and 65 for sales staff. The normal retirement age is 65, and a pension equivalent to 70% of the salary basis for pension calculation becomes payable on retirement. The pension scheme forms part of the Storebrand ASA group's collective employment terms. Early retirement is defined as retirement before reaching the age of 65.

Pension costs and pension liabilities are defined for accounting purposes in accordance with the accounting standards for pension costs issued by the Norwegian Accounting Standards Foundation.(see also Accounting Principles). Both insured and uninsured schemes are classified as benefit plans. The following assumptions have been used in calculating costs and liabilities:

*) Deviations from estimated values are booked against the "corridor" in accordance with Norwegian Accounting Standards, and are not recorded in the accounts (see Accounting Principles)

Financial assumptions

-Return on pension fund	8.0 %
-Discount rate	7.0 %
-Annual earnings growth	3.0 %
-Expected increase in Social Security Fund basic pension	3.0 %
-Annual pension increase	2.5 %
-Average rate of employers' contributions	13.5 %

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 calculations apply to 690 full time equivalent positions.
(average number of employees)

Net accrued pension costs are shown in the table below.

Net pension costs NOK million	1999			1998 Total	1997 Total *	
	Insured scheme	Uninsured scheme				Total
		Normal	Early			
Pension rights accrued over the year	-16.3	-5.0	-2.6	-23.9	-23.5	-17.8
Interest costs	-48.5	-9.7	-0.1	-58.3	-43.4	-24.8
Expected return on pension funds	65.8	0.0	0.0	65.8	52.1	27.2
Net pension cost	1.0	-14.7	-2.7	-16.4	-14.8	-15.4

*) Pension contributions in respect of early retirees for 1997 include NOK 2.9 million relating to reorganisation costs.

Estimated liability

Shown below is a reconciliation of estimated pension liabilities and the pension funds held in respect of these to the liability booked in the balance sheet:

Net pension liability NOK million	1999			1998 Total	1997 Total	
	Insured scheme	Uninsured scheme				Total
		Normal	Early			
Pension liability earned	-444.3	-106.1	-2.0	-552.4	-546.9	-543.8
Estimated effect of future salary growth	-48.8	-18.6	0.0	-67.4	-64.4	-62.9
Estimated pension liability	-493.1	-124.7	-2.0	-619.8	-611.2	-606.7
Market value of pension funds	541.3	0.0	0.0	541.3	578.6	549.4
Net estimated pension liability/surplus	48.2	-124.7	-2.0	-78.5	-32.6	-57.3
Deviation from estimate at 1.1.98						
Pension funds	26.4			26.4	-5.7	-3.0
Pension liabilities	5.0	-5.5	3.6	3.0	3.9	19.1
Net pension liability as shown in balance sheet	79.5	-130.3	1.6	-49.2	-34.5	-41.1

*) Deviations from estimated values are booked against the "corridor" in accordance with Norwegian Accounting Standards, and are not recorded in the accounts (see Accounting Principles)

The estimated employer's social security contribution in respect of the book value of pension liabilities amounts to NOK 11.7 million, and is recorded in the balance sheet as part of the item «Reserves for other risks and costs».

NOTE 10 SHARES AND OTHER EQUITY INVESTMENTS

NOK million	Number held	Interest	Acquisition cost *)	Actual value
Shares and participations (long term holdings)				
Intra AS			36.2	36.2
Shares and participations (long term holdings)			0.5	0.5
Total shares and participations (long term holdings)			36.7	36.7
- of which listed				
Units in Norwegian funds				
Bolig- og Næringsbanken	112,100	1.15%	21.7	20.7
Christiania Bank og Kreditkasse	8,457,725	1.53%	205.8	334.1
DnB Holding	7,545,000	0.97%	233.0	248.2
Nordlandsbanken	133,000	1.95%	23.1	28.6
Romsdals Fellesbank	190,317	9.10%	8.7	45.7
Other Norwegian shares				
A-Pressen	183,700	2.08%	20.9	26.6
Adresseavisen	58,000	3.05%	7.6	20.9
Agresso Group	1,123,100	2.11%	29.0	19.5
Aker Maritime	1,273,500	2.25%	120.4	80.2
Ark	394,100	2.11%	34.4	27.6
Avantor	420,029	2.09%	17.5	23.1
Avenir	2,201,089	6.69%	69.5	112.3
Bergesen d.y. A	544,730	0.72%	62.9	79.5
Bergesen d.y. B	841,493	1.11%	110.8	115.3
Bonheur	248,595	2.16%	126.2	49.7
Braathens	672,755	2.09%	36.6	24.4
Dagbladet	125,154	5.20%	23.2	62.6
Dagbladet P	49,464	2.06%	9.2	22.8
Det Søndenfj Norske Dampskibsselskap	1,470,250	2.68%	160.4	83.8
Dyno	510,550	1.99%	76.1	102.1
EDB Business Partner	1,292,000	1.86%	56.7	90.4
Eiendomsspar	90,700	1.02%	9.7	19.5
Ekornes	674,932	2.02%	41.6	54.3
Elkem	1,197,300	2.47%	135.5	221.5
Eltek A	297,900	2.12%	9.9	20.9
Farstad Shipping	959,700	2.12%	20.5	24.5
Fred. Olsen Energy	1,862,250	3.09%	171.9	108.9
Ganger Rolf	171,230	1.87%	84.1	32.9
Glamox	76,174	11.90%	28.4	68.6
Glava	80,574	8.39%	25.2	37.6
Gresvig	898,700	11.75%	77.3	78.2
Gyldendal Norsk Forlag	100,135	4.26%	18.4	37.6
Hafslund A	1,486,652	1.29%	63.6	72.0
Hafslund B	749,300	0.65%	30.4	23.2
Hansa	322,500	15.00%	20.4	21.5
Hitec	743,650	1.98%	22.5	19.0
Hydralift A	806,300	2.82%	32.5	28.3
Hydralift B	1,223,256	4.27%	69.3	37.9
Håg	568,100	6.06%	39.7	38.6
Industrifinans	22,781	9.11%	20.2	22.1
Jøtul	388,700	13.24%	40.2	26.6
Kitron	30,014,000	6.63%	17.1	17.4
Kongsberg Gruppen	1,294,550	4.40%	107.1	163.1
Kverneland	681,120	7.01%	104.9	110.3

NOK million	Number held	Interest	Acquisition cost *)	Actual value
Kværner A	934,680	1.53%	124.2	158.0
Kværner B	275,451	0.45%	49.2	38.8
Leif Høegh & Co	971,750	3.24%	115.8	92.3
Merkantildata	4,949,800	4.13%	257.1	480.1
Narvesen	575,050	5.75%	112.0	140.9
NCL Holding	4,936,400	1.97%	115.8	170.8
Nera	1,937,626	2.02%	20.4	72.7
NetCom	934,352	1.96%	170.0	373.7
Network Electronics	2,141,177	8.78%	8.7	22.5
Norges Handels og Sjøfartstidene	59,094	5.13%	12.0	50.2
Norsk Hydro	3,772,381	1.44%	1,226.2	1,267.5
Norsk Vekst	135,900	2.04%	17.4	27.2
Norske Skogindustrier A	49,733	0.12%	16.6	20.8
Norske Skogindustrier B	1,581,672	3.90%	207.2	533.0
Odfjell A	304,004	1.39%	35.6	30.4
Olav Thon Eiendomsselskap	368,098	3.11%	66.0	69.2
Opticom	20,000	0.17%	29.3	34.0
Orkla A	8,859,131	4.18%	492.6	1,222.6
P4 Radio Hele Norge	662,500	2.05%	23.7	28.5
Pan Fish	475,000	2.05%	15.7	34.2
Petroleum Geo-Services	2,004,400	1.97%	394.4	286.6
Prosafe	1,846,456	7.16%	199.6	152.3
Proxima	2,061,750	4.96%	110.1	115.5
Rieber & Søn A	1,111,533	1.39%	23.6	60.0
Rieber & Søn B	446,600	0.56%	24.6	21.4
SAS Norge B	1,163,826	4.95%	116.1	101.3
Scana Industrier	1,319,399	6.20%	46.5	24.4
Schibsted	1,369,100	1.98%	149.1	204.0
Selmer	2,569,728	12.16%	154.6	244.1
Smedvig A	1,307,700	3.17%	141.2	130.8
Smedvig B	540,800	1.31%	65.0	46.0
Software Innovation	67,541	2.94%	12.8	24.0
Solstad Offshore	764,850	2.14%	15.5	19.9
Steen & Strøm	3,598,144	13.04%	196.5	385.0
Tandberg	528,600	1.99%	22.8	55.5
Tandberg Television	2,361,900	4.33%	177.6	262.2
Telecomputing	150,000	5.88%	8.7	53.3
Telenor Venture	14,063	14.06%	30.0	74.0
TGS Nopec Geophysical Company	488,200	2.03%	45.5	40.8
Tomra Systems	1,646,700	1.98%	172.3	224.0
Unitor	411,700	2.11%	28.3	24.7
Veidekke	1,050,700	9.22%	121.7	157.6
Wilh. Wilhelmsen A	143,100	1.02%	27.7	29.0
Wilh. Wilhelmsen B	415,272	2.95%	55.5	83.1
Other			234.9	250.9
Units in Norwegian mutual funds				
Storebrand Aksje Innland	3,376		50.8	51.4
Storebrand Asia	4,543		4.5	5.7
Storebrand Asia A	30,306		30.4	38.1
Storebrand Asia B	4,956		5.0	6.2
Storebrand Barnespar	482,919		48.3	68.2
Storebrand Bedriftspensjon	99,850		100.0	151.8
Storebrand Global Miljø	30,379		30.4	37.4
Storebrand Japan	14,581		14.6	30.3
Storebrand Nord Amerika	52,370		54.5	81.4
Storebrand Norden	49,854		49.9	90.2
Storebrand Teknologi	7,023		7.0	21.5

NOK million	Number held	Interest	Acquisition cost *)	Actual value
Norwegian shares and other equity investments			8,729.2	11,422.5
Of which listed Norwegian equities				10,256.6
Foreign shares:				
Australia				
Broken Hill Proprietary	332,000		19.2	34.7
Cable & Wireless Optus	875,000		15.4	23.3
News Corporation	350,000		15.3	27.1
News Corporation P	569,000		27.2	38.8
Telstra Corp	763,000		20.2	31.6
Other Australia			86.0	104.0
Belgium			44.6	43.2
Bermuda				
Frontline	1,128,400		29.7	48.5
Other Bermuda			17.8	28.5
Canada				
Bce	125,478		32.2	90.7
Bombardier B	155,840		14.2	25.5
Canadian Pacific	147,630		27.1	25.5
Imperial Oil	215,201		26.3	37.1
Nortel Networks Corp	273,026		53.0	220.5
Seagram	71,351		20.4	25.6
Thomson	127,249		25.4	26.7
Denmark				
D/S 1912 B	340		21.5	32.0
GN Store Nord	60,000		12.1	23.7
Novo-Nordisk B	22,500		23.4	23.9
Svendborg B	170		18.1	22.6
Teledanmark	86,500		24.1	51.4
Other Denmark			145.8	181.4
Finland				
Hpy Holding	62,500		10.0	18.8
Metsa Specialty Chemicals	119,391		16.7	32.8
Nokia A	385,000		55.0	558.6
Sonera Corporation	155,000		32.2	85.0
Upm-Kymmene	100,000		16.8	32.2
Other Finland			79.8	113.0
France				
Alcatel Alsthom	55,950		57.2	102.8
Aventis	151,804		58.7	70.6
Bouygues	4,266		9.0	21.7
Cap Gemini	23,260		30.1	47.3
Carrefour	37,688		27.0	55.6
France Telecom	107,698		55.8	114.0
L'Oréal	6,952		26.8	44.6
LVMH	10,588		12.4	38.0
Michelin	136,092		51.2	42.8
Pinault Printemps-Redoute	13,124		16.3	27.7
Sanofi-Synthelabo	77,522		20.9	25.8
Suez Lyonnaise des Eaux	25,279		32.2	32.4
Total Fina	210,101		158.1	224.4
Vivendi	55,318		29.4	40.0
Other France			146.5	168.2
Hong Kong				
Cable and Wireless HKT	1,164,673		15.5	26.9
Cheung Kong Holdings	427,000		24.5	43.4
Hutchison Whampoa	707,000		45.4	82.2
Sun Hung Kai Properties	356,000		16.0	29.7

NOK million	Number held	Interest	Acquisition cost *)	Actual value
Other Hong Kong			69.5	94.3
Italy				
ENI	2,488,108		104.6	109.2
Mediaset	155,292		6.7	19.2
Telecom Italia	934,513		47.3	105.1
Telecom Italia Mobile	709,222		56.8	63.2
Telecom Italia S	1,436,463		69.8	70.1
Other Italy			74.5	72.2
Japan				
Advantest	11,000		6.5	23.2
Alpha Systems	30,000		49.2	50.3
Canon	90,000		14.6	28.5
Ddi Corporation	700		44.2	76.5
Fanuc	114,000		46.6	115.7
Fuji Television Network	700		26.2	76.5
Fujitsu	477,000		56.8	173.5
FuruKawa Electric	850,000		34.6	102.8
Hitachi	341,000		15.6	43.6
Honda Motor	347,000		97.4	102.9
Ito-Yokado	42,000		28.5	36.4
Kinki Coca-Cola Bottling	240,000		31.6	27.2
Kyocera	90,000		49.7	186.1
Matsushita Electric Industrial	196,000		28.6	43.3
Mikuni Coca-Cola Bottling	350,000		58.1	48.9
Murata Manufacturing	84,000		62.6	157.3
NEC	179,000		28.9	34.0
Nintendo	74,500		95.7	98.7
Nippon Broadcasting System	140,000		36.8	97.2
Nippon Tel & Tel Corp Y50000	1,877		151.4	256.3
NTT Mobile Communication	350		56.9	107.3
Olympus Optical	500,000		47.8	56.4
Ricoh	400,000		37.8	60.1
Rohm	12,000		8.6	39.3
Secom	22,000		4.8	19.3
Sharp	128,000		8.8	26.1
Shin-Etsu Chemical	223,000		67.5	76.6
Softbank	10,000		29.2	76.3
Sony	102,000		87.5	241.2
Takeda Chemical	86,000		16.0	33.9
Tokyo Electric Power	119,000		24.5	25.4
Tokyo Electron	20,000		13.5	21.8
Toyoda Gosei	100,000		26.8	43.7
Toyota Motor	374,000		76.9	144.5
Yamanouchi Pharmaceutical	233,000		75.0	64.9
Other Japan			613.1	713.9
Liberia				
Royal Caribbean Cruises	1,409,510		325.4	514.5
Luxembourg				
Stolt Comex Seaway B	399,210		56.1	37.5
Stolt-Nielsen B	1,357,605		173.8	202.3
Other Luxembourg			16.7	11.3
Holland				
Akzo Nobel	252,648		82.0	101.4
Koninklijke KPN	54,169		14.4	42.3
Kpnqwest NV	55,000		10.8	29.3
Philips Electronics	129,335		82.6	140.8
Royal Dutch Petroleum	227,684		94.3	111.7
Unilever NL	65,378		38.9	28.9

NOK million	Number held	Interest	Acquisition cost *)	Actual value
Other Holland			101.0	105.7
New Zealand			17.9	21.3
Portugal			31.5	30.2
Singapore			48.8	73.7
Spain				
Repsol	121,674		14.9	22.6
Telefonica	934,944		85.1	186.9
Other Spain			57.3	54.5
Great Britain				
Allied Domecq	1,160,000		49.4	45.8
Astrazeneca	264,812		73.1	88.4
Axis-Shield	283,076		14.6	19.8
BG Group	373,491		15.4	19.3
BP Amoco	1,985,035		108.0	159.6
British Sky Broadcasting Group	181,124		10.5	23.3
British Telecom	660,012		52.2	128.9
Cadbury Schweppes	1,283,547		67.2	62.0
Crh (Lse)	467,644		50.7	80.3
Diageo	350,240		28.6	22.5
Eidos	37,500		27.3	26.3
Energis	139,000		26.4	53.4
Glaxo Wellcome	369,137		79.2	83.4
Hanson Trust	690,233		47.0	46.3
Invensys	2,256,548		83.6	98.2
Marconi	274,795		19.0	38.9
National Grid	664,961		40.6	40.4
Nycomed Amersham	7,823,313		392.6	390.4
Oriflame International	732,332		25.0	25.1
Rentokil	955,458		32.8	27.9
Reuters Group	948,867		81.3	104.1
Rio Tinto	112,835		10.0	21.8
Sage	387,580		24.5	37.8
Shell Transp & Trad	1,350,000		80.5	89.7
Smithkline Beecham	1,573,270		160.8	160.5
Vodafone Airtouch GB	6,077,400		118.7	240.7
Other Great Britain			443.7	447.3
Switzerland				
ABB CH	36,233		25.9	35.5
Nestle	9,889		148.5	144.9
Novartis	12,707		155.2	149.3
Roche Holding	163		22.4	21.3
Roche Holding Genuss F	732		55.9	69.5
Swisscom	8,211		21.2	26.6
Other Switzerland			27.9	37.9
Sweden				
ABB SE	35,000		19.9	34.2
Atlantic Container Line	264,900		26.1	25.2
Duni Holding	105,711		29.9	47.4
Ericsson B	1,050,000		183.4	540.6
Europolitian	135,000		5.6	19.1
Framtidsfabrikken	42,000		4.6	60.9
Hennes & Mauritz B	300,000		37.0	80.5
Invik B	24,979		6.7	23.7
Netcom B	55,000		8.8	31.0
Nobia	176,687		17.3	25.9
Nokia SDB	115,000		18.8	166.8
Volvo A	122,500		24.7	24.8
Volvo B	157,500		32.8	32.6

NOK million	Number held	Interest	Acquisition cost *)	Actual value
Other Sweden			306.8	381.5
Germany				
BASF	69,138		20.8	28.5
Bayer	79,986		24.8	30.4
Daimlerchrysler	105,691		63.3	65.6
Deutsche Telecom	288,342		113.5	165.0
Lufthansa	159,842		26.6	30.5
Mannesmann	105,909		70.0	206.6
Metro	111,011		48.4	47.8
Sap	6,778		19.3	26.5
Sap P	17,382		64.6	83.9
Siemens	130,557		68.4	133.7
Veba	186,373		77.8	72.8
Other Germany			124.4	120.4
USA				
Abbott Labotatories	179,252		47.7	52.0
AES	250,000		110.9	149.4
Alcoa	53,747		25.1	35.7
Amazon Com	38,984		18.7	23.7
America Online	253,342		36.4	152.8
American Home Products	155,219		64.4	48.9
Amgen	115,984		37.2	55.7
AMR	39,389		20.8	21.1
Anheuser Busch	50,867		18.7	28.8
Applied Materials	53,216		32.7	53.9
AT&T	760,267		260.8	308.5
AT&T Corp Liberty Media A	141,672		16.5	64.3
Atlantic Richfield	46,962		27.6	32.5
Automatic Data Processing	82,537		20.0	35.6
Autozone	500,000		112.9	129.2
Baxter International	45,698		19.5	22.9
Bell Atlantic	179,909		58.2	88.5
Bellsouth	214,547		49.9	80.3
Black & Decker	330,744		162.9	138.2
BMC Software	41,865		17.6	26.8
Boeing	122,446		43.4	40.7
Boston Scientific	600,000		106.6	104.9
Bristol-Myers Squibb	221,684		76.1	113.8
Broadvision	60,000		41.5	81.6
Campbell Soup	62,919		25.5	19.5
Carnival	81,259		19.3	31.1
Caterpillar	54,264		21.4	20.4
CBS Corporation	93,852		21.5	48.0
Cendant	129,220		27.4	27.4
Chevron	225,762		157.3	156.4
Cisco Systems	608,308		169.5	521.0
Clear Channel Communications	43,389		23.3	31.0
Coastal	499,248		144.6	141.4
Coca-Cola	268,907		142.2	125.2
Columbia Hca Healthcare	127,501		26.6	29.9
Compaq Computer	600,000		163.8	129.8
Computer Associates Intl	77,616		26.0	43.4
Corning	37,236		10.3	38.4
Costco Wholesale	33,651		15.1	24.5
Cox Communications	83,909		23.7	34.5
Cunard Line	1,257,319		93.7	139.3
Dana Corp	300,000		119.0	71.8
Dayton Hudson	58,947		19.1	34.6

NOK million	Number held	Interest	Acquisition cost *)	Actual value
Dell Computer	285,669		104.9	116.5
Disney	248,777		59.8	58.2
Dow Chemical	30,127		21.4	32.2
Duke Energy	49,122		21.3	19.7
DuPont (E.I) De Nemours	100,237		51.8	52.8
Electronic Data Systems	65,595		19.5	35.1
EMC	124,921		45.3	109.1
Emerson Electric	71,078		34.4	32.6
Enron	92,108		17.0	32.7
Exxon Mobil	384,335		212.3	247.5
First Data	464,458		103.4	183.1
Ford Motor Co	145,986		58.8	62.4
Gannett	43,073		17.6	28.1
Gap	108,532		31.0	39.9
General Electric	338,088		262.0	418.3
General Instrument Corp	250,000		67.4	169.9
General Motors A	87,973		27.1	51.1
Gillette	133,264		48.6	43.9
Halliburton	82,409		29.0	26.5
Hewlett-Packard	122,362		78.9	111.5
Home Depot	254,417		40.1	139.5
Honeywell	250,000		112.7	115.3
IBM	315,186		205.8	272.2
Illinois Tool Works	38,133		18.0	20.6
Intel	189,914		86.1	125.0
International Paper	65,533		22.7	29.6
Interpublic Group	53,336		18.0	24.6
IXL Enterprises	150,000		49.5	66.6
Johnsen & Johnsen	148,518		83.8	110.6
Kimberly-Clark	73,323		26.5	38.3
Kroger	945,892		124.1	142.7
Lilly Eli	131,245		60.6	69.8
Lucent Technologies	575,768		240.0	344.4
May Department Stores	65,103		19.8	16.8
McDonalds	169,814		36.3	54.7
McGraw Hill	39,249		12.5	19.3
MCI Worldcom	309,804		75.7	131.4
Medtronic	126,298		37.3	36.8
Merck & Co	242,651		115.0	130.1
Metromedia Intl Group	700,000		54.1	26.6
Micron Technology	33,002		18.0	20.5
Microsoft	554,783		336.3	517.8
Minnesota Mng & Mfg	52,773		28.7	41.3
Monsanto	91,752		31.2	26.1
Motorola	76,828		35.0	90.4
Omnicom Group	29,656		16.6	23.7
Oracle Corporation	182,566		32.6	163.6
Pfizer	847,492		232.1	219.8
Philip Morris	292,049		114.2	54.1
PPG Industries	43,655		22.0	21.8
Procter & Gamble	140,419		84.0	123.0
Qualcomm	78,756		22.0	110.9
Qwest Communications	87,753		19.9	30.2
Sara Lee	135,462		27.9	23.9
SBC Communications	227,173		91.0	88.5
Schlumberger	70,300		28.8	31.6
Siem Industries	2,214,500		30.6	136.2
Soletron Corp	37,046		21.7	28.2

NOK million	Number held	Interest	Acquisition cost *)	Actual value
Sprint Corp (Fon Group)	200,000		97.0	107.6
Texas Instruments	79,403		19.4	61.5
Time Warner	135,854		36.5	78.7
Tribune (Delaware)	45,606		11.9	20.1
Tyco International	400,000		118.7	124.3
United Technologies	63,586		31.9	33.0
Viacom Inc -CI B	92,282		16.6	44.6
Vignette	60,000		36.5	78.2
Wal-Mart Stores	467,471		141.7	258.3
Wallgreen	127,506		17.9	29.8
Weyerhaeuser	38,373		13.9	22.0
Williams Companies	560,556		152.0	137.0
Yahoo	27,603		31.5	95.5
Other USA			761.2	599.0
Austria			6.7	6.1
Other foreign mutual investments				
Apax Europa IV-D L.P. STB LIVSFORSIKRIN	26		21.0	20.6
Apax France V	362		46.5	54.2
Apax UK V-B, Limited Partnership	35		41.2	57.9
Apax Uk Vi-B L.P.	66		42.0	27.9
Apax UK Vi-D L.P.	66		41.7	27.9
Head Insurance Investors L.P.	100		68.7	79.8
HMTF Europe Fund Capital Call First Clos	5,282,623		43.1	42.6
Storebrand Scudder EVF A	44,661		43.7	104.9
Viking Global Equities III Ltd	15,000,000		116.8	126.5
Wand Partners	56		38.8	39.2
Other			28.9	25.9
Foreign shares and other investments			18,309.3	25,993.3
Of which listed international equities				24,757.7
Total shares and participations (short term holdings)			27,038.5	37,415.8
Acquisition cost at the exchange rate applicable on the balance sheet date			27,733.4	
Forward foreign exchange contracts - shares				-160.0
Total shares and participations and forward foreign exchange contracts			27,038.5	37,255.8
Of which held by subsidiaries				
- Shares held as fixed assets			36.4	36.4

Single equity investments is written down with NOK 27.9 million.

*) Equal to acquisition cost in historical currency.

TRENDS IN EQUITY EXPOSURE IN 1999

Storebrand Livsforsikring AS significantly increased its aggregate exposure to stock markets in 1999. At the start of the year exposure to equities accounted for 24% of total investment assets. This proportion had risen to 33% by the end of the year. The increase reflects both further purchases of equities during the year and the increase in value of the existing equity portfolio, which was greater than the increase in value of the company's other investment assets.

Storebrand Livsforsikring AS's equity investments are very largely in listed shares, and these investments are accordingly very liquid. Un-listed securities only feature to any significant extent in the company's separate portfolio for "private equity" investments. Such investments are characterised by a somewhat higher level of risk than other equity investments, partly because until such time as un-listed shares achieve a stock exchange listing their liquidity is much less than is the case for the company's other equity investments. The market value of the company's "private equity" portfolio at the end of the year amounted to approximately NOK 1.5 billion.

The company's equity investment is divided into four geographic regions of Norway, Europe, North America and Asia. Investments are allocated between these regions in accordance with the weights set out in the company's investment policy unless the investment manager's market view requires some different weighting. During 1999 the investment manager's market view required a somewhat higher allocation to the Norwegian and Asian stock markets. The risk associated with this type of deviation is subject to clearly defined limits and is carefully monitored.

The relative risk associated with the company's equity portfolios, i.e. the risk that actual returns will differ from the returns indicated by the company's benchmark portfolio, was at a stable and moderate level throughout 1999.

Equity derivatives:

NOK million	Equity exposure *)		Acquisition value	Actual value
	Number held	Amount		
Share options, Norwegian shares				
Norwegian equity derivatives				
Share options - Norsk Hydro	0.2	82.5	7.4	10.7
Share options - Gresvig	0.0	-2.5	-0.1	0.1
Share options - other Norwegian shares		-0.2	0.0	0.0
Stock index futures - Norwegian shares		239.9	-1.8	-1.8
Total equity derivatives Norwegian shares				
Other share options - Norwegian shares				
Equity derivatives, Norwegian		319.7	5.4	9.0
Equity derivatives, foreign				
Share options - Singapore Airlines	0.1	12.7	4.8	12.6
Share options - First Russian Frontiers		-3.0	0.0	-1.0
Share options - other foreign shares		-497.1	-4.4	-4.4
Stock index futures - foreign shares				
Equity derivatives, foreign		-487.3	0.5	7.2
Sum share derivatives		-167.7	5.9	16.2

*) Equity exposure on options takes into account the relationship between the option exercise price and the underlying market price ("delta weighting").

Share options are booked as 'financial derivatives - asset positions' in the balance sheet.

Stock index futures are booked as other receivables in the balance sheet.

NOTE 11 PARENT COMPANY'S HOLDING OF SHARES IN SUBSIDIARIES AND CONNECTED COMPANIES

NOK million	Equity method		Book value 31.12.	Interest in %	Voting interest in %	Book value 1.1.	Recognised profit 1999
	Acquisition cost	Book equity					
Company							
Aktuar Consult AS, Filipstad br.1, 0114 Oslo	0,1	0,4	0,5	100,0%	100,0%	0,1	1,3
Aktuar Systemer AS, Filipstad br.1, 0114 Oslo	13,0	-9,1	3,9	100,0%	100,0%	13,0	0,5
Storebrand Pensjonstjenester AS, Filipstad br.1, 0114 Oslo	3,7	0,3	4,0	100,0%	100,0%	3,7	2,0
AS Værdalsbruket, 7660 Vuku	0,1	35,0	35,1	74,9%	74,9%	0,1	1,7
Storebrand Eiendom AS, Filipstad br.1, 0114 Oslo	2,0		2,0	100,0%	100,0%	2,0	4,0
Storebrand Nybygg AS, Filipstad br.1, 0114 Oslo	1 370,9		1 370,9	100,0%	100,0%		83,0
Subsidiaries	1 389,8	26,6	1 416,4			18,9	92,5
Nordben Life and Pension Insurance Co. LTD	16,9	15,8	32,7	25 %	25 %	19,0	3,0
Associated companies	16,9	15,8	32,7			19,0	3,0
Scanvik Corporation, California USA *) **)	58,8		58,8	100,0%	100,0%	58,8	
Storebrand Kjøpesenter Holding AS, Holmensgt. 4 *)	3 975,9		3 975,9	100,0%	100,0%	3 924,7	313,1
Hoffsvn. AS, Filipstad br.1, 0114 Oslo *)	0,1		0,1	100,0%	100,0%		

*)For notes on properties owned through a limited company see Note 19-Properties. These investments are booked as real estate.

**) Company not included in consolidation since it is held with the intention of sale.

NOTE 12 GOODWILL IN SUBSIDIARIES

NOK million	Goodwill 1999	Goodwill 1998	Goodwill 1997
Company			
Aktuar Systemer AS	3.5	5.3	7.1
Total	3.5	5.3	7.1

Goodwill resulted from the acquisition of Aktuar Systemer AS.

See note 19

NOTE 13 BONDS AND COMMERCIAL PAPER HELD AS CURRENT ASSETS

NOK million	Commercial paper		Bonds		Total	
	Acquisition cost *)	Actual value	Acquisition cost *)	Actual value	Acquisition cost	Actual value
By type of issuer						
Public sector	954.4	954.6	27,307.0	26,976.0	28,261.5	27,930.5
Financial institutions	616.9	617.3	2,403.8	2,468.1	3,020.7	3,085.5
Other issuers	335.0	335.0	3,649.9	3,759.6	3,984.9	4,094.6
Forward foreign exchange contracts				-80.3		-80.3
Commercial paper, bonds and forward contracts held as current assets	1,906.3	1,906.9	33,360.8	33,123.4	35,267.1	35,030.3
- Of which listed securities		784.5		30,267.5		31,052.0
Acquisition cost at exchange rate on balance sheet date	1,906.3		34,288.1		36,194.4	
Modified duration (interest sensitivity)		0.4		4.6		
Average effective yield		5.68		5.70		5.70

*) Acquisition cost at historic exchange rate when acquired.

The effective yield of individual fixed income securities is calculated on the basis of the observed market price.

Where no market price is available for a particular fixed income security the effective yield is calculated on the basis of the period for which the interest rate is fixed and the classification of the security in terms of liquidity and credit risk.

The weighted average effective yield for the total portfolio is calculated on the basis of weighting by each security's proportion of the total interest rate sensitivity.

NOK million	Commercial paper		Bonds		Total	
	Acquisition cost	Actual value	Acquisition cost	Actual value	Acquisition cost	Actual value
By currency						

NOK	1,906.3	1,906.9	14,717.6	14,299.9	16,624.0	16,206.7
US	0.0	0.0	8,022.9	7,875.4	8,022.9	7,875.4
EURO	0.0	0.0	5,503.3	5,172.1	5,503.3	5,172.1
JAY	0.0	0.0	2,139.8	2,762.7	2,139.8	2,762.7
GAP	0.0	0.0	1,346.9	1,416.2	1,346.9	1,416.2
CAD	0.0	0.0	755.1	756.1	755.1	756.1
DKr	0.0	0.0	563.0	592.1	563.0	592.1
SEK	0.0	0.0	312.3	248.9	312.3	248.9
Commercial paper, bonds and forward contracts held as current assets	1,906.3	1,906.9	33,360.8	33,123.4	35,267.1	35,030.3

NOTE 14 BONDS TO BE HELD TO MATURITY

NOK million	Par value	Acquisition cost	Book value	Actual value	Bal. of amortisation
Norwegian bonds to be held to maturity					
Public sector	14,461.2	14,860.0	14,696.6	14,545.2	235.4
Financial issuers	9,921.0	9,748.7	9,828.7	9,786.1	-92.3
Other issuers	600.0	599.6	599.5	614.2	-0.5
Total portfolio	24,982.2	25,208.2	25,124.8	24,945.6	142.6
- Of which listed securities			20,338.3		
Denominated in foreign currency					
NOK	24,982.2	25,208.2	25,124.8	24,945.6	142.6
Modified duration (interest sensitivity)			3.6		
Average effective yield			6.56		

The effective yield of individual fixed income securities is calculated on the basis of the observed market price. Where no market price is available for a particular fixed income security the effective yield is calculated on the basis of the period for which the interest rate is fixed and the classification of the security in terms of liquidity and credit risk.

The weighted average effective yield for the total portfolio is calculated on the basis of weighting by each security's proportion of the total interest rate sensitivity.

NOTE 15 FINANCIAL DERIVATIVES

Long and short positions

A long position in an equity derivative produces a gain in value if the share price increases. For interest rate derivatives, a long position produces a gain if interest rates fall, as is the case for bonds. A long position in a currency derivative produces a gain if the currency strengthens against the NOK .

The gap between long and short positions is taken into account in calculating the total net nominal volume, whereas gross total nominal volume takes no account of the result for a particular instrument of a long versus a short position.

Nominal volume

Financial derivative contracts are related to underlying amounts which are not recorded in the balance sheet. In order to quantify a derivative position, reference is made to underlying concepts such as nominal principal, nominal volume, etc.

Nominal volume is arrived at differently for different classes of derivative, and gives an indication of the size of the position and risk the derivative creates. Gross nominal volume principally indicates the size of the exposure, whilst net nominal volume gives an indication of the risk exposure. However nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivative.

Average gross nominal volume

The average figures are based on daily calculations of gross nominal volume.

Credit equivalent amounts

Credit equivalent amounts are intended to give a measure of the credit risk associated with financial derivatives. In general the credit risk is seen as being limited, since either stock exchange listed and cleared contracts or contracts with well known financial institutions are employed.

Credit equivalent values represent the weighted volume of currency and interest rate agreements for the purposes of

capital adequacy calculations, where gross nominal volume is taken into account.

Financial derivatives classified as short term assets/liabilities

<i>NOK million</i>	Gross nominal volume	Average nominal volume	Net nominal volume	Credit equivalent amount	Acquisition-cost	Market value
Share options	132.5	590.2	96.6	0.0	12.1	22.4
Stock index futures	976.7	2,618.4	-257.2	0.0	-6.2	-6.2
Total equity derivatives	1,109.3	3,208.6	-160.6	0.0	5.9	16.2
Forward rate agreements	28,436.1	30,340.5	-2,167.5	0.0	0.0	-15.3
Interest rate futures	4,732.8	7,057.3	3,249.5	0.5	1.1	1.1
Interest rate swaps	2,192.4	2,120.3	593.4	4.8	0.0	-7.1
Total interest rate derivatives	35,361.3	39,518.1	1,675.4	5.2	1.1	-21.2
Forward foreign exchange contracts	46,074.1	45,863.2	-43,917.4	123.3	0.0	-240.3
Total currency derivatives	46,074.1	45,863.2	-43,917.4	123.3	0.0	-240.3
Total currency derivatives	82,544.6	88,589.8	-42,402.6	128.5	7.0	-245.4

Financial derivatives classified as long term assets/liabilities

<i>NOK million</i>	Gross nominal volume	Average nominal volume	Net nominal volume	Credit equivalent amount	Acquisition-cost	Market value
Interest rate swaps	479.8	479.8	479.8	0.0	0.0	-8.1
Total interest rate derivatives	479.8	479.8	479.8	0.0	0.0	-8.1
Forward foreign exchange contracts	3,718.3	2,925.7	3,718.3	13.0	0.0	5.1
Total currency derivatives	3,718.3	2,925.7	3,718.3	13.0	0.0	5.1
Total currency derivatives	4,198.1	3,405.5	4,198.1	13.0	0.0	-3.0

Interest rate swaps include accrued interest not yet due for payment.

NOTE 16 FINANCIAL RISK STOREBRAND LIVSFORSIKRING AS

Liquidity risk

Contractual period to maturity

Current/fixed assets	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	No fixed maturity	Total value
Long term shares and investments	0.0	0.0	0.0	0.0	0.0	1,449.4	1,449.4
Lending	0.9	26.5	22.2	544.7	2,607.6		3,201.9
Bonds held to maturity	388.9	31.9	1,526.4	10,833.7	12,739.9	0.0	25,520.7
Fixed term deposits	310.8	0.0	0.0	0.0	0.0	0.0	310.8
Bonds and commercial paper (current assets)	571.1	773.4	2,105.3	17,867.3	14,565.5	0.0	35,882.6
Financial derivatives	-221.5	4.8		-1.1	0.0		-217.9
Other current assets	0.0	0.0	0.0	0.0	0.0	37,399.6	37,399.6
Total							103,547.1
Of which in foreign currency							
Long term shares and investments	0.0	0.0	0.0	0.0	0.0	29.1	29.1
Bonds and commercial paper (current assets)	68.7	0.0	915.0	9,208.2	9,185.9	0.0	19,377.8
Financial derivatives	-29,601.4	-14,325.3		-1.1			-43,927.8
Other current assets	0.0	0.0	0.0	0.0	0.0	25,009.7	25,009.7

Contractual period to maturity provides only a partial view of the company's liquidity risk since in practice the majority of investment assets can be sold in the secondary market at shorter notice than the remaining maturity.

Interest rate fixing

Current/fixed assets	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	No fixed period	Total value
Long term shares and investments	0.0	0.0	0.0	0.0	0.0	1,449.4	1,449.4

Lending		3,083.1	5.0	90.4	23.4		3,201.9
Bonds held to maturity	564.6	85.7	1,686.7	11,773.3	11,410.5	0.0	25,520.7
Fixed term deposits	310.8	0.0	0.0	0.0	0.0	0.0	310.8
Bonds and commercial paper (current assets)	1,586.7	2,136.0	2,545.8	16,373.2	13,240.8	0.0	35,882.6
Financial derivatives	-234.2	-6.0		0.0	0.0	22.4	-217.9
Other current assets	0.0	0.0	0.0	0.0	0.0	37,399.6	37,399.6
Total							103,547.1
Of which in foreign currency							
Long term shares and investments	0.0	0.0	0.0	0.0	0.0	29.1	29.1
Bonds and commercial paper (current assets)	1,084.3	1,135.9	1,061.8	7,944.4	8,151.4	0.0	19,377.8
Financial derivatives	-29,614.1	-14,325.3		0.0		11.6	-43,927.8
Other current assets	0.0	0.0	0.0	0.0	0.0	25,009.7	25,009.7

A substantial element of currency exposures with early maturities is related to the ongoing hedging of the major part of direct currency exposure.

Interest rate risk

Interest rate sensitivity

Current assets NOK million	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
NOK	-10.1	-30.8	-7.8	-200.4	-284.2	-533.3
EUR	1.8	7.5	-6.0	-56.6	-297.7	-351.0
USD	1.4	17.9	-0.6	-89.7	-249.0	-320.0
JPY	2.5	0.5	-0.9	-21.5	-206.5	-225.9
GBP	2.8	0.0	0.0	-17.3	-57.7	-72.2
Other currencies	1.4	7.9	0.0	-18.1	-45.9	-54.7
Total all currencies	-0.2	3.0	-15.3	-403.6	-1,141.0	-1,557.1
Fixed assets						
NOK	-0.3	3.6	0.0	-325.7	-593.8	-916.2
Total quantified interest rate sensitivity	-0.5	6.6	-15.3	-729.3	-1,734.8	-2,473.3

Interest rate sensitivity is a method of measuring interest rate risk which is based on the effect of interest rate changes on the market value of bonds, interest rate derivatives and other interest-sensitive financial items. The summary provided demonstrates the effect on the value of financial current assets and financial fixed assets (bonds held maturity) at 31.12.99 of a 1 percentage point increase in interest rates.

Foreign exchange risk

Assets and liabilities in foreign currency

NOK million	Balance sheet items			Forwards	Net position	
	Long positions	Short positions	Net balance	Net sales	in currency	in NOK
Short term portfolios						
AUD	51.1	0.0	51.1	-42.5	8.6	45.0
CAD	170.9	0.0	170.9	-163.0	7.9	43.8
CHF	99.7	0.0	99.7	-86.5	13.2	66.4
DKK	879.0	-0.8	878.2	-838.0	40.2	43.6
EUR	1,257.6	-5.2	1,252.5	-1,228.2	24.2	195.4
GBP	305.3	-15.2	290.1	-286.9	3.2	41.2
HKD	315.1	0.0	315.1	-281.0	34.1	35.1
IDR	1,001.6	0.0	1,001.6	0.0	1,001.6	1.1
JPY	82,319.2	-21.6	82,297.6	-79,650.0	2,647.6	206.6
NZD	5.9	0.0	5.9	-2.8	3.1	12.7
PHP	4.0	0.0	4.0	0.0	4.0	0.8
SEK	2,022.7	-4.0	2,018.7	-1,862.0	156.7	147.5
SGD	17.1	0.0	17.1	-11.5	5.6	26.9
THB	8.0	0.0	8.0	0.0	8.0	1.7
USD	2,764.0	-252.0	2,512.0	-2,461.7	50.4	402.9
Total current asset portfolios						1,270.7
Long term holdings/subordinated loans						
EUR	0.0	-135.3	-135.3	134.5	-0.8	-6.5
GBP	2.3	0.0	2.3	0.0	2.3	29.1
USD	1.0	-325.7	-324.7	329.5	4.8	38.3

NOTE 18 REAL ESTATE

NOK million	Property type *)	Average rent/m²	Lease period	Actual value	Sq.m.	% age let **)	% age rent recd. **)
Geographic location							
Vika/Filipstad brygge	Office/shops	949	6,5	1 628,0	127 996	97,7%	97,7%
Other Oslo	Office	1 228	6,5	1 509,2	97 166	99,7%	99,7%
Other Norway	Office	927	4,3	426,5	40 113	93,0%	93,0%
Total: Directly owned		1 034	6,2	3 563,7	265 275	97,6%	97,6%
Total: Shopping centres in separate companies	Shops	1 164	4,1	4 210,5	332 938	96,8%	96,8%
Property partnerships							
Oslo/Vika	Office/shops	1 419	5,0	966,5	50 851	96,9%	96,9%
Other	Office	802	2,3	41,4	5 222	100,0%	100,0%
Total: Property partnerships		1 203	5,5	1 007,9	56 073	97,1%	97,1%
Scanvik Corporation	Site			58,8	0		
Total: Property owned by Storebrand Liv AS		1 119	5,1	8 840,9	654 286	97,2%	97,2%
Property owned by Værdalsbruk				8,2			
Property owned by Storebrand Nybygg	Office	1 675	8,0	1 254,3	58 061	99,4%	99,4%
Total Group holdings of real estate				10 103,4			

*) Some properties comprise space for more than one use. The summary shows the overall area.

Indoor parking is included in the figures for space and average rent.

**) Properties under renovation are not classified as vacant. This applied to only a small proportion to the total at year-end 1999.

The property Filipstad Brygge 1 (owned by Storebrand Nybygg) was acquired 1.3.99 and is mainly used as offices for the Storebrand group and if.... Lease rentals are in accordance with a lease agreement signed in 1996 at market rent. The lease is for 10 years from March 1998, with a rent review to market rent in 2001 for half the total space. The lease for the space subject to rent review can be terminated on 12 months notice.

Most lease contracts with original terms of over 5 years have clauses for rent reviews after 5 years.

Certain leases instead have increasing rentals, with annual payments increasing at an inflation-plus rate.

A large part of the leased commercial premises and car parking is on turnover-based terms subject to a minimum rental level.

PROPERTY VALUATION METHODS

The company regularly carries out its own assessment of the value of the properties which it owns. The properties are valued individually by discounting estimated future net income streams by a discount rate corresponding to the yield requirement for the relevant investment. The net income stream takes into account existing and future reduction in income resulting from vacancy, necessary investments and an assessment of the future development in market rents. The yield requirement is based on the expected future risk-free interest rate and an individually determined risk premium, dependent on the letting situation and the building's location and standard. This method is in accordance with the regulations for annual accounts etc. of insurance companies.

Actual value has been determined for all properties at 31.12.99

NOTE 19 MOVEMENTS IN THE GROUP'S FIXED ASSETS DURING THE YEAR

NOK million.	Real estate	Machinery, cars and equipment	TOTAL	Goodwill	Bonds held to maturity	Long term shares and investments
Acquisition cost at 1.1	9,315.3	86.8	9,402.1	8.9	17,781.1	0.5
Revaluations in the year	400.7		400.7			
Revaluations in earlier years	510.6		510.6			
Additions	588.3	0.8	589.1		7,397.7	36.2
Disposals at acquisition cost	-532.1	-0.3	-532.4			
Re-classification						
Amortised over/under value for the year					-54.1	

Aggregate write-downs and depreciation at 31.12.	-179.4	-66.7	-246.1	-5.4		
Book value at 31.12.99	10,103.4	20.6	10,124.0	3.5	25,124.8	36.7
Revaluations/reversals for the year	236.9					
Ordinary depreciation for the year		11.2	11.2	1.8		

See Note 13 for additional information.

Straight line depreciation periods for operating assets are as follows:

Machinery and fittings:	4 years
Motor cars:	6 years
Computer systems:	3 years
Goodwill:	5 years

NOTE 20 MARKET VALUE (ACTUAL VALUE) OF THE GROUP'S SECURITIES HOLDINGS

NOK million	1999					1998
	Acquisition cost (Book value)	Loss provisions	Currency change	Unrealised gain	Actual value	Unrealised gain
Long term investments						
Shares and other equity investments	69.4				69.4	
Bonds	25,124.8			-179.2	24,945.6	552.7
Other long term financial investments	135.6				135.6	
Total long term investments	25,329.8			-179.2	25,150.6	552.7

NOK million	1999					1998
	Acquisition cost (Book value)	Loss provisions	Currency change	Unrealised gain	Actual value	Unrealised gain
Other financial assets (short term)						
Shares and other equity investments	27,038.5	-27.9	534.9	9,710.3	37,255.8	2,267.3
Bonds	33,360.8		847.0	-1,084.4	33,123.4	415.2
Commercial paper	1,906.3			0.6	1,906.9	0.2
Deposits with credit institutions	310.1			0.1	310.2	
Financial derivatives - asset positions	12.1		0.3	10.0	22.4	52.1
Financial derivatives - liability positions				-40.3	-40.3	
Other financial assets					0.0	-7.0
Total short term current assets	62,627.8	-27.9	1,382.2	8,596.3	72,578.4	2,727.8

NOTE 21 INSURANCE RESERVES BY CLASS OF BUSINESS

NOK million	Collective pension insurance	Group life insurance	Endowment insurance	Annuity/pension insurance	Non-life insurance	Total 1999	Total 1998
Premium reserve	53 154,9	298,8	7 513,3	20 816,4		81 783,4	74 971,6
Additional statutory reserves	3 879,3		430,8	1 536,6		5 846,7	6 112,4
Premium and pension adjustment fund	8 522,2			637,7		9 159,9	8 098,9
Claims reserve	12,4	125,9	61,8	6,3		206,4	194,0
Other technical reserves					28,4	28,4	19,5
Insurance fund reserves 1999	65 568,8	424,7	8 005,9	22 997,0	28,4	97 024,8	
Insurance fund reserves 1998	58 371,8	401,3	7 757,1	22 846,6	19,5		89 396,4
Security reserve 1998	422,0	66,0	40,5	63,3		591,8	
Security reserve 1997	420,0	66,0	30,8	75,0			591,8
Insurance related reserves 1999	65 990,8	490,7	8 046,4	23 060,3	28,4	97 616,6	
Insurance related reserves 1998	58 791,8	467,3	7 787,9	22 921,6	19,5		89 988,2

Reserves in respect of non-life insurance products are detailed in Note 24.

NOTE 22 TRANSFERS BETWEEN INSURANCE FUND RESERVES ETC. ON CLOSING 1996 ACCOUNTS

NOK million	Collective	Individual	Total
To/from premium fund	84,2	-0,6	83,6
To/from premium reserve	11,0	45,1	56,1
To/from additional statutory allocations	-95,2	-44,5	-139,7

NOTE 23 TECHNICAL RESULT AND RESERVES FOR NON-LIFE CLASSES
Private market insurances

NOK million	1999	1998
Premiums for own account	38.7	28.4
<u>Gross business</u>		
Premiums earned	38.9	28.6
Claims accrued	-12.2	-16.6
Insurance related operating expenses	-11.6	-8.9
Technical result	15.1	3.1
<u>Reinsurance ceded</u>		
Premiums earned	-0.2	-0.2
Claims accrued	0.1	0.3
Technical result	-0.1	0.1
<u>For own account</u>		
Technical result	15.0	3.2
Claims reserve	13.1	8.0
<i>BISC minimum requirement</i>	13.1	8.0
Security reserve	13.1	10.0
<i>BISC minimum requirement</i>	13.1	10.0
Administration reserve	2.1	1.5
<i>BISC minimum requirement</i>	2.1	1.5

NOTE 24 DEFERRED TAX ALLOWANCES AND DEFERRED TAX:

GROUP FIGURES

NOK million	1999		1998		Net change
	Positive	Negative	Positive	Negative	
Temporary differences					
Shares held as current assets		42.4		41.2	-1.2
Current value of securities	1,623.5		1,584.3		39.2
Forward foreign exchange contracts		240.3			-240.3
Bonds					0.0
Revaluations of real estate	236.9				236.9
Write down of KS/ANS participations	26.0		7.2	16.9	35.7
Book difference KS/ANS participations		105.9		111.0	5.1
Operating assets	253.9	5.1	243.7	2.5	7.6
Insured pension scheme	73.6		75.8		-2.2
Uninsured pension scheme		134.7		123.4	-11.3
Profit and loss account		0.5		0.4	-0.1
Reserves		14.8		19.6	4.8
Other	95.9	2.2	71.5		22.2
Total temporary differences	2,309.8	545.9	1,982.5	315.0	96.4
- of which subsidiaries	284.8	8.4	262.2	5.8	
Tax losses carried forward		739.3		1,390.4	
Allowable losses carried forward		904.2		701.9	
Applied/settled	-2,189.4	-2,189.4	-1,982.5	-1,982.5	
Revaluation/write off of fixed assets					
Net temporary differences	120.4	0.0	0.0	424.8	545.2
Tax	28.0%	28.0%	28.0%	28.0%	28.0%
Deferred tax/tax allowances	33.7	0.0	0.0	118.9	152.7
Changes applied directly to the balance sheet or profit and loss account					-2.9
Change in deferred tax/deferred tax allowance					149.8

NOTE 25 GAINS/LOSSES

NOK million	1999	1998
Opening balance at 01.01.	0.3	0.4
Movements during the year:		
20% of negative balance recognised		-0.1
Difference arising from partnership interests		
Balance at 31.12	0.3	0.3

NOTE 26 SUBORDINATED LOAN CAPITAL

NOK million	Amount NOK	Currency code	Currency amount	Maturity	Interest rate %	Currency gains/losses
Lender/date drawn down						
J.P.Morgan (syndikert til 16 banker *) 11.5.95	958.7	USD	120.0	2005	6.92%	-44.4
C.Kierulf, SPN Fonds, Oslo Securities 15.1.92	81.2	NOK	81.2	2002	11.15%	
Chase Manhattan Bank, Oslo 1.12.97 *)	479.8	NOK	479.8	2007	5.89%	
Merill Lynch International *)	1,083.7	EUR	135.0	2009	4.24%	19.1
J. P. Morgan 24.2.98 *)	1,597.8	USD	200.0	Perpetual	6.58%	-74
Total subordinated loan capital	4,201.2					-99.3

NOK 2,782,8 million of the subordinated loan total (66% of the total) is eligible for inclusion in capital adequacy calculations.

The accounting treatment of currency hedging of subordinated loans is described in Accounting Principles.

* The company has an option to redeem the loan after 5 years

The company has entered into hedging transactions in respect of subordinated loans denominated in foreign currency.

The total expense associated with the company's subordinated borrowings (including currency gains and losses) amounts to NOK 255.1 million.

NOTE 27 TRANSACTIONS WITH CONNECTED PARTIES

Transactions between companies in the group

NOK million	Amount	Terms
Profit and loss items:		
Interest on debt	-81.2	Interbank rate + 1%
Interest on receivables	11.0	
Services bought	-448.6	Full cost Monthly settlement
Services sold	73.8	Full cost Monthly settlement
Transfer of reserves - received	0.7	
Transfer of reserves - disbursed	-961.4	
Balance sheet items:		
Receivables	3.7	
Debt	766.9	
Receivable - Skandia	135.6	6 month NIBOR

LOANS AND GUARANTEES FOR EMPLOYEES AND ELECTED OFFICERS

Loans made by Storebrand Livsforsikring AS to employees of the Storebrand group totalled NOK 581.1 million as at 31.12.99.

Loans granted to:

Espen Klitzing, Managing Director NOK 2.4 million

Members of the Board of Directors:

Aase Fagerhaug NOK 0.3 million

Hans Henrik Klouman NOK 1.6 million

PURCHASE OF STOREBRAND ASA SHARES

The Managing Director of Storebrand Livsforsikring AS owns 450 shares in Storebrand ASA.

NOTE 28 MANAGEMENT SALARIES AND CONTRACTUAL ARRANGEMENTS

Storebrand Livsforsikring AS's Managing Director for the first two months of the year was Paul Høiness. Salary during his notice period and the final payment agreed in respect of the termination of his employment amounted to NOK 3.2 million.

Espen Klitzing has received remuneration of NOK 1.4 million for his role as managing director of Storebrand Livsforsikring AS since 1 March 1999.

The Managing Director is entitled to payment equivalent to 2 year's salary in the event of termination of employment or changes to his appointment. Salary earned from other employment in his period will be deducted from any such payment.

The Chairman of the Board, Åge Korsvold, does not receive remuneration for this appointment, and as at 31 December 1999 was not in receipt of any loans from the company. The company has no obligations towards the Chairman in respect termination or change in this appointment.

Directors' fees to non-executive and executive directors, excluding the Chairman, amounted to NOK 0.2 million.

In addition the company provides Directors' Liability insurance for the members of the Board.

The Storebrand group operates a cash bonus scheme for its senior executives which is linked to the performance of the Storebrand share. The purpose is to offer senior executives an incentive to strive for long-term value creation and to build shareholder value.

NOTE 29 AUDIT FEES OF STOREBRAND LIVSFORSIKRING AS

Audit fees totaling NOK 2,3 million are taken to the accounts. The break down is as follows

Fees recorded for audit and related duties:	NOK 1.5 million
Fees recorded for consultancy:	NOK 0.8 million

NOTE 30 CHANGE IN EQUITY CAPITAL

NOK million	Parent company	
	1999	1998
Equity capital at 01.01	1,361.2	1,361.2
Equity capital at 31.12	1,361.2	1,361.2
Other equity at 1.1.	1,478.1	1,163.8
Capitalisation of deferred tax/deferred tax allowances		190.4
Profit for the year	109.5	123.9
Other equity at 31.12.	1,587.6	1,478.1
Equity capital at 31.12 as per balance sheet	2,948.8	2,839.3

The company's shares are owned to 100% by Storebrand ASA and are of NOK 100 par value. All shares have equal voting rights
The company does not own any of its own shares.

NOTE 31 ALLOCATION OF PROFIT

NOK million	1999	%
Profit allocated to policyholders	4,332.9	83%
Profit allocated to equity, dividend, group contribution and tax	899.0	17%
Total	5,231.9	100%

NOTE 32 CAPITAL ADEQUACY

NOK million	Group		Parent company	
	1999	1998	1999	1998
Risk-weighted calculation base	106,604.0	98,099.9	106,508.7	96,719.6
Risk weighting 0%	37,487.8	31,758.8	37,520.4	31,742.4
Risk weighting 10%	1,076.2	823.7	1,076.2	823.7
Risk weighting 20%	24,319.6	23,412.9	24,154.6	22,546.4
Risk weighting 50%	2,639.8	4,318.6	2,639.8	4,303.2
Risk weighting 100%	41,080.6	37,785.9	41,117.7	37,303.9
Assets associated with life insurance policies offering investment choice	0.0	0.0	0.0	0.0
Weighted on-balance sheet assets	47,372.0	44,710.2	47,376.1	44,047.2
Weighted interest rate and currency contracts	141.6	137.6	141.6	137.6
"Cross ownership" deduction for holdings in other financial institutions	0.0	0.0	0.0	0.0
Loan loss provisions	-10.6	-8.9	-10.6	-8.9
Risk weighted calculation base	47,503.0	44,838.9	47,507.1	44,175.9
Tier 1 capital	2,910.3	2,713.1	2,877.6	2,625.2
Perpetual subordinated loan capital	1,512.0	1,512.0	1,512.0	1,512.0
Dated subordinated loan capital	1,319.6	1,319.6	1,319.6	1,319.6
Reduction in eligible subordinated loan capital	-48.8	-118.5	-48.8	-206.4
Eligible subordinated loan capital	2,782.8	2,713.1	2,782.8	2,625.2
"Cross ownership" deduction for holdings in other financial institutions	0.0	0.0	0.0	0.0
Net primary capital	5,693.1	5,426.2	5,660.4	5,250.4

Capital ratio %	11.98	12.10	11.91	11.89
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Book equity of the Storebrand Liv group is NOK 2,948.8 million. The difference between equity and Tier 1 capital of NOK -38.5 represents deductions for over-funding of pension liabilities of NOK 35.0 and intangible assets of NOK 3.5 million.

NOTE 33 SOLVENCY MARGIN

The estimated solvency margin requirement for Storebrand Livsforsikring AS for 1999 was NOK 4,259 million. (NOK 3,914 million in 1998). Solvency margin capital amounts to NOK 8,866 million (NOK 8,626 million). This gives a solvency margin percentage of 208,4 % (220,4 %).

NOK million	1999	1998
Primary capital 31.12.	5,660.4	5,250.5
Counting security reserve	282.1	318.8
50% of additional statutory reserves at 31.12.99	2,923.3	3,056.2
Solvency margin capital at 31.12.	8,865.8	8,625.5

CASH FLOW ANALYSIS

NOK million	Group		Parent company	
	1999	1998	1999	1998
Cash flow from operations:				
Premiums received - direct insurance	5,264.0	5,038.5	5,264.0	5,038.5
Receipts - reinsurance	3.4	7.8	3.4	7.8
Payments - reinsurance	2.1	-21.4	2.1	-21.4
Claims/benefits paid - direct insurance	-5,570.0	-5,398.9	-5,570.0	-5,398.9
Receipts - policy transfers	2,852.8	1,494.9	2,852.8	1,494.9
Payments - policy transfers	-2,065.8	-1,322.3	-2,065.8	-1,322.3
Payments to suppliers for goods and services	-543.6	-375.3	-448.7	-478.8
Payments to employees, pension scheme, employers' contribution etc.	-397.7	-412.4	-409.9	-402.4
Interest paid	-336.6	-253.6	-462.3	-253.6
Interest received	4,085.2	4,063.4	4,085.2	4,063.4
Dividend received	469.8	464.5	469.8	464.5
Tax paid	-0.6	-0.6		
Net receipts arising from securities	4,959.0	1,205.7	4,962.7	1,251.5
Net cash flow from operations:	8,722.0	4,490.3	8,683.4	4,443.2
Cash flow from investment activities:				
Loan payments to customers etc.	-4,155.6	-16.4	-4,155.6	-16.4
Loan receipts from customers etc.	5,962.4	2,873.2	5,962.4	2,873.2
Receipts from sales of shares and other equity investments	17,101.1	27,418.0	15,738.1	27,418.9
Payments for shares and other equity investments	-18,891.0	-34,891.3	-18,943.2	-34,891.3
Receipts from sales of bonds	20,409.6	72,547.8	20,409.6	72,547.8
Payments on purchase of bonds	-30,325.9	-74,905.8	-30,178.9	-74,890.2
Receipts from sales of certificates	20,402.2	26,828.3	20,402.2	26,828.3
Payments on purchase of certificates	-20,524.7	-24,549.3	-20,524.7	-24,549.3
Receipts from sales of property	721.0	284.7	721.0	311.7
Payments on purchase of property	-2,317.2	-1,073.8	-1,070.8	-1,073.8
Receipts from sales of other financial assets	192.1		192.1	
Payments on purchase of other financial assets		40.2		40.2
Receipts from sales of fixed assets	1.3	1.3	-	1.3
Payments on purchase of fixed assets	-0.8	-29.1	-0.8	-24.4
Net cash flow from investment activities:	-11,425.5	-5,472.2	-11,448.6	-5,424.1
Cash flow from financing activities:				
Subordinated loan capital received				
Subordinated loan capital repaid				
Received from issue of shares				
Payments on redemption of shares				
Interest payments on subordinated loans				
Capital paid in	1,238.9	1,561.3	1,238.9	1,561.3
Capital paid out				
Group contribution received				
Group contribution/dividend paid	-371.8	-417.0	-371.8	-417.0
C. Net cash flow from financing activities:	867.1	1,144.3	867.1	1,144.3
Net cash flow for the period	-1,836.3	162.3	-1,898.1	163.4
Effect of currency movements on cash and cash equivalent assets				
Net change in cash and cash equivalent assets	-1,836.3	162.4	-1,898.1	1,400.9
Liquid assets 01.01	3,729.4	3,567.0	3,661.8	3,498.4
= Liquid assets at 31.12	1,893.1	3,729.4	1,763.7	3,661.8
Profit before tax	856.9	500.9	899.0	495.7
Tax for the period	1.2	0.6	-	-
Gains/losses on sale of fixed assets	-	-	-	-
Ordinary depreciation	10.6	16.9	9.7	9.9
Fixed assets written down	-	-	-	-
Other non-cash items	4,792.2	1,311.4	4,736.1	6,184.9
Difference between booked pension costs and payments to/from pension scheme	0.7	18.2	0.7	4.0
Effect of currency movements	-	-	-	-
Items classed as investment or financing activity	-	-	-	-
Other accruals	3,060.4	-2,231.2	3,026.6	-2,251.3
Net cash flow from the year's operational activities	8,722.0	-383.2	8,683.4	4,443.2

THE CHIEF ACTUARY'S REPORT

To the Board of Directors in Storebrand Livsforsikring AS

ALLOCATIONS TO THE INSURANCE FUND AND THE SECURITY FUND

With reference to the annual report for 1999 I confirm that the entered "Premium reserve for own account" and "Additional statutory reserves" together with the "Security reserve" in the Balance sheet have been calculated in accordance with the Act on Insurance Activity. From these calculations the corresponding allocations have been made in the Profit and Loss Account. The proposed allocations are in accordance with § 7-5 (Allocations of expenses, income and funds etc.), and the distribution of the result to policyholders is in accordance with § 8 (Allocation of surplus to policyholders) of the Act on Insurance Activity and other approved rules.

Oslo, 16 february 2000

Helge-Ivar Magnussen
Chief Actuary

KPMG AS

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Enterprise NO 935 174 627

To the Annual Shareholders' Meeting of Storebrand Livsforsikring AS

AUDITOR'S REPORT FOR 1999

Respective Responsibilities of Directors and Auditors

We have audited the annual financial statements of Storebrand Livsforsikring AS as of 31 December 1999, showing a profit of NOK 752,3 million for the parent company and a profit of NOK 706,3 million for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

Basis of Opinion

We have conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good auditing practice in Norway. Good auditing practice require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and good auditing practice an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion,

- the financial statements are prepared in accordance with the law and regulations and present the financial position of the Company and of the Group as of 31 December 1999, 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 duty to produce a proper and clearly set out registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, 23 February 2000
KPMG AS

Translation, not to be signed

Ole M. Klette
State Authorised Public Accountant

Translation, not to be signed

Arne Frogner
State Authorised Public Accountant

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Stavanger

Sord
Troms
Tønsb
Ålesund

Management report

THE COMPANY'S PERFORMANCE

Storebrand's involvement in the Norwegian savings market makes use of a number of distribution channels. Storebrand Livsforsikring develops and distributes life and savings insurance products to the corporate market, the public sector and individual customers in the private market.

1999 was a very good year for the profitability of the life insurance business. The life insurance company reported a 4.2% increase in premium income in 1999 to NOK 9,264 million.

Storebrand again increased its share of the life insurance market in 1999. Statistics produced by the Norwegian Financial Services Association show an increase in Storebrand's market share of total premiums (premiums written including reserves transferred) to 31% in 1999 from 28% in 1998.

CORPORATE MARKET

Storebrand made good progress in the corporate market in 1999. The group's market share of collective pension premiums improved to 33% from 29% in 1998. Storebrand's competitive position in the corporate market is very strong. The company has achieved good results by producing a high investment return, both in absolute terms and relative to competitors. By maintaining a strong risk bearing capacity and operating with a very competitive level of operating costs, the company has the potential to continue to produce a high level of investment return.

A separate market area has been established for the distribution of products and services to the entire corporate market, known as Corporate Distribution.

This market area operates separate units for particular segments of the market, and also has monitoring and co-ordination responsibility for the subsidiaries that sell services to pension funds. Storebrand is strongly focused on developing product and service concepts for each segment of the market.

All segments of the corporate market reported positive net growth in 1999. Net new sales of occupational pensions (including reserves transferred to the company) amounted to approximately NOK 1 billion. Premium income for collective pension schemes also grew very strongly, with a 13% increase. Close co-operation with Storebrand Investment Management played a major role in achieving these good results.

Smaller and medium-sized corporate customers

The company's activities in the small company market have been very successful. The combination of a number of specifically tailored products, a good service and follow-up concept and a specialised distribution apparatus has produced an increase in sales and a significant reduction in customers moving to other insurers. The results of annual customer satisfaction surveys serve to confirm this positive picture.

Some 70% of small companies do not currently operate collective pension arrangements for their employees. The introduction of tax-deductible defined contribution pension schemes will offer new opportunities for growth in this sector of the market.

The market for medium-sized companies again showed an improvement in profitability in 1999. Customer satisfaction continues to increase. There has been a fall in the number

of customers moving their business away from the company, and a concentration on new sales activity has helped create very good net results in this market segment.

Large customer market

This sector of the market has seen very strong growth for pension funds services, including Storebrand's "Turn Key" pension fund concept. This concept provides all the services which a pension fund might need including administration, actuarial services, accounting, investment management, benefit agreements and day-to-day management. This package has been very well received by the market, and the company's own surveys of customer satisfaction show that pension funds are very satisfied with the services Storebrand provides.

Storebrand seeks through dialogue with its customers to find appropriate future pension solutions relevant to each customer's particular requirements. Customers in the large corporate market have been understandably concerned over the uncertainty concerning important legislative and regulatory issues in areas such as the new pension legislation and defined contribution pension schemes.

The growing internationalisation of Norwegian industry has increased the need for international pension solutions. Business again grew strongly in this area in 1999.

Defined contribution pension schemes

Defined contribution pension arrangements represent an area of considerable interest to Storebrand. The company has offered corporate pension schemes on an agreed contribution basis since the spring of 1998. Defined contribution pension schemes are a new concept in the Norwegian market, and are not catered for by the current tax regulations. Contributions to such schemes are currently tax-deductible for the employer in the same way as salary payments, but employees are currently taxed on the employer's contribution when it is paid into their individual pension account. The Norwegian Parliament is

expected to approve proposed new legislation for defined contribution pension schemes during the spring of this year. This will create a situation in which pensions with defined benefits (traditional collective pension schemes) and defined contribution schemes will enjoy the same tax treatment.

During 2000 Storebrand will launch a new generation of defined contribution pension arrangements. These products will take the form of tax qualifying pension schemes. This will mean that Storebrand will be able to offer defined contribution schemes classified both as qualifying and non-qualifying for tax purposes depending on the particular features which the corporate customer finds most important.

There is considerable interest in this type of product. A number of corporate customers have already chosen non-qualifying schemes. This provides valuable experience and contributes to ensuring that the company is well prepared for the new legislation on defined contribution pensions when it comes into force, which is expected to be in 2001.

Public sector pension schemes

1999 was characterised by consolidation of the company's production process and service concept for public sector pension arrangements. It seems that it will be some time yet before the public sector offers a genuine market opportunity. This is mainly the result of certain features of the current national employment conditions which serve to favour KLP relative to other private sector life insurance companies.

The last quarter of 1999 saw a total 26 local authorities decide to terminate their pension arrangements with KLP, but only five authorities took the final decision to actually transfer their pension arrangements elsewhere. The largest of these, Askøy municipality, transferred its occupational pension scheme to Storebrand. Storebrand now has a total of 13 local authorities in its portfolio, and funds under management for these together with

125 other public sector clients amounted to over NOK 2.5 billion at the start of 2000. The majority of the local authorities considering changing their schemes decided to defer a decision to the current year, partly as a result of uncertainties in respect of employment law and partly because approval for transfers in accordance with the national employment conditions was only given by the Norwegian Association of Local and Regional Authorities in December of last year. Total pension funds of the local authorities currently involved in changing their arrangements amount to approximately NOK 1.5 billion of premium reserves.

Future prospects

Storebrand expects to see defined contribution pension products become increasingly popular, particularly in the small and medium-sized corporate market, and grow into a significant market in parallel with the current defined benefit schemes. Storebrand is well placed to take up a strong position in this new product area through its product development, good communication systems and its use of new technology. Defined benefit pension schemes will continue to see changes and improvements, and will remain the principal pension product for the corporate market. Storebrand has responded to market needs in this area by offering a wide range of pension fund services, including its "Turn key" pension fund concept. The introduction of new products such as defined contribution pensions will serve to broaden the range of Storebrand's product-neutral advice concept. The pensions product range of the future will feature a wider selection of international alternatives. Storebrand is well advanced in this direction, and over the next few years the company will launch products designed to reflect continuing changes in customer requirements.

PRIVATE MARKET

Storebrand's product distribution is based on a multi-channel strategy which allows customers to use whichever channel they

prefer. The group's various advisory channels offer customers face-to-face financial advice, whilst on-going customer service is primarily provided from the group's customer centres as well as via the Internet.

The distribution channels for Storebrand Livsforsikring and Storebrand Bank were combined into a joint business area in 1999, with the new title Retail Distribution.

Storebrand strengthened its position in the private market for life insurance and mutual funds products in 1999. The company's share of the market for individual lines of insurance increased from 29% in 1998 to 34% in 1999. New sales saw a marked shift from ordinary life insurance products in favour of unit linked insurance products.

Storebrand intends to retain its leading position as a supplier of individual insurance products to the retail market. Personal lines of insurance are expected to make an increasing contribution to the life company's profits in the years to come.

Future prospects

The major challenge for Storebrand in the private market is to become the leading one-stop supplier of mutual fund, banking and insurance products and services. This requires a strengthening of the group's position in mutual funds products whilst at the same time maintaining the strong position which the life company currently enjoys in guaranteed yield savings products and individual life insurance products. The main priorities are to ensure a professional level of advice to customers with an increasingly broad range of products as well as making use of the opportunities which net based systems offer. Whilst the group currently has a very large customer base, the proportion of a customer's financial savings which is arranged through the Storebrand group is often limited. Storebrand intends to concentrate its efforts on increasing this proportion.

NEW NET-BASED COMMUNICATIONS AND CUSTOMER SERVICE SOLUTIONS

Storebrand is strongly committed to developing Internet based systems. The focus of this development is directed at both the corporate and retail markets.

We are now developing systems for net-based customer communication which will allow corporate customers to conduct their business with Storebrand in an efficient way. The systems will completely replace the current paper based procedures if customers so wish. In due course corporate customers will be able to carry out calculations and forecasts of, for example, the performance of the company's pension scheme, the benefits available under national insurance arrangements and individual employee benefits.

The pension and insurance arrangements an employer makes for its workforce are important benefits in kind for employees. Storebrand is developing net-based systems which will help its corporate customer to make the value of these benefits more apparent to its employees. The new system of net-based customer communication will give individual employees a simpler and better overview of the pension and insurance benefits provided by their employer.

For the individual employee, access to information on the benefits provided and paid for by the employer will be combined with details of their own pension and savings arrangements with Storebrand. This will give each employee a comprehensive overview of banking services, mutual funds savings and insurance benefits. This will provide a complete overview of the individual's financial situation and help with better financial planning. The service offered will also in due course include the opportunity to access a broad range of individual advice, both through direct contact with Storebrand's advisers and through forecasting and simulation tools accessed on the net.

Internet based systems are being developed for both defined contribution and defined benefits occupational pension schemes. The development of net-based systems is co-ordinated on a group wide basis and is being vigorously pursued in order to create a central sales and service channel for the retail market as well as the corporate market. Storebrand Livsforsikring has successfully marketed and sold its child insurance product over the Internet since Spring 1999, and a number of other products will be adapted for Internet marketing and sale during 2000. Storebrand bank's Internet banking service has been recognised as the best Internet bank in Norway on numerous occasions, and will play a central role in sales and financial advice services for private savings

RESULT ANALYSIS

The analysis of results shows the composition of operating profit and its allocation by type of insurance.

Interest result is the difference between the book return and the guaranteed return on policies. The average guaranteed return on policies in 1999 was 3.8%. The interest result is normally the largest component of total profit, and made a very strong contribution of NOK 5,619 million in 1999.

The risk result arises as a consequence of the incidence of mortality and disability during the period differing from that assumed for the premium tariffs.

The risk result of NOK 284 million for 1999 was little changed from 1998, representing an improvement of NOK 5 million.

The administration result shows the difference between the costs assumed for the premium tariffs and actual operating costs.

The administration result was NOK 33 million higher in 1999 than in the previous year. Note 6 to the accounts shows an analysis of results on the basis of consolidating subsidiaries and associated companies with insurance activities by the proportional

consolidation method rather than the equity method of accounting.

During 1999 an allocation was made to strengthen that part of the premium reserve which relates to the administration of collective pension schemes (the administration reserve) by NOK 314 million. This relates to individual insurance policies

which left collective arrangements prior to 1 January 1999. The guidelines require full provision to be made in this respect no later than 1 January 2001. Full provision was made during 1999 in respect of transfers from policies issued after 1 January 1999.

ANALYSIS OF RESULTS BY CLASS OF BUSINESS: NOK million	1999	1998	1997	1996	1995
<u>COLLECTIVE:</u>					
- INTEREST RESULT	3 798	1 164	3 079	2 304	2 093
- RISK RESULT	167	161	249	217	69
- ADMINISTRATION RESULT	-6	1	1	-5	-1
- CHANGE IN PREMIUM RESERVE/SECURITY FUND	-550	-63	-675	-294	
- TOTAL	3 409	1 263	2 654	2 222	2 161
<u>GROUP LIFE:</u>					
- INTEREST RESULT	52	26	46	35	32
- RISK RESULT	-26	-11	-33	-59	-24
- ADMINISTRATION RESULT	-9	-10	-1	-1	-1
- CHANGE IN PREMIUM RESERVE/SECURITY FUND					-13
- TOTAL	17	5	12	-25	-6
<u>INDIVIDUAL ENDOWMENT:</u>					
- INTEREST RESULT	454	127	365	273	283
- RISK RESULT	82	82	110	84	56
- ADMINISTRATION RESULT	-79	-59	-30	-25	-46
- CHANGE IN PREMIUM RESERVE/SECURITY FUND	-7				-4
- TOTAL	450	150	445	332	289
<u>INDIVIDUAL ANNUITY/PENSION:</u>					
- INTEREST RESULT	1 312	336	1 181	852	787
- RISK RESULT	51	43	62	54	62
- ADMINISTRATION RESULT	-25	-18		-8	-32
- CHANGE IN PREMIUM RESERVE/SECURITY FUND	9	3			76
- TOTAL	1 347	364	1 243	898	893
<u>NON-LIFE INSURANCE:</u>					
- INTEREST RESULT	3	1			
- RISK RESULT	10	3			
- ADMINISTRATION RESULT	-4	-3			
- CHANGE IN PREMIUM RESERVE/SECURITY FUND					
- TOTAL	9	1			
<u>TOTAL FOR ALL CLASSES</u>					
- INTEREST RESULT	5 619	1 654	4 671	3 464	3 195
- RISK RESULT	284	278	388	296	163
- ADMINISTRATION RESULT	-123	-90	-30	-39	-80
- CHANGE IN PREMIUM RESERVE/SECURITY FUND	-548	-63	-675	-294	59
- SUM OF ALL CLASSES	5 232	1 781	4 354	3 427	3 337

CAPITAL MARKETS IN 1999

The overall investment return produced by Norwegian and international stock markets in 1999 was very good. The Oslo stock exchange also produced a strong performance, with a 45% rise in the All Share Index over the course of the year.

In the major international markets Japanese shares produced a particularly strong performance. In local currency terms, the Japanese market as represented by the MSCI Japan index showed an improvement of almost 46%, and this took the form of a relatively stable and steady improvement throughout the entire year. In comparable index terms the US market showed a 21% improvement and Europe gained 28%.

Much of the improvement in the US and European markets came about only towards the end of the year, with recovery driven by strong price gains for technology, media and telecommunications shares. Interest in companies in these sectors had a particularly favourable effect on the Finnish and Swedish markets, with gains of 194% and 87% respectively over the year.

The market's interest in companies in the technology sector is due in part to the strong growth these companies have experienced for their products. This in turn reflects generally encouraging growth in investment in many parts of the world. This trend is most apparent in the USA, where economic prospects continue to be dominated by a very high level of investment and accelerating growth in private consumption. An accelerating pace of economic growth was also seen in Europe and much of Asia during 1999.

In many countries central banks increased short-term interest rates during the year in parallel with the acceleration of global growth. Interest rates in a number of countries were cut to very low levels as a response to the Asian crisis and the financial turbulence seen in autumn 1998. Increases in short-term interest rates came at the same time as the fear

of deflation which had gripped the financial markets in 1999 fell away. This in turn led to a fall in prices for long-term bonds in many countries and accordingly higher yields. The effective yield on US government bonds with a ten-year maturity increased from 4.7% to 6.4% over the course of 1999.

INVESTMENT RETURN AND ASSET ALLOCATION

The company has built up its solidity over a number of years in order to maintain a high level of buffer capital to permit freedom of manoeuvre in asset allocation. The proportion of assets invested in shares has increased in pace with the growth of buffer capital. By the close of 1999 exposure to equities represented 33% of all investment assets.

Storebrand Livsforsikring maintains a high level of solidity. At the end of 1999 the company's risk capital, made up of the market value adjustment reserve, additional statutory reserves and primary capital, exceeded the minimum legal requirement by NOK 15.4 billion. This is equivalent to 16% of policyholders' funds and represents a 5 percentage point increase from 1998.

Risk management plays a central role in Storebrand's investment management. Risk is managed to ensure that the available risk capital will at all times be able to absorb a sudden, sharp fall in market values affecting equity and fixed income portfolios simultaneously.

The combination of professional investment management, a high level of risk bearing capacity and low operating costs relative to competitors provides the basis to expect continuing competitive net investment returns for Storebrand's customers.

Asset allocation and yields 1999 and 1998

(NOK million)	1999				1998	
	Yield	Asset allocation			Asset allocation	
	%	Market value	%	Exposure	Market value	Exposure
TOTAL INVESTMENT ASSETS	15.8 %	113,375				
Securities	16.7 %	99,959	88.2 %	87.8 %	86.2 %	85.3 %
Equities	46.3 %	37,843	33.4 %	33.0 %	31.0 %	24.3 %
Bonds	2.4 %	32,490	28.7 %	28.7 %	34.2 %	40.0 %
Total money market	6.8 %	3,361	3.0 %	3.0 %	2.4 %	2.4 %
Bonds held to maturity	6.6 %	26,202	23.1 %	23.1 %	18.6 %	18.6 %
Real estate	9.7 %	10,234	9.0 %	9.0 %	8.7 %	8.7 %
Lending	8.5 %	3,183	2.8 %	2.8 %	5.1 %	5.1 %

Figures for exposure take into account derivative positions in each sub-portfolio.

Equities

After taking derivative positions into account, investments in equities accounted for 33.% of all investment assets in 1999 as compared to 24.3% in 1998. In order to achieve a diversified and liquid portfolio, approximately 65% of the equity portfolio is invested in international markets.

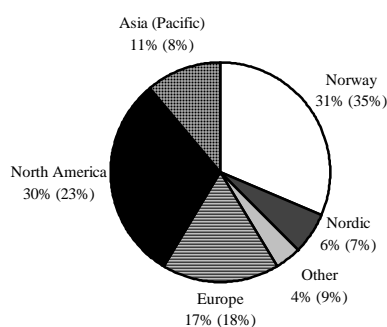
Storebrand remains a major long term investor in the Norwegian market despite its significant asset allocation to international securities markets. Its Norwegian portfolio is broadly based, but with a concentration on the largest companies listed on the Oslo Stock Exchange.

The company produced a very strong return on equity investments of 46.3% in 1999, representing a return 5.9 percentage points better than the relevant benchmark indices. The company outperformed the benchmark indices in all markets except Norway and the Nordic region.

Interest bearing securities

In terms of fixed income securities, the company produced returns on Norwegian and international bonds of 2.7% and 2.4% respectively. This was 0.2 percentage points lower than the index return on Norwegian bonds but 0.3% better than the index return on international bonds. The share of international bonds in the short-term bond portfolio fell over the course of the year from 65% to 60%. Of the Norwegian bonds held, 81% are issued by the public sector.

Geographic allocation of equity portfolio at 31.12.99
() =31.12.98



Lending

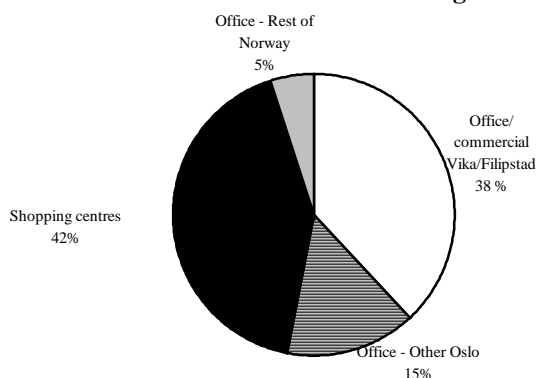
The lending portfolio reduced from NOK 5.0 billion to NOK 3.2 billion during 1999. This reflects the transfer of both existing loans and new lending activity to Storebrand Bank. Loan losses realised in 1999 amounted to NOK 0.4 billion, and delinquent loans, expressed as a percentage of the total portfolio, amounted to 0.8% at the close of the year.

The return on the lending portfolio amounted to 8.5% as compared to 7.3% in 1998.

Real estate

The total value of the real estate portfolio amounts to NOK 10.1 billion, representing a little over 725,000 sq.m. of property. Over the recent past Storebrand's real estate investment has concentrated on centrally located office properties in the Oslo area, and larger shopping centres.

**Allocation of property portfolio:
Storebrand Livsforsikring**



Office properties are managed by Storebrand Eiendom AS, whilst shopping centre properties are managed by Steen & Strøm ASA, and are marketed as a part of the Strøm chain.

The real estate portfolio produced an operating return of 7% in 1999. The return was depressed by the renovation works under way on a large part of the portfolio at Vika. These works are now largely completed. The total return on the real estate portfolio, including the revaluation required by the new Accounting Act, amounted to 9.7% in 1999.

Terms and expressions

Administration reserve:

The administration reserve comprises assets associated with administration of collective pension policies.

Administration result

The difference between actual costs and those assumed for the premium tariffs.

Primary capital:

Primary capital is capital eligible to fulfil the capital requirements under the authorities' regulations. Primary capital may comprise Tier 1 capital and Tier 2 capital, less any intangible assets and a deduction for cross-holdings in other financial institutions in accordance with specific regulations.

Subordinated loan capital:

Subordinated loan capital is loan capital which ranks after all other debt. Subordinated loan capital is part of Tier 2 capital.

Operating expenses:

The costs of sales and administration related to insurance activities together with administration costs relating to financial assets and other entries which by their nature are included in the calculation of the administration result.

Operating profit:

The operating profit of life insurance activities represents the result produced by the year's operations after deducting the ordinary allocations to premium reserve and the guaranteed yield on the assets of the premium and pension adjustment fund, and after changes in the security reserve as well as changes in additional statutory reserves caused by insurance settlements, policy transfers, repurchases and interest shortfalls, but before the allocation for the year to additional statutory reserves in the insurance fund which represent a conditional allocation of reserves to customers.

Claims reserve *):

Financial derivatives:

The term financial derivatives embraces a wide range of financial instruments for which the current value and future price movements are determined by shares, bonds, foreign currencies or traditional financial instruments. Derivatives require less capital than is the case for traditional financial instruments such as shares and bonds, and are used as a flexible

and cost effective supplement to traditional financial instruments in portfolio management. Financial derivatives can be used to hedge against unwanted financial risks, or to create a desired risk exposure in place of using traditional financial instruments.

Share options:

The purchase of share options confers a right (but not an obligation) to buy or sell shares at a pre-determined price. Share options may be related to stock market indices as well as to specific individual stocks. The sale of share options implies the equivalent one-sided obligation. In the main exchange traded and cleared options are used. Purchases of options to buy shares (call options) and sales of options to sell shares (put options) are classed as long positions.

Stock futures:

Stock futures contracts can be related to individual shares, but are normally related to stock market indices. Stock futures contracts are standardised futures contracts which are exchange traded and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily, and are settled on the following day. Purchases of share futures contracts are defined as long positions.

Forward rate agreements (FRA):

Forward Rate Agreements (FRA) are agreements to pay or receive the difference between an agreed fixed rate of interest and the actual rate for a fixed future period of time. This difference is settled on the first day of the period which is the subject of the agreement. FRAs are particularly well suited to managing short-term interest rate risk. A sold FRA creates the same interest rate exposure as a fixed term deposit and is accordingly classed as an asset.

Interest rate futures:

Interest rate futures contracts are related to government bond rates or short term reference interest rates. Interest rate futures are standardised contracts which are exchange traded and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily, and are settled on the following day. Purchases of interest rate futures contracts are defined as long positions.

Interest rate swaps:

Interest rate swaps are agreements between two parties to exchange interest rate terms for a specified period. Interest rate swaps are normally agreements to exchange fixed interest rate terms for floating interest rate terms, and this instrument is used to manage long term interest rate risk. Interest rate swaps are defined as long positions where the agreement provides for the receipt of a fixed rate of interest.

Interest rate options:

Interest rate options can be related to either bond yields or money market rates. The purchase of interest rate options related to bonds (also known as bond options) confers a right (but not an obligation) to buy or sell bonds at a pre-determined price. Interest rate options can be used as a flexible instrument for the management of both long and short term interest rate exposure. Purchases of options to buy bonds (call options) and sales of options to sell bonds (put options) are classed as long positions.

Forward foreign exchange contracts:

Forward foreign exchange contracts relate to the purchase or sale of a currency for an agreed price at a future date. Forward foreign exchange contracts are principally used to hedge currency denominated holdings of securities, other financial instruments and insurance related entries. Spot currency transactions are also classified as forward contracts.

Average yield:

Average yield is an expression for the average return the company has obtained on policyholders' funds during the course of the year. Policy holders' funds for this purpose are the reserves provided in the insurance fund. The average yield is a gross yield before deducting costs and will thus not be comparable with interest reported by other financial institutions. The average yield is calculated in accordance with rules set by the Banking Insurance and Securities Commission.

Group life insurance:

Collective life insurance in which a single insured sum is payable on the death of an insured member of the group. Such insurance can be extended to cover disability insurance.

Return on capital:

Return on capital, excluding changes in unrealised gains on securities but including revaluations (positive or negative) of real estate, (Return on capital 1) shows the realised

income from financial assets expressed as a percentage of the average value of the company's total assets net of the market value adjustment reserve for the year. This calculation is in accordance with rules set by the Banking, Insurance and Securities Commission.

Return on capital, including changes in unrealised gains on securities as well as revaluations (positive or negative) of real estate, (Return on capital 2) shows the realised income from financial assets expressed as a percentage of the average value of the company's total assets for the year. Total value-adjusted return on capital shows income plus the change in the market value adjustment reserve and unrealised gains/losses on fixed assets (Return on capital 3) expressed as a percentage of the average value of the company's total assets for the year at market value.

Capital ratio:

Eligible primary capital as a percentage of the risk-weighted balance sheet. (Individual assets and off-balance sheet items are given a risk weighting based on the estimated credit risk they represent.) Until such a time as the appropriate regulations are issued in respect of the new accounting legislation, the company has adopted the principle of deducting the market value adjustment reserve from the equivalent items on the asset side of the balance sheet.

Endowment insurance:

Individual life insurance where the insured amount is payable in one amount on either the expiry of the insurance period or the death of the insured if earlier. Such insurance can be extended to provide disability pensions or disability insurance.

Tier 1 capital:

Tier 1 capital is part of primary capital and consists of paid-in and accrued equity net of pre-paid pensions.

Collective pension insurance:

A collective pension insurance scheme where pensions are paid in instalments from an agreed age, during the life of the insured. Such insurance normally includes spouse, child and disability pensions.

Cost ratio:

Operating costs as a percentage of average customer fund.

Market value adjustment reserve*):

Premium reserve *):

Premium fund *):

Pension adjustment fund *):

Annuity/pension insurance:

Individual life insurance where the annuity/pension amount is paid in instalments from an agreed age, during the life of the insured. Such insurance can be extended to include spouse, child and disability pensions.

Interest result:

The result arising from financial income deviating from that assumed for the premium tariffs.

Risk result:

The result arising from deaths and/or disabilities during a period deviating from the assumptions used for the premium tariffs.

Security fund *):

Solvency margin requirement:

Calculated on the basis of the insurance fund and the risk amount for each class of insurance.

Solvency margin capital:

Comprises net primary capital, 50% of additional statutory allocations and the balance of the security fund which is above the 55% level. At a minimum solvency margin capital must be sufficient to meet the solvency margin requirement.

Additional statutory allocations *):

Tier 2 capital:

Tier 2 capital is part of primary capital and mainly consists of subordinated loan capital. In order to be eligible as primary capital, Tier 2 capital cannot exceed Tier 1 capital.

*) See Accounting Principles for a description of these terms.