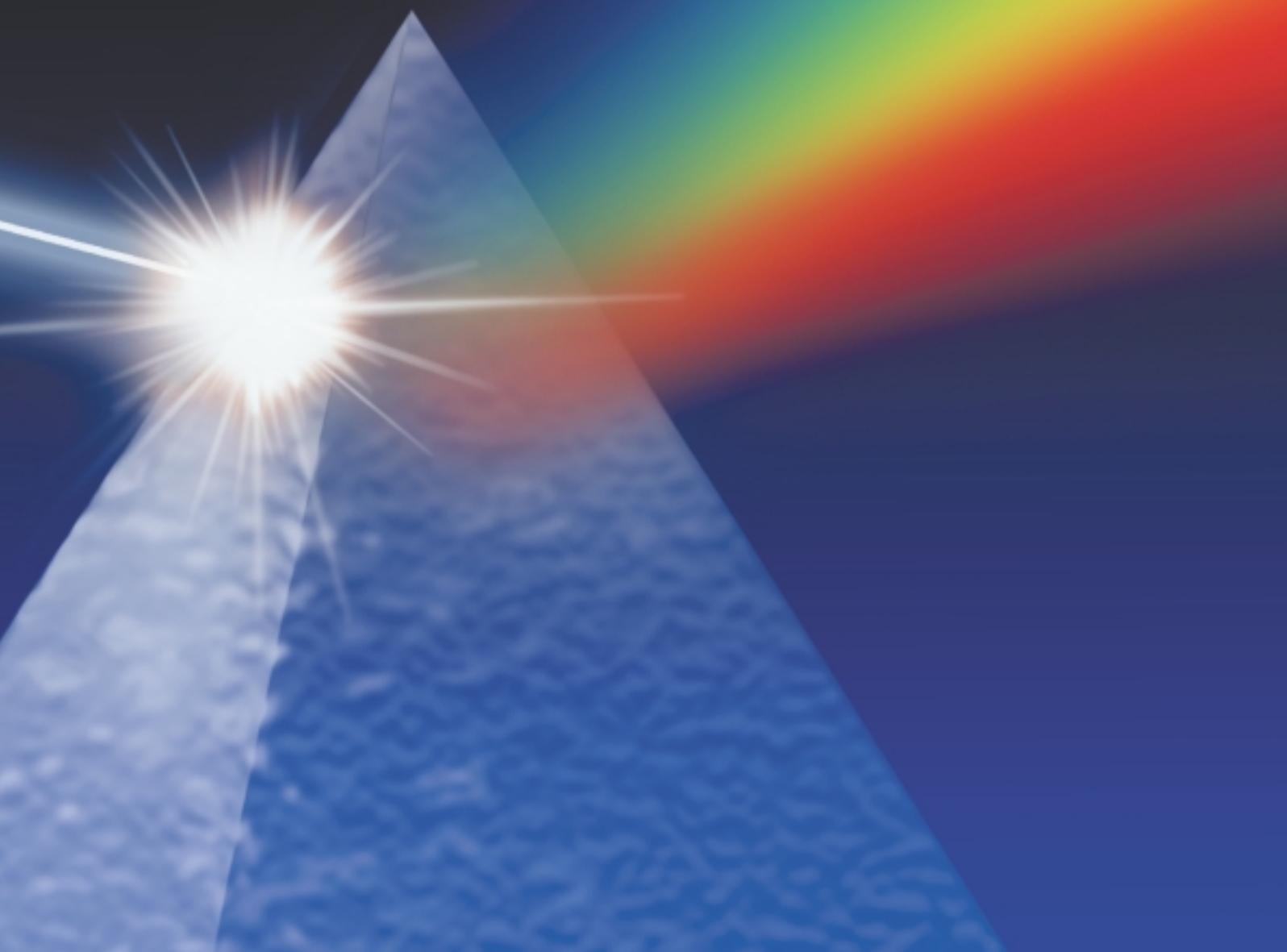




# Annual Report 2000



# One group - several different businesses

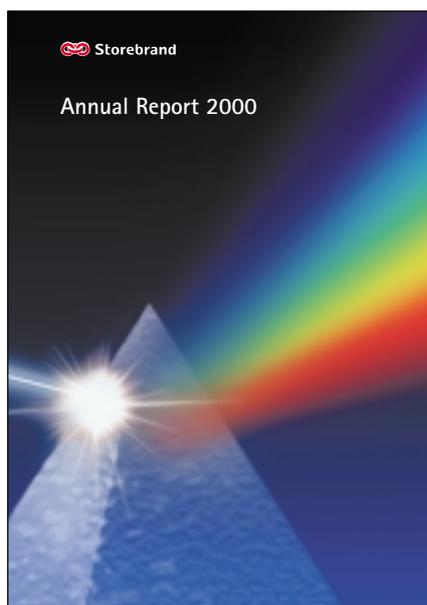
Today's Storebrand is the result of a long history of companies variously joining forces and going their own way over the years since 1767. As is the case for quite a number of the large players in Norwegian business, Storebrand represents the aggregation of a number of different players and businesses.

Last year saw the transfer of Storebrand's non-life insurance business into the separate Nordic non-life insurance company If. We took the opportunity at the same time to make it more obvious that the activities remaining in Storebrand represent four independent businesses. Behind the recognised and well-respected brand name of Storebrand, we have created a fertile environment for the separate business areas of life insurance, asset management, Storebrand Bank and Finansbanken to continue to grow within their respective markets.

In the same way as the beam of light shown on the front of this year's Annual Report, each of our growth areas will follow its own unique direction. By co-ordinating these activities and bringing them together within the framework of Storebrand as a whole, we intend to create added value for our customers, shareholders and employees. The colours of the beam of light are repeated throughout this Annual Report to identify the separate businesses that make up the group.



Idar Kreutzer



# Contents

The Storebrand group	1
Key figures	2
Main events of 2000	3
Report of the Board of Directors	5
<b>Management report</b>	
From the Chief Executive Officer:	
A greenhouse for growth	12
Life insurance	14
– <i>The pensions revolution</i>	
– <i>Norwegians are under-insured</i>	
– <i>A new compensation system</i>	
Asset management	18
– <i>Improved fund position</i>	
– <i>International expansion</i>	
– <i>Institutional investors growing</i>	
Storebrand Bank	22
– <i>Advisory bank</i>	
– <i>Storebrand Bank - The Financial Plan</i>	
– <i>A new world of independent advice</i>	
Finansbanken	26
– <i>Private banking services</i>	
<b>Financial commentary</b>	
Life insurance	28
Asset management	31
Storebrand Bank	34
Finansbanken	36
Non-life insurance	38
Shareholder matters	40
<b>Account</b>	
Storebrand ASA	42
Storebrand Group	44
Cash flow analysis	46
Audit report for 2000	47
Storebrand Livsforsikring Group	48
Notes to the Accounts – Contents	50
Accounting principles	51
Notes to the Accounts	55
US GAAP	75
<b>Other information</b>	
Terms and expressions	77
Companies in Storebrand	79
Addresses	80

# The Storebrand group

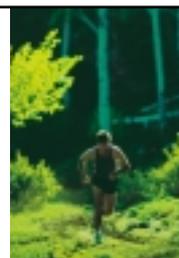
The Storebrand group is a leading player in the market for life and health insurance, banking and asset management. The group's activities are carried out through four main business areas: Life Insurance, Storebrand Bank, Finansbanken,

and Asset Management. In addition Storebrand has a 44% interest in the non-life insurance company If.

## Storebrand's life insurance area

is the leading supplier in the Norwegian savings and life insurance market. The group's life insurance activities are well placed for continuing growth. Areas such as unit linked products, defined contribution, occupational pension schemes

with individual investment choice, the public sector and sales of individual products to employees of companies that use Storebrand for their pension schemes are expected to show further growth in future years.



## Storebrand's asset management area

is the largest private sector asset management operation in Norway. The group's asset management business area is responsible for the management of the financial assets of all Storebrand group companies and the group's real estate

portfolio, as well as providing discretionary management services for external customers. Storebrand offers Norwegian and international mutual securities funds, both for equities and fixed income investment, through Storebrand Fondene.



## Storebrand Bank

has the overall responsibility for distribution, customer service and marketing of financial products and services to the retail market. The bank serves its customers through financial advisers,

customer centres and the Internet, and its objective is to be a leading supplier of financial services to private individuals in Norway who have the capacity for savings and investment.



## Finansbanken

is a specialist bank for high net worth individuals and certain specific segments of the corporate market. The bank's main areas of activity are real estate and securities financing and managing private

customers' assets, often described as "Private Banking". Finansbanken's ambition is to be a leading financial partner for the high net worth retail market throughout the Nordic countries.



## Storebrand's customers

- Customer base - life and pensions (excl. unit linked) 278,161 \*)
- Life and pension insurance: policyholders' funds NOK 100 billion
- Funds under discretionary management NOK 13.5 billion
- Customer base - banking \*\*) 46,662
- Deposits from banking customers \*\*) NOK 5.7 billion
- Customer base - mutual funds \*\*\*) 92,937
- Customer's investments in mutual funds \*\*) NOK 12.2 billion
- Customer base - lending products \*\*) 31,527

## Financial calendar 2001

- 25 April: Annual General Meeting
- 9 May: 1st Quarter results
- 15 August: 2nd Quarter results
- 31 October: 3rd Quarter results
- February 2002: Annual Results for 2001

\*) This includes 7,928 corporate customers with 236,561 employees in group life insurance schemes and 6,561 corporate customers with 215,358 employees in group pension schemes provided by Storebrand.

\*\*) Storebrand Bank

\*\*\*) Excluding unit linked and Delphi

# Storebrand Group: Key figures

<i>NOK million</i>	2000	1999	1998	1997	1996
Operating profit	4,475	5,347	1,888	4,982	4,215
Group profit	523	1,166	603	1,185	1,349
Total assets	156,744	149,647	126,531	114,517	104,370
Equity capital	10,533	10,113	6,421	7,406	6,142
Solvency capital *)	11,312	11,226	9,658	9,448	8,220
No. of employees (full time equivalents) **)	1,378	1,636	4,001	3,736	4,029
Capital ratio (%)	12.7%	14.0%	13.4%	14.4%	14.5%

## Key figures per share

Average number of ordinary shares (000's)	277,464	277,209	277,079	276,766	276,586
Earnings per ordinary share ***)	1.67	12.23	1.98	3.33	3.50
EPS excluding extraordinary items ****)	1.67	3.54	1.98	3.33	3.50
Dividend per ordinary share (NOK)	1.10	1.00			
Dividend per preference share (NOK)				0.50	0.70

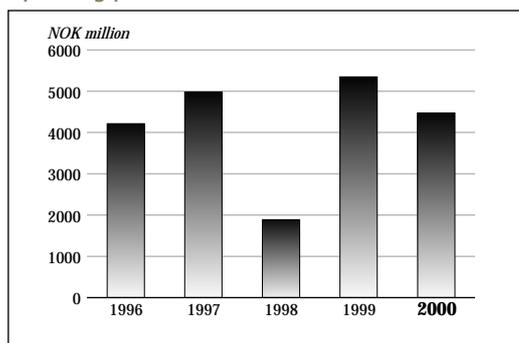
\*) Consists of equity plus non-life insurance security reserves.

\*\*) Including Norden Bedriftservice in 1999.

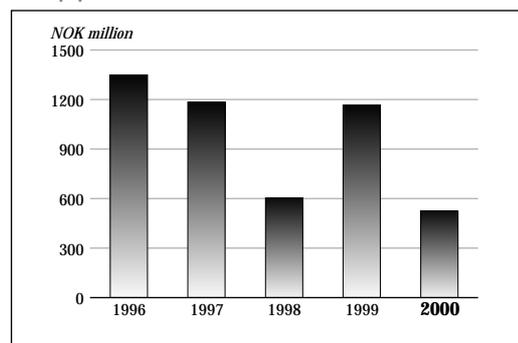
\*\*\*) Calculation is based on profit for the year adjusted for the year's post-tax allocations to security reserves etc. as legally required in respect of non-life insurance.

\*\*\*\*) The calculation for 1999 is adjusted for the gain on sale of non-life insurance activities after tax and for extraordinary items.

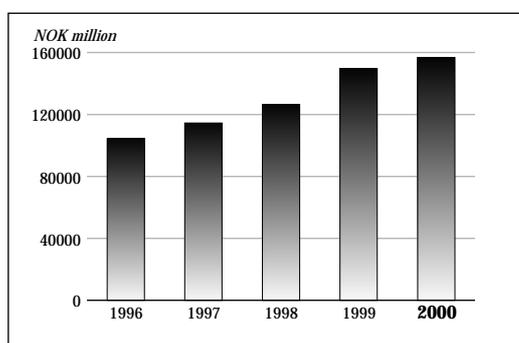
## Operating profit



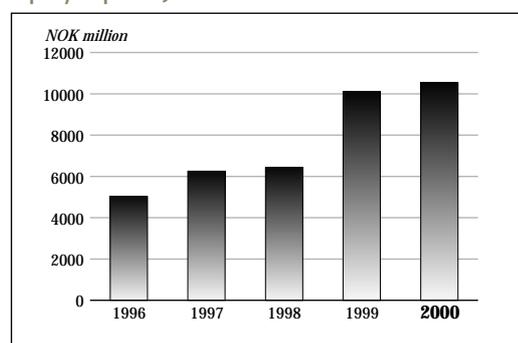
## Group profit



## Total assets



## Equity capital \*)



\*) Numbers for 1996 and 1997 is excluding preference share capital



# Main events of 2000

## January:

---

- If Skadeforsikring becomes a reality on 1 January, and Storebrand's involvement in non-life insurance now takes the form of its ownership interest in this new Nordic non-life insurance company.
- The Norwegian Red Cross and Storebrand launch a new mutual fund that will contribute to the humanitarian work of the Norwegian Red Cross. The fund is titled Norwegian Red Cross Global, and is managed by Storebrand Fondene AS.

## May:

---

- Storebrand's wholly owned subsidiary Finansbanken buys the Danish private banking operation Den Københavnske Bank as a step in the Nordic expansion of Storebrand's private banking activities.
- Storebrand ASA and IBM Norway sign the largest strategic outsourcing agreement seen so far in Northern Europe. The agreement makes IBM the strategic partner for Storebrand's IT infrastructure and the operation of Storebrand's IT systems.

## June:

---

- Storebrand simplifies its management structure. The new model more clearly identifies the role of Storebrand ASA as a holding company with the four independent business areas Storebrand Livsforsikring AS, Storebrand Kapitalforvaltning Holding AS, Finansbanken ASA and Storebrand Bank AS.
- The Norwegian Ministry of Finance gives the green light for Storebrand to establish Euroben Life and Pension Ltd., a life insurance company based in Ireland. The new company is owned 50 percent each by Storebrand and the Swedish company SPP Liv.

## September:

---

- Storebrand wins a very respectable third place in an environmental rating of the 27 largest European insurance groups.

## October:

---

- Åge Korsvold resigns as the Chief Executive Officer of Storebrand. The current Head of Accounting and Finance, Idar Kreutzer (38) is appointed as acting Chief Executive Officer of Storebrand ASA.
- Jon R. Gundersen resigns as the Chairman of Storebrand's Board of Directors. Deputy Chairman Leiv L. Nergaard takes over as Chairman.
- The World Wildlife Fund-Sweden selects Storebrand Kapitalforvaltning. WWF will invest at least SEK 50 million in a new fund called Storebrand Global WWF.

## November:

---

- The Norwegian Financial Services Association publishes statistics for value-adjusted investment returns. Storebrand takes first place in the three most important categories, and emerges as the company with the best investment record in the Norwegian life insurance industry over the 1990s.

## December:

---

- Idar Kreutzer is appointed Chief Executive Officer of Storebrand ASA. Kreutzer has been acting Chief Executive Officer since 4 October.
- Kapital Data nominates Storebrand Bank for product of the year in the best Internet service category.





# Report of the Board of Directors

Storebrand, which has its head office in Oslo, is a leading financial group in the markets for life, pension and health insurance as well as banking services and asset management.

A reorganisation of the Storebrand group was carried out in the summer of 2000 to increase the group's business focus and competitiveness. The changes made identified Storebrand ASA more clearly as a holding company responsible for four independent business areas as well as the group's ownership interest in If Skadeforsikring.

The reorganisation was based on a desire to establish a business model with increased focus on decentralised growth that would define clear targets and responsibilities for each of the separate business areas. This also further improves the ability of the distribution apparatus to adapt to changing customer demands. The new model provides a clear decision making structure, and co-operation between the business areas is based on straightforward commercial principles. The Board believes the new organisational structure provides a better basis to realise the growth potential created by the Storebrand group's position as a major player in the expanding savings market.

## Unsatisfactory results

The group reports a profit of NOK 523 million for 2000 as compared to NOK 1,166 million in 1999. The results achieved by the core activities were acceptable, but the overall result for the group was not satisfactory. Earnings for the year were adversely affected by very weak results from If Skadeforsikring, in which Storebrand has a 44 percent interest, as well as significant loan-loss provisions at Finansbanken and lower financial income.

Storebrand's operating profit amounted to NOK 4,475 million as compared to NOK 5,347 million in 1999. Net premium income totalled NOK 9,596 million, which is NOK 934 million lower than in 1999. The reduction reflects a lower level of transfers of premium reserves to the life insurance company. Total assets under management amounted to NOK 151 billion at the end of 2000. Earnings per share for 2000 amounted to NOK 1.67 as compared to NOK 3.54 in 1999 after excluding non-recurring items. The group's book equity increased by NOK 421 million to NOK 10,533 million. The group's capital situation and solidity remains strong, and the accounts for all of the group's

companies have been prepared on the basis of the going concern accounting principle.

## Business development and market conditions

The group's life insurance activities again made the largest contribution to group profit in 2000. Sales of traditional life insurance products to smaller and medium-sized corporate customers were at a good level, but sales to larger companies and the public sector recorded a weaker performance. Sales of unit linked products performed well, and the group achieved a total market share for new sales of 22 percent in 2000. It proved necessary to strengthen the technical insurance reserves for certain product groups, and this caused a reduction in the risk result. Tight control of costs was reflected in a reduction in operating costs as a percentage of total policyholders' funds. The life company's unrealised gains continue to be at a good level taking into account the overall developments seen in financial markets.

Storebrand Bank took over responsibility for distributing the Storebrand group's products to the retail market with effect from January 2000, and reported a good sales performance for the year as a whole. This was particularly the case for sales of mutual funds, unit linked products and structured savings products such as equity index bonds. In order to further strengthen the bank's position, significant investment was carried out in the last quarter of 2000 in recruiting new financial advisers, as well as in marketing and further improvements to the Internet banking service. The Board believes that the measures taken will further strengthen the bank's performance.

2000 was the first full year for Finansbanken as a member of the Storebrand group. Over the course of the year the bank re-focused its activities on three main areas of activity: private banking, asset management and project financing. New areas of business focus for the bank such as private banking and asset management are seeing strong growth, whilst traditional activities such as real estate project financing and securities financing provide Finansbanken with a strong business platform.

Financial results from Finansbanken for the year show significant growth in business volumes and stronger earnings before loan losses and provisions as a result of a high level of activity and growth in customer numbers. However in the last quarter of 2000 the bank carried out a comprehensive review and evaluation of its shipping

lending with assistance from external experts in this field. This review has identified the need to make significant new loan loss provisions.

The bank's activities other than ship financing produced a satisfactory performance for the year. However the significant deterioration in the shipping portfolio is a cause of concern. Increased focus and additional resources have been directed to this portfolio in order to monitor it closely, and the necessary measures have been implemented.

In August 2000 Finansbanken ASA was granted a licence to acquire the entire share capital of Den Københavnske Bank, which has total assets of NOK 1.0 billion.

The group's asset management activities again saw growth in both customer numbers and funds under management for institutional investors in 2000. Storebrand Fondene attracted a larger market share of new subscriptions to securities funds than in 1999, and together with Delphi this represented an increase to a 9.5 percent share of inflows by the close of the year. Storebrand Fondene was the leading player in the equity fund market in 2000, with a particularly significant increase in sales through external channels. In addition Storebrand Kapitalforvaltning made further progress with its planned international expansion, and now has sales offices in Oslo, Stockholm, London and Paris.

### Further commentary on financial results from the main business areas

The life insurance group's operating profit amounted to NOK 4,789 million as compared to 4,956 million 1999. Of the total profit, NOK 3,951 million was allocated to policyholders and NOK 838 million was allocated to equity and tax, as compared to NOK 4,181 million and NOK 775 million respectively in 1999. Storebrand Livsforsikring AS reported a realised return on investment of 8.7 percent for the year, or 3.1 percent after adjusting for unrealised gains and losses. The effect of specifically Norwegian regulations in preventing Storebrand Livsforsikring AS from investing in banking and finance shares had a negative effect on the realised investment return of almost one percentage point.

Storebrand Bank AS reported total interest income of NOK 877 million, up by 75 percent from 1999. The Storebrand Bank Group produced a pre-tax operating profit of NOK 53 million as compared to NOK 5 million in 1999. The bank's total assets increased from NOK 8.1 billion to NOK 11.3 billion. Balance sheet growth is largely the result of increased residential mortgage lending.

Finansbanken achieved a 2 percent increase in net interest income and lending fees, bringing

the total for 2000 to NOK 401 million. The bank's profit before loan losses and provisions increased from NOK 240 million in 1999 to NOK 313 million 2000. Loan losses and provisions amounted to NOK 295 million as compared to NOK 73 million in 1999, and caused a drop in pre-tax profit of NOK 149 million to NOK 18 million. The increase in loan losses and provisions reflects a deterioration in certain of the bank's lending relationships with shipping customers as described above. The bank's total assets increased from NOK 13.9 billion to NOK 20.3 billion in 2000, largely as a result of increased lending.

The group's asset management activities reported an aggregate operating profit of NOK 67 million, representing a 90 percent increase from 1999. Both Storebrand Fondene and Storebrand Kapitalforvaltning reported significantly higher earnings, reflecting both increased assets under management and a higher proportion of equity investment in their portfolios.

Storebrand Skadeforsikring AS, which is a holding company for Storebrand's ownership interests in non-life insurance, reported a pre-tax profit of NOK 300 million. This figure includes a negative contribution from If Skadeforsikring of NOK 307 million and the release of security reserves to profit of NOK 336 million. The transfer of customer business to If Skadeforsikring was carried out as planned.

If Skadeforsikring, in which Storebrand has a 44 percent interest, reported a pre-tax loss of SEK 989 million. The technical insurance result shows a combined ratio of 110.2 percent, which is a significant improvement from the combined ratio of 120.0 percent reported in 1999. This improvement is largely a result of increased premium tariffs. The company's financial income was low in 2000 as a result of weak conditions in the equity markets, and If Skadeforsikring reported a value-adjusted investment return for 2000 of 3.6 percent.

Oslo Reinsurance Company ASA, which is a specialised company involved in the run-off of insurance portfolios, was consolidated into Storebrand's accounts for the first time in 2000 following the acquisition of the company in 1999. The company again reported a strong performance, with an operating profit of NOK 96 million for 2000. The company continues to run-down its reserves, and by the close of 2000 the net claims reserves in its balance sheet amounted to NOK 696 million.

Storebrand has a 50 percent interest in Fair Forsikring AS, a non-life insurance company serving the Danish retail market. The company was consolidated with effect from the second quarter of 2000, and reported an operating loss of



*The Board of Storebrand ASA. From top left: Leiv L. Nergaard (chairman), Halvor Stenstadvold, Brit K. S. Rugland, Harald Tyrdal, Knut G. Heje, Rune Bjerke, Rune Eikeland, Arild Thoresen and Nina E. S. Seiersten.*

NOK 88 million for 2000. Of this result, a loss of NOK 35 million is recognised in Storebrand's consolidated accounts.

### **Risk management**

The group's exposure to risk arises principally from investment risk and insurance risk. Investment risk is regulated by investment policies determined by the boards of the individual group

companies on an annual basis. Risk management pays particular attention to market (price) risk and credit risk as well as exposure to movements in interest rates and currency exchange rates. Investment policies are structured to ensure the best possible return over time subject to maintaining an acceptable level of risk in relation to insurance liabilities, and investments are monitored on a daily basis by Storebrand Kapitalforvaltning.

The asset management company is also responsible for ensuring that risk exposure is within the approved limits at all times. A report on risk exposure throughout the group is reviewed by the Board on a quarterly basis.

The group's risk capital fell in 2000 as result of the impact on unrealised gains of the conditions seen in the financial markets as well as sales of securities. Risk capital stood at NOK 16.2 billion at the end of 2000, representing a reduction of NOK 5.5 billion over the course of the year. By way of comparison risk capital increased by NOK 8.4 billion in 1999. The current level of risk capital is satisfactory for the group's continuing activities.

The level of technical insurance risk incurred by the group as a whole is considered to be within appropriate limits in relation to the group's risk bearing capacity.

### Personnel and organisation

Employment in the group totalled 1,378 full time equivalent positions at the end of 2000 as compared to 1,424 at the start of the year. The number of staff leaving the group's employment was equivalent to 345 full time equivalent positions, whilst new recruitment was equivalent to 299 full time equivalent positions. The main cause for the number of staff reported as leaving the group's employment was the outsourcing of IT operations to IBM and of internal audit to Arthur Andersen, which accounted for 151 full time equivalent positions. The acquisition by Finansbanken of Delphi and Den Københavnske Bank accounts for 88 of the 299 positions recruited.

The average age of the group's employees is 42, with an average length of service of 12 years. This reflects the well-balanced composition of the group's staffing, which strives to maximise the contribution of both experienced and younger members of staff. Considerable importance is attached to maintaining a good working environment. The employees' representatives participate in the forums required by the group's collective employment agreement, and regular meetings are held between staff representatives and the company's management.

As one of the leading expertise-based companies in Norway, the group offers one of the most prestigious graduate trainee programs in Norway as well as a Young Professionals Program. The graduate trainee program is of two years duration, and gives new recruits the opportunity to familiarise themselves with the various business areas of the group. The Young Professionals Program is of one year duration and is targeted at younger managers in the age range 27-35 who are identified as having particular management potential. The programme helps to ensure

that the group continuously develops management expertise to meet its needs for the development of the various business areas.

The incidence of absence from work on grounds of sickness was 3.44 percent. No personal injuries, damage to property or accidents of any significance were reported during 2000.

### Environmental policy

During the course of 2000 Storebrand expanded its environmental focus into a broader commitment to Corporate Social Responsibility (CSR). Storebrand's commitment to CSR is based on a long-term commercial strategy. A group-wide policy for CSR has been established, with a 10-point action plan for the period 2000-2002 that sets specific targets for different aspects of the group's ambitions in this area. Storebrand's Corporate Social Responsibility Report won the Norwegian Environmental Reporting prize for 1999 as the best environmental report in the trading and service sector company, and was in joint second place for all environmental reports published in 2000. Storebrand does not pollute the external environment beyond the normal level for the activities in which the group is engaged.

### Shareholder matters

Storebrand ASA had 38,575 shareholders at the end of 2000, representing a reduction of 1,739 over the course of the year. The proportion of share capital held by foreign shareholders increased over the course of the year from 32.1 percent at the end of 1999 to 38.6 percent at the end of 2000. The company has shareholders from all the municipalities in Norway and from 37 foreign countries. The company again carried out a share issue placed with its employees in 2000. Every employee was given the opportunity to buy 150 shares at a price of NOK 40.00, and approximately 60 percent of employees subscribed for a total of 117,000 shares.

### Capital situation

The group's equity capital increased by NOK 421 million to NOK 10,533 million in 2000, whilst its total primary capital increased by NOK 319 million to NOK 10,882 million. The group's capital ratio, which measures primary capital in relation to risk weighted total assets, was 12.7 percent at the end of 2000. This represents a reduction of 1.3 percentage points in 2000, and was primarily due to a 14 percent increase in risk weighted total assets over the course of the year. The increase in risk weighted assets resulted from the life company having a proportionately higher investment in equities and also increasing its holdings of fixed-income securities with higher credit ratings

as compared to 1999. The minimum legal requirement is for a capital ratio of 8 percent. The capital ratios of Storebrand Livsforsikring, Finansbanken and Storebrand Bank at the end of 2000 were 10.5 percent, 9.7 percent and 12.5 percent respectively.

The sale of Vesta Skadeforsikring by If Skadeforsikring in 1999 resulted in a distribution to Storebrand Skadeforsikring AS in the order of SEK 1,450 million in autumn 2000. Against this background Storebrand Skadeforsikring AS paid an extraordinary dividend of NOK 800 million to Storebrand ASA in December 2000.

The international credit rating agency Moody's upgraded its outlook for Storebrand Livsforsikring from "stable" to "positive" and maintained the company's rating as A2. Standard & Poor's maintained its rating of A+ for Storebrand Livsforsikring in 2000.

### **Application of Storebrand ASA's profit for the year**

Storebrand ASA recorded a profit for the year of NOK 1,955 million. The Board has decided to recommend the payment of a dividend of NOK 1.10 per share for 2000. In accordance with the company's stated dividend policy, the Board seeks to operate a dividend policy that is long-term in nature and that endeavours to ensure relatively stable growth in dividend per share over future years. The total dividend payment proposed will amount to NOK 305 million. In addition the Board proposes making provision for a group contribution of NOK 470 million to Storebrand Bank AS, which will represent an allocation of NOK 339 million after tax. The Board therefore proposes that the balance of profit for the year of NOK 1,311 million, together with a dividend of NOK 470 million received from Storebrand Bank AS making a total of NOK 1,781 million, be transferred to other equity.

### **Board of Representatives and Board of Directors**

Three of the members of the Board of Representatives elected by shareholders left the Board of Representatives in 2000. This included Halvor Stenstadvold and Harald Tyrdal, both of whom were elected as new members of the Board of Directors of Storebrand ASA, as well as Reidar Flod Johansen. Johan H. Andresen jr. was elected as a new member of the Board of Representatives, and Brit Hoel and Inger Bonnie Gjerde were elected as new deputy members. Amongst the members of the Board of Representatives elected by employees, Jorun Erstad, Hans Fystro, Arild Lorentzen, Morten Rambech Dahl, Tore Fredriksen, Edrund Olaisen, Einar Sørensen, Cecilie Frivold and Arild Thoresen left the Board

of Representatives in 2000, whilst Per Alm Knudsen, Tor Haugom, Ann Magnussen, Pål Ersvik, Per Ivar Laneskog, Alf Bruun, May Molderhauer, Paul Eggen jr. and Anne Oseid were elected as new members.

Jon R. Gundersen, Jens Ulltveit-Moe, Tom Vidar Rygh and Peter Ruzicka left their positions as shareholder elected members of the Board of Directors in 2000, whilst Halvor Stenstadvold, Knut G. Heje, Rune Bjerke and Harald Tyrdal were elected as new members. Amongst the members of the Board of Directors elected by employees Mathias Dannevig, Per-Olav Myrtrøen and Dagfin Lea left the Board and were replaced by Rune Eikeland, Arild Thoresen and Nina E. S. Seiersten.

The Board of Directors would like to express its appreciation to the members retiring from the Board of Representatives and the Board of Directors for the valuable contribution they have made to the company.

### **Remuneration**

Remuneration of the current and previous Chief Executive Officer of Storebrand ASA, other senior employees, the auditor and non-executive officers, and obligations in the event of termination or a change in management employment contracts, are detailed in Notes 4 and 14 to the Accounts.

### **2000 – a demanding year**

2000 was a demanding year for Storebrand's employees. In a year when the company should have concentrated all its attention on its business activities, for a period during the autumn the group's everyday activities were overshadowed by significant changes in the company's senior management and Board of Directors.

The former Chief Executive Officer, Åge Korsvold, entered an option agreement with a third party for the purchase of shares in Storebrand ASA. The Banking, Insurance and Securities Commission took the view that this agreement was in breach of the relevant provisions of the Securities Trading Act. In addition to this, Mr Korsvold's use of a residential property at Kristinelundveien 7 in Oslo purchased by Storebrand for representation purposes and an agreement in respect of his right to purchase this property attracted extensive media attention.

The Board of Directors took the view that these matters were very damaging for Storebrand's credibility. The Board accordingly resolved at a meeting held on 4 October 2000 to request Mr Korsvold to step down from his position, and this he agreed to do. The Board appointed Idar Kreutzer, Head of Accounting and Finance, as acting Chief Executive Officer.

As a result of these matters, and having due consideration to the general level of confidence in the Storebrand group, the chairman of the Board, Jon R. Gundersen, asked to be released from his appointment at a meeting of the Board of Representatives held on 10 October 2000, and the Board of representatives accepted this request.

Subsequent to these events, both the Banking, Insurance and Securities Commission and Storebrand's Control Committee carried out comprehensive reviews of the matters that led to Mr Korsvold's departure.

Idar Kreutzer succeeded in restoring a normal situation for the group's activities despite the difficult situation that led to his appointment as acting Chief Executive Officer. The Board resolved towards the end of the year to appoint Mr Kreutzer as the Chief Executive Officer of Storebrand ASA.

The Board would like to thank all employees for their commitment and loyalty through a turbulent and difficult time for the company.

## Future prospects

Storebrand's new management model, with independent business units organised as separate legal entities, provides a good basis from which to win further market share in the various market segments. The group's leading position in the Norwegian market for life-insurance and asset management, combined with a good basis for specific banking platforms targeted at the solvent retail sector and affluent private clients, provide the foundations for further growth. Storebrand expects to achieve growth both through increasing its product range and through geographic expansion. All the group's main business areas currently have ambitious growth targets.

The aim of the Board of Directors and the group as a whole is to provide a sound return for shareholders. This will be achieved through taking a pro-active approach to structural opportunities combined with a strong operational focus on the group's business activities.

Oslo, 20 February 2001

Translation – not to be signed

Leiv L. Nergaard  
Chairman

Halvor Stenstadvold

Brit K.S. Rugland

Harald Tyrdal

Knut G. Heje

Rune Bjerke

Rune Eikeland

Arild Thoresen

Nina Seiersten

Idar Kreutzer  
Chief Executive Officer



# A greenhouse for growth

New technology and changes in behaviour are having an effect on society as a whole. The advent of the "new economy" is creating both opportunities and challenges. We are seeing rapid changes in the way people relate to their employers, where they work and their hours of work. The established structure of commercial life and the value chains we are used to are undergoing rapid change, and new structures are taking their place. Whilst this represents new and promising opportunities for those individuals that feel part of this process of change, others feel alienated and insecure. A central feature is that the individual now has much greater freedom of choice than before. Storebrand's contribution to this process is to offer financial security.

The development of focused, growing companies represents the core of Storebrand's strategy. We have made further changes to our organisational

model as part of the process of moving Storebrand from being a large, integrated financial group to a pro-active "greenhouse" environment. The organisational model we have established is characterised by a number of subsidiaries, each with its own profile, reporting to a small holding company. This introduces a sharper distinction between the roles of ownership and operational responsibility for the individual units that make up the group. We believe that by decentralising both authority and responsibility we will encourage better operational decision making and create greater strategic flexibility.

## Alliances

The decision to establish If represents a good example of how a new platform for growth can be created by building strategic alliances at the level of subsidiary companies. Storebrand now consists of a group of companies, each with a clear strategy for profitable growth. We intend to achieve our objectives both through organic growth and by taking advantage of structural alternatives where this is appropriate.

The changes we have made to our organisational model should also be seen in the light of a clear strategy to use third parties to provide services that lie outside our core areas. We have established Norden Bedriftstjeneste in order to secure access to competitive products and prices for office management and other joint services (accounting, human resources, staff catering etc.). At the same time this company represents an independent new venture with its own plans for growth in its particular segment. The extensive operational and service agreement we have entered into with IBM represents the same approach, and outsourcing these functions ensures that our valuable financial and management resources can be concentrated on our own core activities.

Storebrand's distribution strategy for the retail market is based on using highly qualified financial advisers to help customers plan and improve their financial arrangements. Storebrand Bank has probably the leading focused network of advisers of any player in the Norwegian market, and their activities are supported by a strong Internet banking service. We intend to further strengthen our position as the Norwegian "advice bank" by further recruitment and by continuing staff development in this area. Finansbanken offers tailor made private banking for the wealthier customer, and the acquisition of Den Københavnske Bank has given the bank a broader geographic market for this activity.



## The best investment return in the market

We are now seeing the next generation of pension products reach the market in pace with the introduction of new legislation in this area. Storebrand Livsforsikring has devoted considerable resources to these changes, and is well positioned to expand its activities in the defined contribution pensions market.

The track record of investment returns produced by a life insurance company is a major factor when competing for the management of corporate pension funds. Figures from the Norwegian Financial Services Association demonstrate that Storebrand's cost efficient asset management operation and its strong investment processes have enabled us to produce the best net investment yield in the Norwegian market over the last seven years (1992-1999).

In order to meet the increasingly sophisticated demands of our customers, we have significantly expanded the product range of mutual fund investment opportunities we offer. Storebrand and Delphi together now offer 44 different funds, giving them almost a 10% share of the Norwegian market. There is also strong growth in the market for discretionary asset management. As the leading asset management operation in Norway, Storebrand intends to further strengthen its position in this segment of the market. Storebrand also intends to seek international growth in the product area of Socially Responsible Investing (SRI). This ambition provides the background for establishing our own distribution activities in Sweden, Great Britain and France.

## Skilled employees

The key factor for success in the finance industry, as in other industries characterised by the need for a high level of expertise, is the ability to attract, develop and retain skilled staff. The most important feature of this is to strive to ensure that all employees are happy in their work and enjoy a challenging role in a successful company. Storebrand makes use of a wide range of tools to meet these challenges. One example of this is that all the Storebrand companies are part of the same employment pool. In addition Storebrand's trainee programme is highly regarded by newly qualified graduates seeking a first position. 2000 saw the completion of a project to develop a profit-related bonus scheme for all employees, and this scheme will be established during the course of 2001.

Storebrand enjoyed a busy and demanding year in 2000. Perhaps the most demanding aspect was the question raised over the integrity of certain of the group's senior management and non-executive officers. There can scarcely be

any other sector so dependent on the confidence and trust of its customers as the finance sector.

We will demonstrate to our customers, employees, shareholders and other partners through a clear and open approach that Storebrand is indeed a trustworthy partner. The organisation's commitment to a defined ethical approach is nothing new for Storebrand, and we have recently completed an update of our long-standing ethical guidelines. However whilst written guidelines are necessary to support the process, they do not in themselves guarantee ethical behaviour, and this has prompted us to initiate further efforts to ensure an ethically aware management style throughout the Storebrand group. Our first duty is to our customers, and we can best fulfil this duty through ethical behaviour, competitive prices and products and secure operating practices.

## Corporate social responsibility

Storebrand fully recognises its corporate social responsibility. This represents an understanding that we cannot achieve our goals unless the world in which we operate has a sustainable foundation. We have established a 10-point action plan for the period 2000-2002 in order to ensure that good intentions are turned into documented results in the areas of product development and our own health, safety and environment activities, as well as through our role as a force for change and a partner to others.

These activities and the media attention the company attracted in autumn 2000 serve to demonstrate that a wide range of interests have their own, differing, expectations of Storebrand. Management's task is to set priorities and ensure that we have satisfied customers and strongly motivated employees since this will provide the best foundation to create added value for our shareholders. Storebrand's Norwegian roots represent its essential access to customers, expertise and capital in its domestic market, and this is something we shall take great care to preserve. At the same time we intend to gradually enlarge the reach of the group's activities by a selective and focused international expansion.



*Idar Kreutzer*  
Group Chief  
Executive Officer

## Storebrand's life insurance activities

*The life insurance company is organised into separate areas for products, distribution and customer service, each with its own profit responsibility. Distribution and sales to the retail market are primarily carried out through Storebrand Bank. The volume of sales to both the retail and corporate market made through independent sales channels is currently growing strongly, and this trend is expected to continue. As result of this the life company has established a separate business area to handle sales and service through these independent channels.*

*Products and services for pension funds are provided through the subsidiary companies Aktuar Consult, Storebrand Pensjonstjenester and Aktuarsystemer.*

*The sales and customer service activities carried out by the life company are also closely co-ordinated with other wholly and partly owned life insurance-related companies in the group, namely: Storebrand Fondsforsikring, Storebrand Helseforsikring, Nordben and the newly established company Euroben.*

### **Strategy**

*Storebrand's life insurance operation is well placed for continuing growth. The occupational pension market is expected to expand following the introduction of new legislation on 1 January 2001 which makes it possible to offer more flexible products. The introduction of defined contribution occupational pension schemes is an example of this.*

*The company aims to further strengthen its competitive position. There is considerable scope to offer advice and sales of individual products to the employees of companies currently operating pension schemes through Storebrand. This will mainly be done through our Total Compensation Management (TCM) concept (see page 17). Storebrand has developed a very flexible defined contributions pension product for the corporate market. In addition the company can offer tailor-made products for larger companies through the Euroben operation based in Ireland.*

*The life insurance business area continues to pursue its long-term strategy for business with public sector organisations by taking steps to position the company for this market. Storebrand's continuing record of strong investment returns, together with the development of additional products and communication systems, represent key factors for Storebrand to win market share in the public sector.*



Espen Klitzing

# The pensions revolution

**There has been little or no choice in the market for company pension schemes for almost a century, but a pensions revolution is now upon us.**

For the whole of the 1900s the only form of pension that companies could arrange for their employees was the defined-benefit pension, with pension payments set at a defined percentage of final salary. With effect from 2001, defined contribution pension schemes now attract the same tax treatment as defined benefit schemes. A defined contribution scheme, as its name suggests, fixes the amount to be paid into the scheme rather than the amount of pension that will be paid. The future pension available for employees is accordingly determined by the contributions made and the investment return achieved.

Defined contribution pension schemes offer companies a much more predictable cost for providing their employees with a pension. This does in turn make it more difficult for employees to predict their future pension, but on the other hand defined contribution schemes will allow employees a say in how pension funds are invested by offering individual investment choice.

## New prospects

More than 900,000 Norwegian employees currently have no pension arrangements other than the national insurance scheme. The authorities hope that the introduction of equal tax treatment for defined contribution and defined benefit pension schemes will encourage more companies to consider making pension provision for their employees. In addition the new legislation makes it possible for companies to take a fresh approach to the options available for providing pensions for their employees.

One example of this is that a defined contribution pension scheme can be offered in parallel with an existing defined benefit scheme. Employees can be offered the choice of staying on as members of the defined benefit scheme or of joining the new defined contribution scheme. In addition, work is underway to explore how a defined contribution scheme can be combined with an existing defined benefit scheme. A defined benefit scheme provides a sound foundation for future pensions, whilst adding a defined contribution scheme will give employees the opportunity to make their own decisions on how this part of their pension entitlement should be invested.

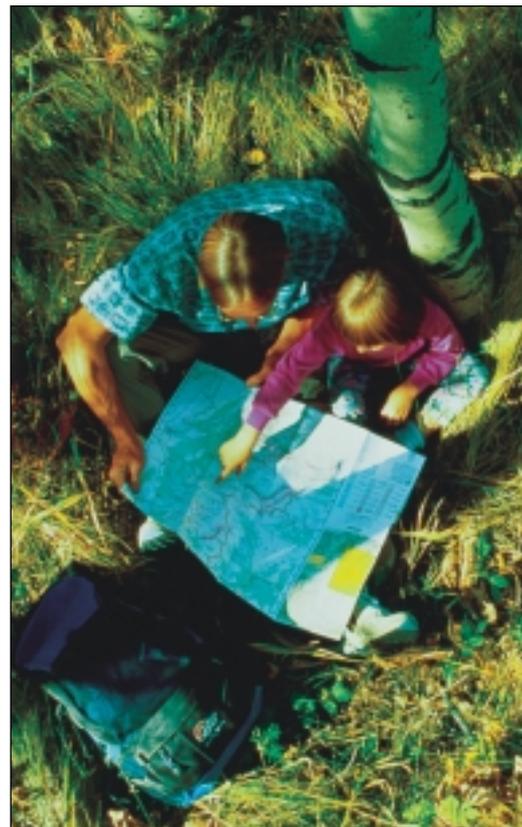
## Good communications play a vital role

Good systems for customer service, advice and information will be important factors for success in the new pensions market. In addition to Inter-

net based systems that simplify the routine management of company pension schemes, Storebrand now offers a net-based system that provides information and advice to individual employees. Where company pension schemes offer individual investment choice, this system will allow employees to follow the performance of their pension investment from day to day, and they can make changes to their investment choices from their own PC. Alternatively employees can access help and advice from the customer centre, or from the company's financial advisers visiting them at their place of work.

## A broad range of investment choices

The introduction of defined contribution pension schemes makes it particularly important that the company delivering a pension scheme can offer a broad range of alternative mutual funds for investment. One of the new features Storebrand now offers is a fund which protects pension investments against a fall in value on an annual basis. This product is based on the Storebrand Global Equity fund. In addition to Storebrand's own range of funds, the company also offers funds provided by recognised and respected international fund managers.



# Norwegians are under-insured

**The ability to insure risks represents the most important contribution that insurance companies make to society. In the case of a life insurance company, the products it offers provide financial security for the individual or his dependants in the event of unforeseen events.**

Storebrand recently carried out a major interview survey into private individuals' awareness of their own risk insurance arrangements. The survey showed that many people simply do not know what, if any, insurance they have. About half of everyone interviewed believed that they had an individual insurance policy, whilst our estimates suggest that only 15-20% of the population have arranged such policies. Only around 40% of the sample thought that their family would be worse off if they were to die or become disabled, and only 20% had any detailed knowledge of the benefits provided by the national insurance scheme.

The need for individual insurance varies during the course of one's life. It is particularly important to consider the financial needs of a family if the main earner were to die, or what would happen to an individual's financial situation if he or she were to become seriously ill or disabled. Insurance is particularly important for younger people at the stage when they are building up their own life and family. It is particularly important to arrange for financial security in the event of unexpected misfortune in the early years when the main breadwinner has taken on significant borrowing and possibly has small children.

## Nine out of ten cases of death or disability result from sickness rather than accidents

Storebrand has offered sound insurance policies against death and disability for many years. Insurance can also cover sickness and personal accident. More than 90% of all deaths and cases of disability are caused not by accident but by sickness.

Over recent years Storebrand has developed its own insurance product for serious illnesses (Critical Illness). These policies provide benefits if the insured individual develops e.g. cancer or suffers a heart attack or cerebral haemorrhage, and the payments made can be used by the individual policyholder as he or she sees fit. In addition Storebrand offers a health insurance product (Health Treatment Agreement) through Storebrand Helseforsikring AS.

Storebrand has recently launched a child insurance product. This product pays benefits if, for example, the insured child requires a long stay in hospital, develops certain serious illnesses or

distinction. The national insurance system provides only limited support for younger disabled people. The child insurance product can also be linked to a disability pension, so that a child will receive an annual payment through to pension age in the event of disability. No other Norwegian company currently offers this type of product.

## Health checks

The health checks carried out by insurance companies in connection with policy applications have attracted considerable debate. Storebrand has put considerable effort over the past few years into improving the health checks it carries out. We have produced a better self-declaration form, and we have introduced new information material and authorisation forms to ensure that the interests of the applicant are properly protected. 95% of all applications for life insurance are accepted on normal terms, and only 0.5% are rejected.

## Insurance over the Internet

The new millennium brings with it new demands on insurance companies. The increased role of Internet based services is a particularly important example. Storebrand is the first Norwegian company to offer sales of life insurance products over the Internet, and it is now possible to purchase child insurance, life insurance and disability pension from the keyboard.



# A new compensation system

Many employees of companies and other organisations have little idea of the value of the employment benefits they receive in addition to their salary. Employment benefits represent a "hidden" salary for which the employer receives little recognition, and the structure of benefits often gives employees very little freedom of choice.

Over recent years the process of making the various components of the employment package more visible to employees and offering greater freedom and flexibility has become a popular theme for Norwegian companies. Storebrand has launched a system to administer employee benefits and other forms of compensation and to make the value of the package more apparent to employees. The first system applications were delivered to a number of selected companies in 2000, and the target for 2001 is to provide full systems to an increasing number of companies and their employees.

## A total system

Storebrand's concept for the integration of salary, employment benefits and bonus arrangements is known as Total Compensation Management (TCM) to reflect the fact that it encompasses a company's entire employee remuneration and compensation system.

This product takes the form of an Internet based system adapted to the particular company which carries details of each employee's direct salary and other elements of the individual's remunera-

tion package. The company can use the system to establish an account for each employee to select benefits from the company's 'menu' up to a pre-set total cost. The system also allows a separate bonus account to be established for each employee.

For the employee the system offers an Internet based service giving a total overview of all the elements making up the individual employment package. After entering a personal password, he or she can access a range of Internet based services that provide easy access to information on all aspects of the salary and benefits package provided by the employer, together with the value the various elements represent.

## Better management of human resources policy

The TCM system offers a number of advantages for employers. The system offers a simple and straightforward way of administering all the various benefits a company offers. It also plays an important role in identifying for employees the value of the benefits they receive from the company. This is an important exercise for many companies since they often expend considerable amounts on pension and insurance arrangements for employees in addition to other benefits.

In addition the TCM system gives employers access to a portfolio of services ranging from cleaning and laundry through to home services, training and mobile telephones. This allows the employer to construct a menu of benefits suitable for its employees, and different menus can be offered to different groups of employees. This allows the employer to achieve a targeted effect in respect of recruitment, staff motivation and the development of internal expertise.

## Cost savings and control

Cost savings can also be achieved by using the TCM system. By offering an employee the choice of a range of benefits within a total budget the employer can encourage employees to choose which benefits they really need. A typical menu might ask the employee to choose between benefits such as parking, mobile telephone, newspaper subscription or home PC.





## Asset management

*Storebrand Asset Management is a leading Norwegian-based supplier of asset management services to all types of institutional investors. The company currently carries out discretionary asset management for 68 institutional investors, and 46 of these represent new mandates awarded over the course of the last three years. An important milestone in this respect was the company's success in winning a mandate for the management of European equities from the Norwegian Government Petroleum Fund against foreign competition in 1999.*

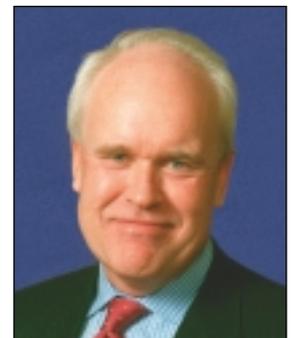
*Storebrand has doubled its market share in the mutual funds market over the last three years. By the close of 2000 Storebrand Fondene AS and Delphi Fondsforvaltning AS (owned by Storebrand through Finansbanken ASA) had a combined share of 9.5% of a total market of NOK 142.2 billion (figures from the Norwegian Mutual Fund Association). Moreover Storebrand's market share of new subscriptions to all securities funds was 13.5%, and for subscriptions to equity funds its market share reached 22.6%.*

*A total of 152 employees representing nine different nationalities work in Storebrand's combined asset management activities, making this one of the largest asset management operations in Norway.*

### **Strategy**

*Storebrand has identified asset management and funds-based savings as an area of particular focus since the mid-1990s, and the group has major growth ambitions in this area. Storebrand intends to expand its asset management activities by offering a competitive investment return, global focus and good products, as well as discretionary asset management and flexible customer service. This will ensure that we create added value for our customers through the high level of expertise and the good risk management and control that our activities represent.*

*Some two years ago, Storebrand started to gradually build up international marketing of its asset management activities, with particular focus on the institutional investor market and the new pension premium system introduced in Sweden. International marketing has also extended to promoting securities funds based on ethical and environmental investment criteria to the markets of Great Britain and France. Storebrand expects to see growing demand for international asset management products.*



Allan Åkerstedt

# Improved fund position

The mutual funds market is going through a period of rapid growth and significant change. Storebrand is well placed to take a large and increasing share of this market. A number of major trends characterised the securities fund market in 2000, and the same trends will continue to influence future developments.

## Increased demand for international equity and industry funds

International funds attracted 86% of net new subscriptions to all equity funds in 2000, as compared to 79% in 1999. Total investment in international equity funds moved ahead of the amount invested in Norwegian equity funds for the first time in 2000. There was also an increase in the demand for industry-specific funds in 2000, and it is becoming ever more important that fund companies offer the right products at the right time. Storebrand launched 10 new funds in 2000, of which eight are Norwegian registered and two are registered in Luxembourg.

## Open platform

In areas where considerations of quality, capacity and cost effectiveness indicate that an external manager will be better able to deliver products to its customers, Storebrand Fondene AS has entered into co-operation agreements with external fund management companies. In 2000 Storebrand Fondene entered into co-operation with Goldman Sachs for the management of a European equity fund investing in small and medium-sized companies, with Foreign & Colonial for a fund investing in emerging markets, and with

Wellington for a global health sector fund. In addition to this Finansbanken offers funds from other suppliers, and Storebrand Bank intends to supplement the range of funds it offers with third party products during 2001.

## Internet plays an increasingly important role

Customers expect more detailed and better reporting, improved accessibility and the opportunity to access information over the Internet. Storebrand was one of the first fund companies to make it possible to subscribe for funds over the Internet, and it has continuously improved the functionality of the Internet services it offers. Our Internet pages now allow customers to subscribe for fund units, access an updated report of their total holdings and find greater information on the composition of the various funds.

## Use of mutual funds for pension savings

Much of the growth seen in the mutual funds market over recent years is the result of funds being used for pensions and other long-term savings. The new Norwegian legislation on defined contribution pensions is expected to lead to a strong increase in the flow of savings into funds in the future. Defined contribution schemes will allow companies and individual employees to make their own investment decisions, and funds-based alternatives are expected to be very popular. Storebrand is particularly well placed to take a large share of this market given its strong position in the areas of pensions, asset management and financial advice.



# International expansion

There is increasing demand for international asset management products. Storebrand Asset Management offers a number of products that are considered to be attractive and competitive, and the company established its first international office in Stockholm in 1999. During 2000 new offices were opened in London and Paris.

## Products

Storebrand enjoys a sound international reputation for Socially Responsible Investing (SRI) and international asset management. The Storebrand Principle Global fund, the first fund with an environmental profile, was established in Luxembourg in June 1996. There is increasing demand for SRI products, and Storebrand is one of the leading companies in this area. Storebrand also offers distinctive products in the area of traditional international asset management.

## Institutional clients and investment consultants

Storebrand's strong record of investment return creates the opportunity for successful sales to the institutional market. An increasing number of institutional investors make use of investment consultants, and it is accordingly important that our products are well known in this market. This has been a priority area in 2000, and Storebrand has won the acceptance of the majority of major consultants in the markets it has prioritised.

## Sweden

The asset management operation has six staff in its Stockholm branch, and in 2000 it entered into co-operation with the World Wildlife Fund on the development and distribution of a new fund to be launched in January 2001. In addition agreement was reached in 2000 with one of Sweden's largest asset management companies, SPP, for distribution of the Storebrand Principle Global Fund.

An important milestone for the Swedish activities was the company's inclusion by the Swedish authorities in the list of funds offered for the new premium pension scheme. Storebrand Fondene was represented by eight funds, and approximately 23,000 Swedes have invested a total of SEK 70 million in Storebrand funds.

## London

Storebrand has entered into a co-operation agreement with the Sancroft Group, a leading environmental consulting firm, for the distribution and marketing of SRI products in England.

Sancroft is run by The Right Honourable John Gummer, who was at one time Minister for the Environment in the UK government. New regulations have been introduced that require English pension funds to document their approach to environmental, ethical and human rights issues, and this has led to increased focus on SRI products. Storebrand's representatives in its London office have, together with the Sancroft Group, established Storebrand as a recognised asset manager with investment consulting firms and many of the large pension funds.

## Paris

The branch office in Paris was opened in 2000. During the course of the year Storebrand received very positive press coverage, and was invited to give a presentation of SRI to the French Senate. The prospects for sales in the French market so far look very promising, and Storebrand offers its SRI products through channels such as one of the country's best-known fund investment portals.



# Institutional investors growing

Asset management is one of the Storebrand group's core activities. By the close of 2000, Storebrand had funds totalling NOK 151 billion under management, both through discretionary management and as funds. Total funds under management have shown annual growth of 13% over the last two years.

Mandates for discretionary asset management provided a strong net inflow of new funds for management in 2000 despite this being a weak year for stock markets. It seems that neither weak market conditions nor increased market volatility discourage this trend. Growth in funds under management has principally come from the public sector, although private sector pension funds have also played a part.

## Increased external management of pension funds

Changes in the regulations to introduce stricter requirements for expertise and control in the management of pension funds have made it more difficult for companies to manage their own pension assets. These changes have strengthened the trend for the management of pension fund assets to be entrusted to professional asset managers.

## Growth from the public sector

Growth in funds under management from the public sector reflected the restructuring taking place in the power generation market. Many Norwegian local authorities have sold their interests in power generation, and have invested the sales proceeds in liquid securities and funds through discretionary asset management agreements. It is estimated that local authorities raised

approximately NOK 11 billion from sales of power stations in 1999 and NOK 16 billion in 2000. The amounts involved are expected to increase further in 2001 as a result of the further acceleration seen in the consolidation and restructuring of the Norwegian power market.

## Increased investment in securities funds

The range of funds intended for the institutional market has increased, and now offers significantly broader coverage. Storebrand launched seven new funds targeted at the institutional investor market in 2000, and the company plans to launch a number of new funds in 2001. Figures from the Norwegian Mutual Fund Association show that at 31 December 2000 some 42% of the funds managed by Norwegian fund management companies were invested by companies, local authorities and institutional customers, and approximately 44% of new sales in 2000 came from the institutional market.

## Joint asset management assignments

The role now played by independent advisers has made it increasingly common for investors to split their asset management between a number of players who then compete with each other. This in turn leads to increased focus on offering distinctive asset management products with a clearly defined investment philosophy, a strong and stable asset management team and a good track record for investment return. We believe that as a significant and professional asset management operation, Storebrand will be more than able to maintain its position in an increasingly competitive environment.





## Storebrand Bank

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

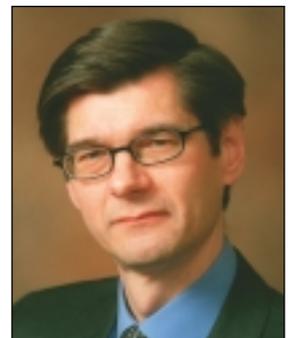
*Storebrand Bank offers the services of some 200 personal financial advisers located at 20 financial centres and 35 satellite offices, as well as being represented by agents. In addition the bank operates a customer service centre employing 50 advisers and provides a leading Internet banking service that has won a number of awards as the best Internet banking service in Norway. Most recently the publication Kapital Data named Storebrand Bank's Internet banking service as the best of all Internet services in Norway in 2001, regardless of industry.*

### **Strategy**

*Storebrand Bank intends to be a leading supplier of personal financial advice to retail market customers with an interest in savings, and aims to offer its customers a broad range of high quality financial services through the Internet, telephone and personal contact.*

*By offering a comprehensive and first-class financial advice concept, Storebrand Bank intends to be the main relationship that its priority customers will use for all their financial requirements. The strategy of basing services on financial advice will be reinforced through all service channels, and the personal financial adviser will play a key role in the overall relationship with each customer. The bank's financial advisers all have a high level of essential expertise, and will receive further training and certification both from Storebrand Bank and through co-operation with the Norwegian School of Management BI. This will ensure that customers are served by the best financial advisers the market can offer. Storebrand Bank will also offer access to specialist expertise in areas such as tax, legal questions and inheritance.*

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



Kai G. Henriksen

# Advisory bank

**Storebrand Bank was very visible in the Norwegian media at the end of year 2000.**

Billboards throughout the country carried Storebrand Bank's recruiting campaign for more financial advisers. The same message was broadcast through the television and over the Internet. This recruiting campaign reflects Storebrand Bank's commitment to becoming the leading provider of personal financial advice in Norway. In addition the campaign represented a first step in positioning Storebrand Bank as a leading financial adviser, and it proved to be very successful. All the vacancies for additional financial advisers were filled during the spring 2001, and the campaign made a major contribution to increasing general public awareness of Storebrand Bank.

Customers are seeing major changes in their everyday contacts with the financial services industry. Never before have there been so many new players entering this industry, and never before have customers seen such a range of choices of products and services. At the same time Norwegians are taking much greater interest in their personal financial arrangements, and their knowledge and expertise grows in pace with their increasing interest. Storebrand Bank has recognised the implications of these changes, and is now in the process of launching a pioneering financial advice concept on a major scale.

## New trends

Storebrand Bank AS was established in 1996, and was originally designed as a straightforward direct-service bank. Over recent years the bank has built up a nationwide staff of financial advisers in order to cater for new trends in customer requirements



for financial services. Our concept is based on four cornerstones: the high level of expertise offered by our advisers, the independence of advice that our open product platform offers, our presence through financial offices, telephone based customer centres and the best financial Internet service in the market, and finally the unique methodology we have developed for use in advice consultations with customers.

## Nationwide financial advice

Storebrand Bank currently has 20 financial centres spread across the entire country. These centres offer customers the opportunity to have their financial situation analysed by a professional financial adviser. This service is available to all customers who will benefit from the accessibility, personal advice and follow-up that we offer, and this represents the bank of the future for discerning customers who take a serious interest in their financial affairs.



# Storebrand Bank – The Financial Plan

This may take the form of a holiday home in the mountains or on the coast, or perhaps the journey of a lifetime around the world, or it may mean

**It is everyone's ambition to enjoy a more fulfilling life**

financial security in retirement. For other people a more fulfilling life may mean human rather than financial values. Everyone is different, but most people's hopes and ambitions do need some degree of financial planning.

Help with financial planning is precisely what Storebrand Bank aims to offer its customers. By helping our customers plan their financial affairs we can help them to achieve their ambitions. Financial Plan is a tool used to build up a comprehensive personal overview that summarises the customer's financial situation both now and in the future. This takes into account all of a cus-

tomers' financial needs in respect of saving and investment, insurance and borrowing. Financial Plan is unique in the breadth of its approach and the total picture it provides for every customer.

## Customer loyalty program

Storebrand Partner is an exclusive customer loyalty program. The core feature of this service is that it gives the customer access to a dedicated personal financial adviser and assistance in putting together a financial plan. In addition to offering a number of financial benefits, the program also gives the customer access to a number of unique non-financial benefits. The Partner program is tailor-made for Storebrand's most important customers with the most extensive requirements.

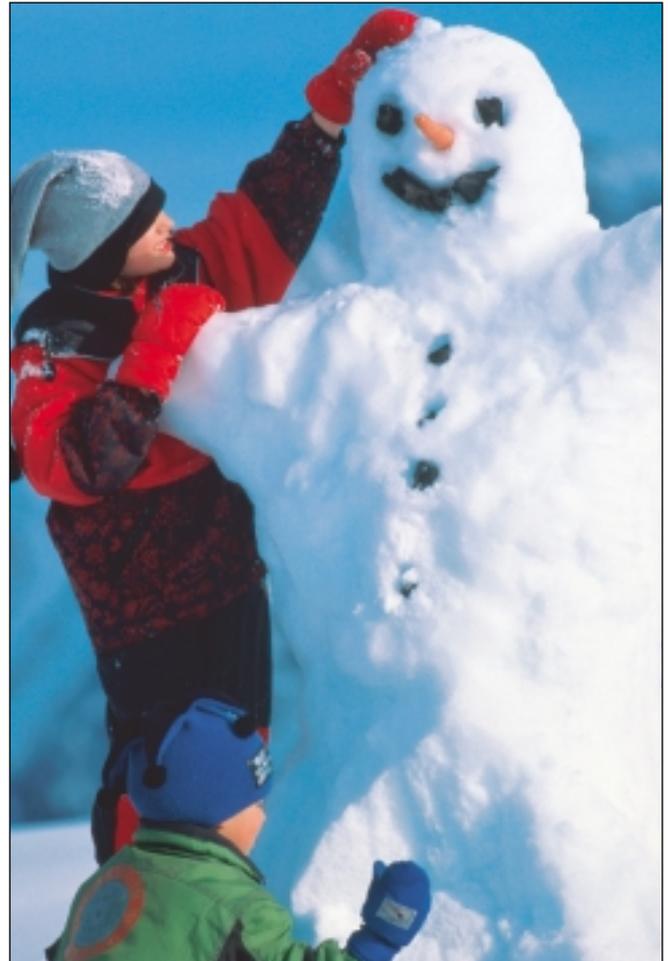
## Back to school – training in financial advice

Many players in the market maintain that they offer financial advice to their customers, but few of these can demonstrate that they are properly equipped to take on such an important responsibility towards their customers. Storebrand Bank takes this challenge very seriously, and one consequence of this is that we send our financial advisers 'back to school'.

Storebrand Bank will put more than 200 financial advisers through comprehensive financial planning training program between now and 2003. Financial advisers employed by Storebrand Bank are required to complete a two-year certification program put together in co-operation with the Norwegian School of Management BI. This program provides comprehensive training in personal financial planning, advice, financial theory, products and systems. Storebrand is the only Norwegian financial institution to put its employees through such an extensive certification program.

### Tailor-made for Storebrand Bank and our customers

The certification program is tailor-made for both Storebrand Bank's financial advice strategy and for our customers' need for consistent and comprehensive professional advice. Employees who pass the final examinations will be recognised as "Senior Financial Adviser - BI Certificated". This qualification will represent 20 further education credits approved by the Norwegian School of Management BI.



# A new world of independent advice

**Storebrand Bank has entered into co-operation with a number of external suppliers to ensure that it can offer all its customers the best and most suitable products. This makes it possible for us to satisfy all the financial requirements that our customers may have.**

Storebrand Bank's advisory concept is not built solely on giving financial advice. The bank's financial advisers are also there to help customers to establish their own financial targets. Many customers are not aware that a relatively small change in their financial arrangements or a

change in financial priorities made now can make a worthwhile difference to their financial situation later in life. We therefore intend to offer our customers the best products, whether they are the bank's own products or are provided by external suppliers.

The launch of the bank's mutual funds account was one of last year's major developments. The mutual funds account allows customers to choose between a number of different funds, and currently offers 28 funds of which 11 are managed by external asset management companies. Storebrand Bank now offers funds managed by Goldman Sachs, Foreign & Colonial, Wellington, Merrill Lynch, Morgan Stanley Dean Witter, Invesco, Schroder and Delphi in addition to the range of funds offered by Storebrand's own asset management activities. More funds will be added to the list over the course of the current year.

The mutual funds account offers customers the opportunity to switch between funds at any time without incurring charges. This makes it very simple to invest in a number of funds through a single product, and with just a single debit from

the customer's bank account. This allows all savings invested in funds to be brought together by the customer's financial adviser and the account can be monitored through a unique and comprehensive statement. This statement will be updated daily on the customer's own Internet page at Storebrand Bank. The mutual funds account concept will also be made available for unit linked annuity savings with the additional tax benefits that unit linked products offer. A further benefit in this respect will be that customers will be able to roll investment over into other unit linked funds without being taxed on any capital gains.

## Share trading on the Internet

Storebrand Bank is able to offer its customers the best arrangements for share trading on the Internet through its co-operation with E\*TRADE. This service has been available since August 2000, and we are extremely satisfied with the co-operation that has been established. All of Storebrand's customers that use E\*TRADE see their shareholdings reported as part of their total investments with Storebrand Bank. In addition E\*TRADE can be accessed directly from the bank's own Internet pages.

## Specialist expertise

Storebrand Bank has entered into a strategic corporation with PricewaterhouseCoopers to assist customers who need detailed advice in areas such as tax, legal matters and inheritance. This gives Storebrand Bank the best basis on which to offer comprehensive advice in the majority of areas that affect our customers' financial situation today and in the future.





## Finansbanken

*Finansbanken is a specialist bank, concentrating on high net worth individuals and selected segments of the corporate market. Following Storebrand's acquisition of the bank, Finansbanken has developed its activities to offer specific expertise in a number of areas, and it has focused its activities on the three areas of private banking, asset management and project financing. Finansbanken's main wholly owned subsidiaries include Delphi Forvaltning AS, Finansbanken Index ASA and Den Københavnske Bank AS in Denmark.*

### **Strategy**

*Finansbanken's ambition is to be one of the leading financial partners for affluent private customers throughout the Nordic region. The new areas of business focus for the bank of private banking and asset management are growing strongly, whilst traditional activities such as real estate project financing and securities financing provide a strong foundation for growth.*

*The management of assets for affluent private customers is often described as private banking. This represents a service for private customers who have wealth and investments of a scale or complexity that makes it advantageous for the customer to co-operate closely with a specialist bank. These customers need a supplier of financial services that can offer a high level of expertise as well as the security and flexibility essential to creating a close long-term customer relationship. This area of business is described in greater detail in the article on the next page.*

*The bank's asset management activities include discretionary asset management, mutual funds products, capital market products and index-related investment products. Asset management activities are based on an absolute yield approach, and the bank's fund managers actively manage positions in the market. The bank's goal is to be a leading player for asset management and the development of savings products for high net worth private customers.*

*Project financing is principally focused on sectors that are dependent on short lines of communication and rapid decision-making for the financing of large projects. This principally applies to the financing of real estate and securities.*



Geir Andersen

# Finansbanken's private banking services

## The management of assets for affluent private customers is often described as private banking.

Norway does not as yet represent a mature market for private banking, and no one institution has set the standard for what the private banking service concept should encompass in the Norwegian context. It is traditionally the case that private banking services are characterised by strong personal relationships between the customer and his or her account manager at the bank.

Finansbanken intends to further develop the traditional concept of private banking. This means that personal contacts between the customer and the bank will continue to play a central role in maintaining customer relationships. The bank's service concept will in addition be based on expertise, security, flexibility and long-term credibility. Finansbanken has recruited experienced customer account managers and has built up a specialised customer service team to meet the diverse needs of its customers.

In private banking, the customers are themselves also an important resource. No two customer relationships are the same in private banking, and the service offered in each case has to reflect the customer's business and investments as well as his or her preferences and objectives. However features that are common to all customer relationships include discretion, the customer's financial security, professionalism and profitability.

## Finansbanken's electronic services

Personal service alone does not create a complete service concept. The need for greater accessibility to the bank and its services and a more comprehensive flow of information means that electronic systems must play a central role in the overall relationship. Finansbanken intends to ensure that its customers enjoy good personal relationships with the bank through a number of different channels, and that both the information they need and their personal account manager are always available.

Electronic media will never replace personal service. However the use of technology improves the bank's support and service functions, and will help to ensure that customers enjoy better reporting as well as quicker and more readily available access to information tailored to their requirements.

## Products and services

The main 'product' in any private banking relationship is financial advice. The main focus for Finansbanken's private banking activity will be on

giving good advice to its customers, and this will cover a broad range from investment advice through to inheritance planning, wills and trusts.

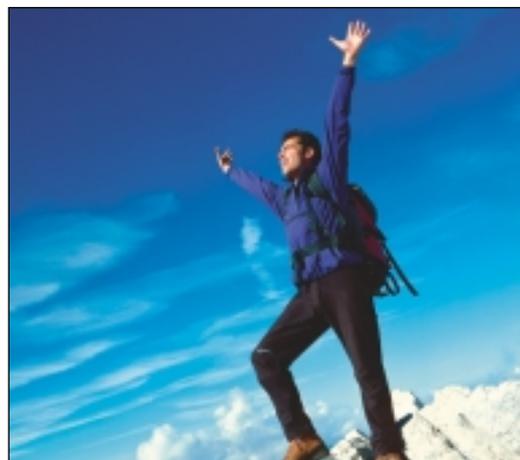
Good advice needs access to attractive investment opportunities, and Finansbanken is recognised as an independent supplier of investment products. The bank itself offers certain products, and it also has long-established relationships with a number of leading international suppliers that give access to a range of financial products. In order to maintain a position as a complete supplier it is essential to continually evaluate the products available in the market and identify the best suppliers. Finansbanken has taken advantage of the past year to evaluate the suppliers of financial products it will use in the future. Finansbanken's customers expect the best choices available - and that is precisely what the bank intends to offer.

## A pan-Nordic ambition

Finansbanken's ambition is to be a leading player for private banking throughout the Nordic market. The acquisition of Den Københavnske Bank represents an important step in this direction. The integration and development of Den Københavnske Bank's activities is well advanced, and the newly acquired bank is moving in the right direction.

## Future prospects

Finansbanken is well positioned to meet future charges. We do not intend to turn our back on the personal relationships that are so important in private banking, but we will strengthen the relationship and financial advice concept that is traditional in private banking with strong IT resources and improved communications. Finansbanken intends to be recognised as a modern private bank that is still traditional in its approach.



# Life insurance

## Main features of 2000

- Realised return on investment of 8.7%, with a value-adjusted return of 3.1%
- Continuing strength in risk-bearing capacity provides the basis for high investment returns in the future
- Profit allocation to the owner of the Storebrand Livsforsikring Group of NOK 838 million
- Market leader for life insurance and unit Linked products with a market share of 26% at 30 September 2000
- Improvement in cost ratio from 0.96% to 0.94%.
- Weaker risk result, due in part to an increase in disability claims

## Business development

2000 was a satisfactory year for the profitability of Storebrand's life insurance activities. The life insurance company reported total premium income of NOK 7,950 million, and operating profit for the year amounted to NOK 4,789 million.

Customers also benefit from the strong results that Storebrand has reported for a number of years. Statistics from the Norwegian Financial Services Association show that Storebrand has produced the highest average return in the Norwegian life insurance market for all product groups over recent years.

## Corporate market

Storebrand is a market leader in the corporate market, with a 25% market share of total premiums in the collective pensions market at the end of the third quarter of 2000.

Premiums written in respect of group pension insurance increased by 3.1% in 2000. The market for small and medium-sized companies showed particularly strong growth, with an increase in the total volume of business outstanding of 5%. However premium earned for the year in respect of group pension insurance was 16% lower than in 1999 as a result of a reduction in reserves transferred.

The internationalisation of Norwegian business and industry creates an increasing demand for international products. The company's activities in this area performed very strongly in 2000. During the course of the year Storebrand received all the permissions and licenses necessary for Euroben to be established in Dublin with branches in Norway and Sweden.

## Public sector

The new national employment conditions which came into force for local authorities in 2000 finally gave public sector occupational pension

schemes a real opportunity to change the supplier of their pension arrangements, and a total of 16 local authorities took the opportunity to transfer to a different company. The authorities of Vadsø, Ballangen and Trysil chose to transfer to Storebrand, and the company now has 16 local authorities in its portfolio.

Storebrand is the only company that has not attracted criticism for its public sector pension product from the local authority sector pensions working group, and this represents a valuable stamp of quality at the start of 2001 from the parties to the national employment conditions.

## Retail market

Storebrand maintained its leading position in the retail market for life insurance and mutual funds products in 2000. The group had a strong 32% share of this market as at the end of the third quarter of 2000.

The year 2000 was a good year for sales of Storebrand's unit linked products, which comprise IPA Link and Annuity Link. These unit linked products attracted inflows of savings totalling NOK 1.63 billion in 2000 as compared to NOK 1.26 billion in 1999, and the company was therefore again the leading company in the unit linked market in 2000.

Storebrand has seen an exciting place of development in the two years since it first launched health insurance products. The company's health insurance products are now sold in both Norway and Sweden, and the limited capacity available in the public health service together with the emergence of an increasing number of competitors have served to expand the overall health insurance market. The company has particularly high expectations of growth for sales of health insurance to the corporate market in future years.

## Costs

Operating costs for Storebrand Livsforsikring AS totalled NOK 930 million in 2000 as compared to NOK 896 million in 1999. The increase is largely due to the resources committed to new products and the changes required by new legislation on company pension schemes and defined contribution pensions. Storebrand's cost ratio relative to average policyholders' funds showed an improvement from 0.96% in 1999 to 0.94% in 2000.

## Investment return, solidity and risk capital

Following a strong performance in 1999, capital markets saw turbulent conditions in 2000, parti-

cularly in the second half of the year. Storebrand Livsforsikring achieved a realised investment return of 8.7% for the year as compared to 10.0% in 1999. The value-adjusted return was 3.1% (3.0% if changes in the value of bonds classified as held to maturity are included).

As part of its objective to maintain a high investment return, Storebrand's strategy is to hold a relatively high proportion of the investment portfolio in equities. The company's high risk-bearing capacity and its well-diversified portfolio make this possible. The company has built up its solidity over a number of years, maintaining a high level of buffer capital to give freedom for manoeuvre in asset allocation. The proportion of total assets invested in equity markets at the end of 2000 was in the order of 31.3% (32.4% if derivative positions are included). In order to achieve a diversified and liquid portfolio, approximately 68% of the equity portfolio is invested in international markets.

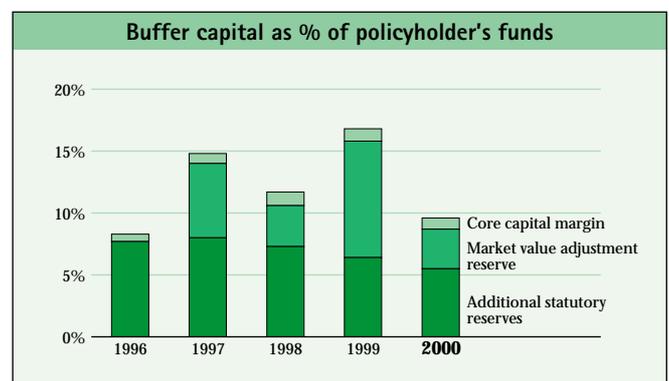
#### Asset allocation and investment return

	2000			1999		
	Yield	Allocation		Allocation		
By sub-portfolio NOK million	%	Market value	%	Exposure	Market value	Exposure
<b>TOTAL</b>						
<b>All assets</b>	3.1%	111,726				
<b>Securities</b>	2.8%	99,106	88.5%	92.0%	88.2%	87.8%
Equities	-6.2%	35,017	31.3%	32.4%	33.4%	33.0%
Fixed-income	9.4%	33,043	29.5%	31.9%	28.7%	28.7%
Money market						
in total	6.4%	2,634	2.4%	2.6%	3.0%	3.0%
Bonds held to maturity	6.5%	28,137	25.1%	25.1%	23.1%	23.1%
Real estate	8.1%	10,867	9.7%	9.7%	9.0%	9.0%
Loans	8.6%	2,028	1.8%	1.8%	2.8%	2.8%

Figures for exposure take into account derivative positions in all portfolios.

investment portfolio. These reserves amounted to NOK 4.8 billion at the end of 2000. With effect from 2000 the company has introduced a limit to the additional statutory reserves attributable to individual policyholders. The limit is set at twice the guaranteed return, and this causes a reduction in additional statutory reserves for many customers. In order to compensate in part for this change, the company has allocated one percentage point of the year's return to additional statutory reserves. The total level of additional statutory reserves is lower than before, but it nonetheless covers more than one year's guaranteed return. The life insurance company's capital ratio was 10.5% in 2000 as compared to 12.0% in 1999. The minimum capital requirement is 8%. The company's strong liquidity gives it continuing flexibility in its future asset allocation.

The combination of a professional investment management function, high risk bearing capacity and low operating costs compared to competitors gives every reason to expect that Storebrand will continue to produce a competitive net return for its customers.



#### High risk bearing capacity

The second half of 2000 saw turbulent conditions in the equity markets. Storebrand Livsforsikring continues to maintain a high level of solidity. The company's buffer capital at the end of 2000, measured in terms of the market value adjustment reserve, additional statutory reserves and core capital margin (i.e. the excess of capital over the statutory requirement), totalled NOK 8.7 billion. This is equivalent to 9.2% of policyholders' funds, representing a reduction of 7.7 percentage points from 1999. The company's buffer capital remains sufficient to ensure that Storebrand is well positioned to generate a good return for customers in the future.

The turbulent conditions seen in equity markets in 2000 caused a reduction in the market value adjustment reserve of NOK 5.6 billion to NOK 3.0 billion. Additional statutory reserves are conditionally allocated customer reserves which act as risk capital to absorb price movements in the

## Allocation of profit to the owner of Storebrand Livsforsikring AS

NOK million	2000	1999	1998	1997	1996
Return on shareholder's capital	364	407	130	218	242
Income to capital from policyholders' funds	376	387	366	339	319
Risk margin due to shareholder	55				
Extraordinary items		105			
Other	41				
<b>Total return to shareholder *)</b>	<b>836</b>	<b>899</b>	<b>496</b>	<b>557</b>	<b>561</b>
<b>Return on equity</b>	<b>28%</b>	<b>31%</b>	<b>19%</b>	<b>23%</b>	<b>24%</b>

\*) Profit of the Storebrand Livsforsikring Group was NOK 838 million.

## Return to owner and profit allocation

The profit from life insurance business in the Norwegian market is subject to an allocation between customers and shareholders. The profit allocated to shareholders cannot exceed 35% of the year's profit. With effect from the 2000 accounting year, Storebrand has introduced a new and simplified model for the allocation of profit. In this model the return to the owner is made up of a return on capital, a management fee of 0.4% of policyholders' funds and a 12% margin on actual risk. In addition the owner

receives full allocation of the profit on products not subject to the allocation of profit. The good level of overall return on capital, which also applies to shareholder capital, is the main reason for the good return to the company's owner.

## Analysis of results

The **analysis of results** table 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 insurance policies in 2000 was 3.8%.

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

The requirements set by the Banking, Insurance and Securities Commission for strengthening the administration reserve in respect of collective pension schemes by no later than 1 January 2001 were satisfied in full.

## Analysis of results

NOK million	Collective pension insurance	Group life insurance	Individual capital-insurance	Individual pension insurance	Non-life insurance	Total 2000	Total 1999
1. Financial income	6,120	49	693	1,961	3	8,826	9,511
2. Guaranteed yield	-2,618	-4	-359	-1,009		-3,990	-3,892
- of which to premium reserve	-186			-21		-207	-176
<b>3. Interest result</b>	<b>3,502</b>	<b>45</b>	<b>334</b>	<b>952</b>	<b>3</b>	<b>4,836</b>	<b>5,619</b>
Subsidiaries' admin. expenses a)	9	0	1	3		13	13
4. Risk premium	444	320	287	-41	40	1,050	1,047
5. Risk bonus	-346	-330	-182	71	-28	-815	-721
6. Net reinsurance etc.	-46	-29	-2	1	0	-76	-42
<b>7. Risk result</b>	<b>52</b>	<b>-39</b>	<b>103</b>	<b>31</b>	<b>12</b>	<b>159</b>	<b>284</b>
8. Administration premium	411	44	163	148	10	776	773
9. Operating expenses	-441	-67	-223	-173	-25	-929	-896
<b>10. Administration result</b>	<b>-30</b>	<b>-23</b>	<b>-60</b>	<b>-25</b>	<b>-15</b>	<b>-153</b>	<b>-123</b>
Subsidiaries' admin. expenses a)	-9	0	-1	-3		-13	-13
<b>11. Change in premium reserve/sec. fund</b>	<b>-55</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>-55</b>	<b>-548</b>
<b>12. Gross sectoral result (3+7+10+11)</b>	<b>3,469</b>	<b>-17</b>	<b>377</b>	<b>958</b>	<b>0</b>	<b>4,787</b>	<b>5,232</b>
To equity:	- return on company's capital etc. b)					-364	-408
	- 0.40% of policyholders' funds c)					-376	-387
	- risk margin due to shareholder						-55
	- other					-41	
	- extraordinary items						-105
<b>13. Profit for the year</b>						<b>-836</b>	<b>-899</b>
<b>14. Policyholders' share of profit</b>						<b>3,951</b>	<b>4,333</b>

a) Adjusted to show analysis of results as if subsidiaries were recognised in the accounts by the gross method rather than the equity method.

b) Includes: Security reserve, subordinated loan capital and book equity.

c) Includes: 0.40% of policyholders' funds in 2000. In 1999 this was 0.42 % of policyholders' funds.

# Asset management

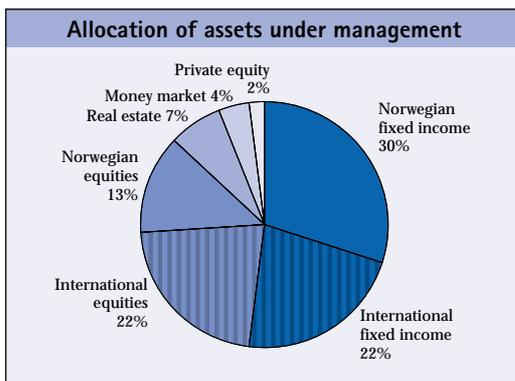
## Main features of 2000

- Assets under management increased by NOK 7 billion.
- 15 new discretionary asset management mandates in 2000.
- First asset management operation in Norway to gain GIPS certification.
- Return on life insurance portfolio 0.4% better than the benchmark return, and seven out of eight life insurance investment portfolios outperformed their benchmark return.
- 152 employees representing nine different nationalities.
- Pre-tax profit for the year doubled between 1999 and 2000 to NOK 67 million.

## Markets and customers

Storebrand Kapitalforvaltning ASA and Storebrand Fondene AS (including Delphi Fondsforvaltning) manage assets for institutions, companies and private customers in Norway and internationally totalling NOK 151 billion. Over the period 1998 to 2000 assets under management have increased from NOK 119 billion to NOK 151 billion. This represents average annual growth of 13%.

Storebrand Kapitalforvaltning ASA carries out discretionary asset management for 68 customers. This includes eight companies in the Storebrand group.



Storebrand Fondene AS has almost doubled its share of the market for mutual securities funds over the past three years to reach 8.6% by the end of 2000. (The market share is 9.5% if Delphi Fondsforvaltning is included). Net inflows to funds managed by Storebrand Fondene amounted to NOK 3.1 billion, of which NOK 2.9 billion was placed in equity funds representing a 23.6% share of the total market for net subscription to equity funds. This made Storebrand Fondene the market leader for sales of equity funds in 2000.

Storebrand Kapitalforvaltning ASA and Storebrand Fondene AS serve 68 institutional customers and 147,000 private customers from offices in Oslo, Stockholm, London, Paris and Luxembourg.

Our objective is to satisfy the four fundamental market requirements for:

- A strong likelihood of a reliable and stable future investment return, based on a disciplined, clearly defined and transparent investment process.
- A good track record of investment return through discretionary asset management.
- Leading international expertise in certain specialist areas such as environmental and ethical asset management and private equity investment (un-listed equities).
- Flexible systems for customers, with a high degree of tailor-made reporting and readily comprehensible customer information.

In addition to serving its own customers, the asset management operation distributes securities funds to the Norwegian market through Storebrand Bank and Storebrand Livsforsikring, as well as through 15 external co-operation partners and portals.

## Internationalisation

During the course of 2000 Storebrand Kapitalforvaltning established and staffed branch offices in Sweden, Great Britain and France. Storebrand Fondene has an established subsidiary in Luxembourg. In addition, distribution agreements have been established with partners in Great Britain and Australia/New Zealand, and this has laid the foundation for future organic growth outside Storebrand's home market.

In Sweden more than 23,000 customers have chosen Storebrand for their investments for the new state administered premium pension scheme. In addition Storebrand has established a new fund in co-operation with the World Wildlife Fund in Sweden. Other examples of international mandates awarded during the course of 2000 include SPP in Sweden, Cortal Banque and HSBC/Apogee in France and Tower Asset Management in Australia/New Zealand.

In the institutional investment market, there is a clear trend for an increasing proportion of asset management mandates to be awarded through independent advisers that specialise in developing investment strategies and selecting asset managers. In the case of Sweden, for example, it

is thought that more than 2/3rds of all institutional asset management mandates are arranged through independent advisers, and we are now seeing a similar trend in the Norwegian market. This has contributed to increasing the professionalism of the Norwegian institutional market, and has increased international competition for asset management in this market.

### First in Norway to achieve GIPS certification

Increasing international competition and the internationalisation of the market both represent new challenges for Norwegian asset managers in that their activities are now being compared and evaluated on the same criteria as are applied internationally. In order to respond to this challenge, Storebrand Kapitalforvaltning ASA and Storebrand Fondene AS achieved certification for the Global Investment Performance Standard TM (GIPS) at the start of 2001. Certification to this standard was carried out by Cap Gemini Ernst & Young, and applies to the period 31 December 1995 to 31 December 2000. Storebrand is accordingly the first group in Norway to gain certification for both a mutual fund management company and an asset management company.

The purpose of GIPS TM is to ensure that customers receive complete, accurate, open and consistent information on the investment results their asset manager produces. This standard is the product of global co-operation between a number of organisations, and is intended to function as an ethical framework for dialogue between asset managers and customers. The review carried out as part of GIPS TM certification also includes an audit of the company's internal control for the activities covered by the standard.

### Asset management products

The products and services offered by Storebrand Kapitalforvaltning ASA and Storebrand Fondene AS comprise active discretionary asset management, a total of 44 equity and fixed income funds, tactical asset allocation and Private Equity investment, as well as environmental and ethical investments (SRI - Socially Responsible Investment).

The first Storebrand International Private Equity (SIPE) fund-of-funds was launched very successfully at year-end 1999/2000. This represents a type of fund with a limited subscription period that invests in international private equity and venture capital funds around the world. Over the longer term this type of fund is expected to provide a higher return than investment in listed equities. SIPE II was launched in December 2000 with NOK 112 million of investment capital. Storebrand Principle Funds in Luxembourg is

responsible for a product range of environmental and ethical investments, and expanded its product portfolio during 2000 by adding a further five funds to complement the Storebrand Principle Global Fund, which was the group's original SRI fund. The range of five SRI funds now offered comprises four equity funds and a fixed income fund, the Storebrand Principle European Bond Fund.

Storebrand Kapitalforvaltning launched three new international equity funds in 2000 - Storebrand Goldman SMB Europa, Storebrand F&C Emerging Markets and Storebrand WGA Healthcare. These are all of the fund-of-funds type whereby assets are solely invested in underlying funds and administered by managers external to the Storebrand group. The fund managers initially chosen for this purpose following a thorough selection process are Goldman Sachs International and Foreign & Colonial Management Ltd and Wellington GHCP.

### Investment philosophy and management of securities investments

All the group's asset management products are based on the common fundamental investment philosophy which seeks to achieve the investment goals set for the various investment products by active portfolio management which concentrates on a focused and systematic approach with thorough analysis and a high level of investment discipline. A key factor for success is the efficient processing of information to help ensure that active position taking makes the right decisions which offer the best chance of outperforming the relevant benchmarks.

The investment objective of both Storebrand Kapitalforvaltning and Storebrand Fondene is to generate a return superior to that of the comparable market. In any one year the extent to which performance exceeds the benchmark return can typically be expected to represent 2-5 percentage points for equity products and 0.25-0.75 percentage points for fixed income products.

The construction of portfolios attaches particular importance to focusing on taking actively managed positions. All other forms of risk which do not form part of the preferred position to be taken are minimised with the assistance of quantitative portfolio optimisation.

All client funds are held in separate securities portfolios that are revalued on a daily basis. This provides the basis for return to be monitored on a daily basis, together with monitoring of risk positions and investment limits.

### Organisational structure

With effect from 1 January 2001, Storebrand Kapitalforvaltning ASA and Storebrand Fondene AS will become part of the same sub-group under

Storebrand Kapitalforvaltning Holding AS, which is wholly owned by Storebrand ASA. A total of 152 staff representing nine nationalities will work in the new asset management group, making it one of Norway's largest asset management operations. The asset management team will consist of 35 asset managers, with an average length of service of five years.

For the purposes of operational management, Storebrand Eiendom will also be organised as part of the asset management group.

### Investment return

Storebrand Kapitalforvaltning produced good investment results for the management of both equities and fixed income portfolios in 2000. Equity portfolios benefited from a good selection of stocks drawn from both TMT companies and industrial companies. However the balance over the course of the year was somewhat over-weighted in favour of the TMT sector, and this was not a positive feature. The slowdown seen in the American economy was much more pronounced than players in the market had foreseen, and was somewhat greater than Storebrand Kapitalforvaltning had expected. In addition the technology sector was more adversely affected by the slowdown than had been expected. With the benefit of hindsight, the technology sector has proved to be more cyclical than the market had envisaged. This had a particularly marked effect on the Japan element of the Asian equity portfolio.

At the end of 1998 Storebrand Kapitalforvaltning established a separate unit for tactical asset allocation. The work of this unit contributed approximately NOK 40 million (+ 4 basis points) to the investment return of Storebrand Livsforsikring in 2000. In 1999 the contribution was + 25 basis points, equivalent to more than NOK 200 million.

### Earnings and profitability

Storebrand Kapitalforvaltning ASA and Storebrand Fondene AS achieved total pre-tax profit of NOK 67 million in 2000. This represents an improvement of NOK 33 million from the previous year. Gross revenue has shown annual growth over the last three years of 30%, and amounted to NOK 403 million in 2000. Significant resources have been invested in developing the expertise of the companies' personnel as well as building up the systems and infrastructure needed to achieve a scalable structure, and growth in costs over the last three years has been at a higher than normal level. By way of example it can be noted that all the costs incurred in respect of internationalising the asset management activities have been recognised to the profit and loss account as incurred.

<i>NOK million</i>	1997	1998	1999	2000
<b>Gross revenue</b>				
Storebrand Fondene group	103	107	124	192
Storebrand Kapitalforvaltning	81	95	166	212
<b>Total gross revenue</b>	<b>184</b>	<b>202</b>	<b>290</b>	<b>403</b>
Sales commission paid	-16	-23	-26	-74
<b>Net revenue after commission paid</b>	<b>168</b>	<b>179</b>	<b>264</b>	<b>330</b>
<b>Operating expenses</b>				
Storebrand Fondene group	-77	-80	-90	-90
Storebrand Kapitalforvaltning	-85	-111	-145	-177
<b>Net financial income</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>5</b>
<b>Pre-tax profit</b>	<b>9</b>	<b>-8</b>	<b>35</b>	<b>67</b>

### Real estate

Storebrand is currently one of the largest private real estate investors in Norway, and is accordingly a significant player in the Norwegian real estate market. The total value of the real estate portfolio amounts to NOK 10.9 billion, representing 744,000 sq. m. of property, the majority of which is owned by Storebrand Livsforsikring AS.

Storebrand continued the process of strategically re-orientating its property portfolio during 2000. This involves concentrating the portfolio on first-class centrally located office premises in the Oslo region and on larger shopping centres. 2000 saw the sale of two properties in Tromsø, one property in Drammen and a smaller property in Oslo. New investments included two new properties at Hoffsvæien 1 in the Skøyen area of Oslo. The current strategy represents a lower level of risk in respect of the overall property portfolio.

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

The real estate portfolio produced a total return of 8.2% in 2000, including an upward revaluation of 0.8%.

#### Investment returns in 2000 – Storebrand Livsforsikring

	Return	Relative to index*)
<b>Total</b>	<b>3.13%</b>	<b>+0.39%</b>
<b>Equities</b>	<b>-6.22%</b>	<b>+1.94%</b>
Norway	-0.60%	+1.07%
Europe	0.94%	+4.51%
North-America	-7.48%	+0.09%
Asia	-28.48%	-8.91%
<b>Fixed income</b>	<b>7.88%</b>	<b>+0.22%</b>
Norway	5.94%	+0.10%
International	11.36%	+0.63%
Money market	6.38%	+0.13%

\*) The 'relative to index' column shows the manager's performance relative to the relevant benchmark index.

# Storebrand Bank

## Organisational structure

Storebrand Bank AS is a wholly owned subsidiary of Storebrand ASA. The Storebrand Bank group comprises Storebrand Bank AS, its subsidiary Storebrand Finans AS and a 50% interest in Bertel O. Steen Finans AS (BOS Finans). Storebrand Finans is a debt-collecting business engaged in both collecting its own receivables and receivables for other companies in the Storebrand group. BOS Finans was incorporated in March 1999, and offers financing through the Bertel O. Steen network of car dealers. With effect from 1 January 2000, Storebrand Bank is responsible for all the functions of the Storebrand group in respect of distribution and customer service for the retail market.

## Market position

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

## Financial results

The Storebrand Bank group achieved a profit for the year of NOK 38 million in 2000, representing a significant improvement from the profit of NOK 3.1 million reported for 1999. Operating results showed an improvement from an operating loss of NOK 32.1 million in 1999 to an operating profit of NOK 6.7 million for 2000. The parent company Storebrand Bank AS reported a profit for the year of NOK 38 million. Storebrand Finans achieved a profit for the year of NOK 49.1 million as compared to NOK 41.3 million in 1999. Storebrand Bank's share in the results of BOS Finans was a loss of NOK 0.6 million as compared to a loss of NOK 0.4 million in 1999.

## Net Interest Income

Net interest income showed an increase of NOK 68.8 million to NOK 208.1 million. The increase in net interest income reflects both higher interest margin and overall growth in assets. Interest margin for Storebrand Bank AS increased from 1.50% in 1999 to 2.00% in 2000. The increase in interest margin was driven by higher

product margins and sales of equity index bonds. The positive contribution of these factors was to some extent offset by a reduction in the proportion of lending funded from deposits. The bank's deposit customers and its mortgage lending are to all practical purposes on floating rate terms. Other interest-bearing assets and liabilities have short interest fixing periods.

## Other Income

Total non-interest income showed a significant increase from NOK 61.8 million in 1999 to NOK 362.6 million in 2000. The increase should be seen against the background of the concentration of all the Storebrand group's distribution activities for the retail market into Storebrand Bank with effect from 2000. Net commission income increased from NOK 21.5 million to NOK 55.5 million as result of sales of equity index bonds and growth in overall customer numbers. Increased interest rates caused a loss of NOK 1.2 million on securities whereas 1999 saw a gain on securities of NOK 4.9 million. Other sources of non-interest income, principally commissions earned on the distribution of life insurance products, mutual funds products and unit linked products, increased from NOK 35.8 million in 1999 to NOK 308.9 million in 2000.

## Expenses

Total operating expenses increased by NOK 330.7 million to NOK 564.0 million. The higher level of operating expenses should be seen in the light of the transfer of the Storebrand group's entire retail market distribution to Storebrand Bank. The increase in expenses principally reflects increased staff costs and commissions paid to advisers, higher IT costs in respect of operational responsibilities for major systems and systems development, higher marketing costs and the cost of refurbishing the bank's financial centres. Salaries and general administration expenses increased by NOK 247 million to NOK 390 million. Ordinary depreciation was unchanged from 1999 at NOK 8.7 million. Other operating expenses increased by NOK 83.8 million to NOK 165.3 million.

The Storebrand Bank group recognised a write-back of NOK 47.3 million in respect of loan losses and provisions in 2000 as compared to a write-back of NOK 36.6 million in 1999. This related largely to the activities of Storebrand Finans. Loan losses and provisions for Storebrand Bank AS amounted to NOK 3.7 million, up by NOK 1.0 million from 1999. Loan losses and provisions redu-

ced by NOK 27.0 million for the year, realised loan losses amounted to NOK 11.2 million and write-backs in respect of amounts previously written off represented an income of NOK 31.5 million. Net non-performing loans and problem loans amounted to NOK 96.6 million at the end of 2000.

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

### Balance sheet

The Storebrand Bank group increased its total assets by NOK 3,219 million in 2000 to reach NOK 11,310 million by the end of the year. The increase in total assets was driven by growth in lending. Net lending amounted to NOK 9,157 million at year-end, representing an increase of NOK 6,811 million from 31 December 1999. The bank's lending mainly consists of residential mortgage loans. Growth in lending represents a combination of new residential mortgage lending and equity index bonds. Storebrand Bank's investment assets increased in pace with the overall balance sheet, growing from NOK 926 million at the end of 1999 to NOK 1,172 million at the end of 2000. The bank's securities portfolio, which comprises certificates and bonds with limited credit market risk, is recognised at the lower of acquisition cost and market value at year-end. Storebrand Bank does not hold any securities classified as trading portfolio.

Deposits from customers, principally retail customers, increased by NOK 510 million to NOK 5,666 million at the close of 2000. The moderate increase in deposits should be seen in connection with the success of sales of equity index bonds. The loan to deposit ratio fell to 62% as compared to 76% a year previously.

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

### Capital base

The total capital base amounts to NOK 671.3 million, equivalent to a capital ratio of 12.5%. Capital base consists entirely of core capital, made up of NOK 125.0 million of share capital, NOK 469.7 million of share premium reserve,

NOK 184 million of other equity and deductions of NOK 102.8 million in respect of intangible assets and NOK 4.6 million for over-funded pension liabilities.

### Financial condition and business development

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

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

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

The Storebrand Bank group expects to achieve an increase in earnings in 2001. The improvement in the operating profit seen for Storebrand Bank AS in 2000 is expected to continue, however the scale of write-backs of loan losses in Storebrand Finans is expected to reduce over time.

# Finansbanken

Finansbanken ASA and its subsidiaries produced a consolidated profit before loan losses and provisions for 2000 of NOK 313.1 million (NOK 240.1 million in 1999) equivalent to 1.78% of average total assets. Loan losses and provisions amounted to NOK 294.9 million (NOK 72.5 million), and consolidated profit after loan losses and provisions was NOK 18.2 million (NOK 167.6 million in 1999), equivalent to 0.10% of average total assets. After tax of NOK 13.4 million, the bank reported a profit for the year of NOK 4.8 million (NOK 119.4 million) equivalent to a post-tax return on equity of 0.4%.

The bank enjoyed stable growth in lending over the course of 2000, and net interest income increased despite downward pressure on interest margins. Non-interest income increased as a proportion of total income from 11.2% in 1999 to 28.7% in 2000.

A total of 194 employees (94) were employed at year-end, representing 191.7 full time equivalent positions (90).

## Profit and loss account

Net interest income amounted to NOK 401.1 million (NOK 329.2 million), equivalent to an interest margin of 2.28% (2.50%) of average total assets. Net interest income increased from NOK 90.3 million in the first quarter to NOK 109.0 million in the fourth quarter. Interest margin fell over the course of the year as a result of higher interest rates and somewhat higher funding costs.

Non-interest income increased in 2000 to NOK 161.7 million (NOK 41.7 million). The parent bank saw significant growth in non-interest income. Net gains on securities and foreign exchange for the parent bank contributed NOK 17.7 million (NOK 15.4 million), and net income from commissions and banking fees contributed NOK 15.7 million (NOK 11.9 million). However

## Finansbanken Group Profit and loss account

NOK million	2000	1999	1998
Net interest income	401	329	321
Non-interest income	162	40	30
Other operating expenses	-250	-129	-108
<b>Profit before loan losses and provisions</b>	<b>313</b>	<b>240</b>	<b>243</b>
Loan losses and provisions	-295	-72	-100
<b>Profit after loan losses and provisions</b>	<b>18</b>	<b>168</b>	<b>143</b>

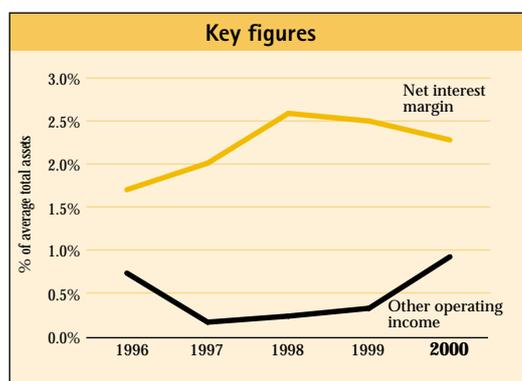
the bank's asset management companies were the main reason for the growth in non-interest income seen in the year. Finansbanken Index ASA, purchased at the start of 1999, reported non-interest income of NOK 45.4 million before consolidation, and the Delphi Group, which was consolidated with effect from 1 January 2000, produced non-interest income of NOK 74.1 million.

Operating expenses amounted to NOK 249.7 million in total (NOK 128.8 million), equivalent to 1.42% of average total assets or 44.4% of total operating income. The increase in costs largely arose as a result of the consolidation of the Delphi Group (from 1 January 2000) and Den Københavnske Bank (from 30 June 2000). There was also a significant increase in costs in respect of the introduction of private banking and costs rose in general as a result of increased activity.

## Balance sheet

Gross lending to customers increased over the course of the year by NOK 4.5 billion, representing growth of 36%. Growth in real estate financing was the main cause of this increase, although securities financing also showed an increase. Given the level of transactions in progress, the bank expects growth in lending to continue at its current pace some way into 2001 and to then level off. Deposits from customers increased by 50% in 2000 to NOK 8.4 billion (NOK 5.6 billion).

Finansbanken enjoyed steady growth in total assets over the course of the year. Deposits from customers increased significantly, and the ratio of deposits to lending now stands at 50% of net lending as compared to 46% at the end of 1999. The bank funds its lending from normal customer deposits, the issue of securities and money market borrowings in Norway and the international interbank markets. The bank has for some time focused particular attention on its funding and equity structure in order to achieve



Finansbanken Group  
Balance sheet at 31 December

NOK million	2000	1999	1998
Central banks and financial institutions	1,255	522	579
Net lending	16,470	12,222	11,052
Securities	1,497	778	686
Other assets	875	407	509
<b>Total assets</b>	<b>20,097</b>	<b>13,929</b>	<b>12,826</b>
Financial institutions	4,051	2,597	2,096
Customer deposits from and due	8,381	5,603	5,852
Securities issued	5,210	3,932	3,115
Other liabilities	679	418	418
Subordinated loan capital	543	344	423
Equity	1,233	1,035	922
<b>Total liabilities and equity</b>	<b>20,097</b>	<b>13,929</b>	<b>12,826</b>

a more long-term funding base and thereby secure strong liquidity. Funding will be less dependent on borrowing from the short-term money market in the future. Total assets at the end of 2000 amounted to NOK 20.1 billion (NOK 13.9 billion).

### Capital base and capital adequacy

The group's capital base at the close of 2000 amounted to NOK 1,629 million, and the parent bank had a capital base of NOK 1,783 million. This represents a capital ratio of 9.7% (10.8% for the parent bank) and a core capital ratio of 6.5% (7.5% for the parent bank). Core capital increased by a net NOK 56 million in 2000.

Capital adequacy will be strengthened first quarter 2001 by injection of share capital from Storebrand ASA.

### Non-performing loans, loan losses and assets repossessed

Gross non-performing and problem loans at the end of 2000 amounted to NOK 1,400 million (NOK 549 million) of which NOK 564 million (NOK 440 million) represents loans where interest income is no longer accrued. Net non-performing and problem loans amounted to NOK 1,114 million (NOK 433 million) after specific loan-loss provisions of NOK 287 million, equivalent 6.58% of gross lending. The current volume of non-performing loans and the increase seen in this category relate to a small number of larger lending relationships, especially in the shipping and offshore sectors. The shipping portfolio was reviewed by independent consultants during autumn 2000. The bank has now decided to adopt a more focused strategy for its shipping finance activities, and the problem loans are monitored very closely.

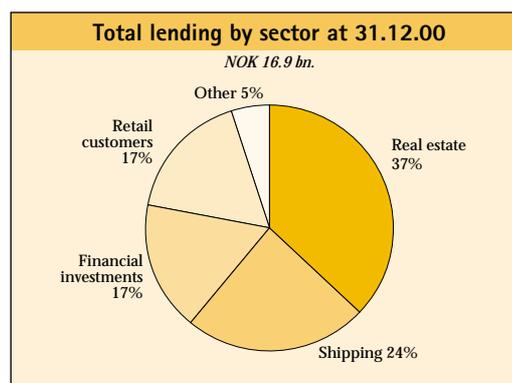
Specific loan-loss provisions were increased in 2000 by a net NOK 235 million (NOK 63 million). In addition general loan-loss provisions were increased by NOK 60 million, bringing the general loan-loss provision at year-end 2000 to NOK 168 million, equivalent to 0.99% of gross lending.

At the end of 2000 the bank held repossessed assets totalling NOK 43 million (NOK 135 million) in respect of two lending relationships in the areas of shipping and securities financing. The level of repossessed assets held was sharply reduced over the course of the year, and the bank expects to further reduce the level of repossessed assets in the first half of 2001.

### Group information and subsidiaries

Finansbanken entered into an agreement in the fourth quarter of 1999 to acquire 89% of the share capital of Delphi Forvaltning AS. The company was consolidated with effect from 1 January 2000. Finansbanken subsequently agreed to purchase Den Københavnske Bank (DKB), and this bank was consolidated in the accounts with effect from 30 June 2000. The acquisition of DKB represents part of Finansbanken's planned expansion in the Nordic market for private banking.

The remaining shares in Finansbanken Index (19%) was aquired and consolidated with effect from 1 May 2000.



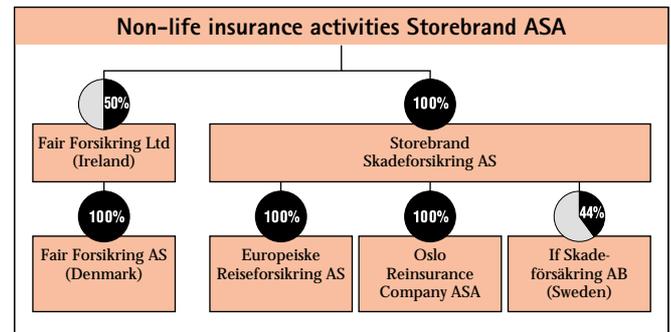
# Non-life insurance

## Main features of 2000

- Significant improvement in technical result for if, with a combined ratio of 110 percent (120 percent in 1999)
- However a low investment return caused If to report weak earnings
- If repaid capital to its owners, and Storebrand's share amounted to NOK 1.4 billion
- Sound performance from Oslo Re, with an operating profit of NOK 96 million (NOK 67 million in 1999)
- Operating loss for the year of NOK 72 million as compared to an operating profit of NOK 302 million in 1999
- Pohjola pulled out of the If co-operation on 16 May 2000

Storebrand's involvement in non-life insurance comprises the activities of Storebrand Skadeforsikring AS and its subsidiaries, and the Danish company Fair Forsikring AS.

Storebrand Skadeforsikring AS is wholly owned by Storebrand ASA. In 1999 Storebrand and Skandia entered into an agreement to establish a joint non-life insurance company, and Pohjola joined this agreement at a later date. The group's non-life insurance activities were accordingly spun-off into the Nordic non-life insurance company If Skadeforsikring. This caused a change in the role of Storebrand Skadeforsikring from being an operational non-life insurance company active in the Norwegian market to becoming the part-owner of



a Nordic non-life insurance company. Pohjola pulled out of the If co-operation in spring 2000, and this led in due course to an amicable settlement being agreed between Pohjola, Skandia and Storebrand. The agreement reached had no direct accounting effect on Storebrand in 2000.

Storebrand Skadeforsikring AS has a 44 percent shareholding in If Skadeforsikring Holding AB (If), a 100 percent shareholding in Oslo Reinsurance Company ASA (Oslo Re) and a 100 percent shareholding in Europeiske Reiseforsikring AS. In addition the company manages a portfolio of financial assets.

Oslo Re is involved in the run-off of reinsurance business. The company was acquired in 1999, and also serves to ensure that Storebrand Skadeforsikring has access to technical insurance expertise following the establishment of If.

The entire travel insurance business of Europeiske Reiseforsikring AS was transferred to If in



1999. The company's main activity is now the management of a limited portfolio of financial assets.

Storebrand ASA has a 50 percent shareholding in Fair Financial Ireland Ltd (Ireland) which has a 100 percent shareholding in the Danish company Fair Forsikring AS. This company operates a non-life insurance business in Denmark, and the 50 percent interest was first recognised in Storebrand's accounts with effect from 1 April 2000.

## Financial review

Profit for the year from non-life insurance activities amounted to NOK 106 million in 2000 as compared to NOK 2,655 million in the previous year. The year produced an operating loss of NOK 72 million as compared to an operating profit of NOK 302 million in 1999. The establishment of If led to a significant change in the character of the group's non-life insurance activities between 1999 and 2000. In addition the 1999 accounts include a significant gain recognised in connection with the establishment of If. The results reported for the two years are accordingly not comparable.

The weak earnings reported for 2000 reflect lower profitability at If. If reported an operating loss of SEK 989 million in 2000 (figures quoted refer to the entire company), which is SEK 432 million weaker than the pro forma operating result for 1999. Profitability benefited from an improvement in the technical result, and the combined ratio for the year was 110.2. This represents an improvement of 9.8 percentage points from the pro forma results for 1999, largely caused by the beneficial effect of increases made to prices in 1999 and 2000, a somewhat lower frequency of major claims and a 1 percentage point reduction in the cost ratio<sup>1</sup>. All market areas

reported an improvement in combined ratio. Weak stock market conditions had a negative effect on the company's profitability. Total investment return amounted to 3.6 percent, which was nonetheless better than the relevant benchmark indices. Storebrand's 44 percent ownership interest in If is recognised in the accounts in accordance with the equity method. The effect on Storebrand's accounts for the year was a loss of NOK 307 million after tax, goodwill depreciation and the recognition of deferred income.

Storebrand Skadeforsikring's other activities produced an operating profit of NOK 271 million. In addition to a good net investment return of NOK 167 million for Storebrand Skadeforsikring AS, the subsidiary companies Oslo Re and Europeiske Reiserforsikring contributed NOK 96 million and NOK 8 million respectively.

The mandatory security reserves maintained by the company, principally reinsurance reserves, reduce in pace with the scale of insurance claims customers have against Storebrand Skadeforsikring. This resulted in a total release of reserves to profit of NOK 336 million in 2000 as compared to NOK 155 million in 1999.

The figure shown for tax in the 2000 accounts is equivalent to 60 percent of pre-tax profit. This is because the recognition of operating profit in accordance with the equity capital method records Storebrand's share in the results of If on a post-tax basis. This leads to a higher tax charge in the accounts when If reports a loss. After adjusting for the effect of the equity method, the tax rate for the non-life activities is 22.7 percent.

### Profit and loss account Non-life

NOK million	2000	1999
Share of results - If (44%)	-307	
Non life insurance - other	167	
<b>Storebrand Skadeforsikring AS</b>	<b>-140</b>	
Oslo Reinsurance Company ASA	96	
Europeiske Reiserforsikring AS	8	
Fair Forsikring (50%)	-36	
<b>Operating profit from non-life insurance</b>	<b>-72</b>	<b>302</b>
Change in security reserve etc.	336	155
Profit on sale of non-life insurance activities	-	3,230
<b>Profit before tax</b>	<b>264</b>	<b>3,687</b>
Tax	-158	-1,032
<b>Profit for the year - non life insurance</b>	<b>106</b>	<b>2,655</b>

### Key figures If

SEK million	Full year	
	2000	1999*
Premiums earned	17,545	15,674
Claims incurred	-15,220	-14,988
Operating expenses	-4,115	-3,835
<b>Technical result</b>	<b>-1,790</b>	<b>-3,149</b>
Financial income	1,079	2,684
Other expenses	-108	-92
Launch costs in Q2	-170	
<b>Operating profit</b>	<b>-989</b>	<b>-557</b>
Claims profit	86.8%	95.6%
Cost ratio	23.4%**)	24.4%
Combined ratio	110.2%**)	120.0%

\*) Proforma figures since company was first incorporated with accounting effect from 1.3.1999.

\*\*\*) Excludes launch costs. Cost ratio and Combined ratio would be 24.4% and 111.2% respectively after including Q2 launch costs.

# Shareholder matters

## Share capital and shares

Storebrand ASA's share capital at the start of year 2000 was NOK 1,387.2 million. Following a new issue of shares for employees of NOK 585,000 in July 2000, share capital at 31 December 2000 amounted to NOK 1,387,736,610 made up of 277,547,322 shares each of nominal value NOK 5.

## Share purchase arrangements for employees

It was resolved at the Annual General Meeting of Storebrand ASA held on 28 April 1999 that the Board be empowered to increase the share capital by up to 1.4 million shares, each of NOK 5 nominal value in the period to the end of 2000. The issue of these shares was restricted to employees of the Storebrand Group. The intention was to involve the employees more closely in value creation in the company by making as many as possible shareholders.

In 2000 every employee was given the opportunity to buy 150 ordinary shares at a calculated subscription price of NOK 40.00 per share. Approximately 60% of the employees subscribed for a total of 117,000 shares.

## Foreign ownership

The EEA Agreement provides for Norwegian and foreign investors to have equal rights to purchase shares. As at 31 December 2000 total foreign ownership amounted to 38.6% as compared to 32.1% at the end of 1999.

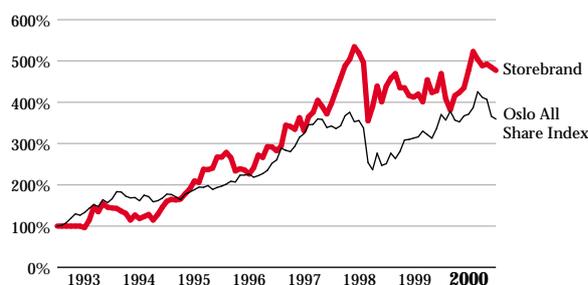
### Geographic distribution of shares as at 31 December 2000

Norway	61.4%
Great Britain	12.2%
Sweden	11.5%
USA	7.7%
Germany	2.8%
33 other countries	4.4%

## Share price development

Storebrand's share price on 31 December 1999 was NOK 61.00. The high and low prices seen during 2000 were NOK 70.00 and NOK 48.80 respectively. The price on 31 December 2000 was NOK 62.50. This represents an increase of 2.5% over the course of 2000. The share price has risen by 9% over the past two years, by 18% over the past three years and by 69% over the past four years.

### Relative performance of the Storebrand share price



## Stock exchange listing

Storebrand's shares are listed on the Oslo Stock Exchange and have the following symbol: STB

## Shareholders

No single investor is permitted to hold more than 10% of the shares in a financial institution. However banks may, with the approval of the authorities, have a holding in excess of 10% where this relates to their role as a manager of shares.

The company's ownership structure still shows a disproportionate number of shareholders with small numbers of shares in that approximately 64% of all shareholders still own 100 shares or less. The company had a total of 38,575 shareholders as at 31 December 2000 as compared to 40,314 at 31 December 1999.

Storebrand ASA still has one of the largest numbers of shareholders of all companies listed on the Oslo Stock Exchange. The company has shareholders from all the municipalities in Norway and from 37 foreign countries

## Compliance

The officers in the governing bodies and senior employees of Storebrand ASA, Storebrand Livsforsikring AS, Storebrand Kapitalforvaltning ASA, Storebrand Bank AS and Finansbanken ASA are subject to rules - based on the provisions in the relevant legislation and regulations - regarding the trading of securities issued by Storebrand ASA.

As one of the country's leading financial institutions, Storebrand is dependent on maintaining an orderly relationship with the financial markets and control authorities. The company therefore places particular emphasis on ensuring that routines and guidelines satisfy the formal requirements imposed by the authorities on securities trading. The company has its own compliance system which ensures that routines are complied with.

## Investor relations

Storebrand wishes to maintain and further develop the company's good contacts with all participants in the national and international capital markets. The company has a separate Investor Relations function within its finance department. This function is responsible for establishing and co-ordinating contact between the company and external connections, such as analysts, stock exchanges, shareholders, investors, etc.

## Internet

In order to improve further its service to the capital markets, Storebrand publishes its quarterly reports and other important press releases on its web pages at <http://www.storebrand.no> simultaneously with their release through traditional channels.

## Dividend policy

The Board of Directors of Storebrand ASA has approved a dividend policy for Storebrand. The policy will contribute to ensuring that shareholders receive a competitive return, whilst also ensuring that the company maintains an optimal capital structure.

The dividend to shareholders will normally be in the order of 15-30% of profit after tax. The Board intends to operate the company's dividend policy with a view to the longer term, and will aim at a stable growth in dividend per share over time.

The Board has decided to recommend to the Annual General Meeting be held on 25 April 2001 that in view of the company's profit for 2000 a dividend of NOK 1.10 per share should be paid. Subject to the Annual General Meeting approving this proposal, the dividend will be distributed on 11 May to those shareholders registered in the company's share register as of the date of the Annual General Meeting.

## Shareholders' contact with the company

Shareholders should generally contact the administrator of their own share account with queries and notice of changes such as, for example, a new address. In addition, Storebrand's own shareholders' office, Telephone: +47 22 31 26 20, can provide guidance and information.

## Risk adjustment

The following paragraph is not included in the original Norwegian Annual Report and is included here by way of explanation for the international reader:

There are particular rules for shareholders resident in Norway relating to the taxable gain or loss on the sale of shares. When shares in Storebrand ASA are sold by shareholders resident in Norway

## The 20 largest shareholders at 31 December 2000

		Shares No. (1,000)	%
Skandinaviska Enskilda Banken *)	Stockholm	29,215	10.53
Folketrygdfondet	Oslo	27,672	9.97
Orkla ASA	Oslo	27,649	9.96
Steen & Strøm Invest ASA	Oslo	17,500	6.31
The Chase Manhattan Bank	London	14,316	5.16
Canica AS	Oslo	10,000	3.60
Nordstjernen Holding AS	Oslo	7,410	2.67
Hartog & Co. A/S	Oslo	7,000	2.52
DnB Markets	Oslo	6,982	2.52
Bankers Trust Co.	New York	6,257	2.25
State Street Bank & Trust Co.	Boston	6,116	2.20
KLP Forsikring	Oslo	4,994	1.80
The Northern Trust Co.	London	4,255	1.53
Morgan Stanley & Co.	London	4,224	1.52
Euroclear Bank S.A./N.V.	Brussels	3,987	1.44
Vital Forsikring ASA	Bergen	3,768	1.36
Commerzbank AG	Frankfurt	2,634	0.95
Deutsche Bank AG	Eschborn	2,522	0.91
Gjensidige NOR Spareforsikring	Lysaker	2,441	0.88
Salomon Brothers International	London	2,439	0.88

The 20 largest shareholders own in total 191,378,952 shares, which represents 68.96% of the share capital.

\*) See the first paragraph of the section headed 'Shareholders' above.

the acquisition price has to be adjusted by a so-called RISK amount when calculating the taxable gain or loss. The RISK amount is calculated annually and is related to the change in retained capital for the year. Foreign shareholders are subject to the tax regulations of their own domicile and are not affected by the Norwegian RISK regulations.

The information provided in the Norwegian Annual Report for the purposes of shareholders resident in Norway is as follows:

As at	RISK amount
01.01.93	NOK - 2,59
01.01.94	" 0,12
01.01.95	" 0,84
01.01.96	" - 0,14
01.01.97	" 0,75
01.01.98	" 0,31
01.01.99	" - 0,89
01.01.00	" 0,49

On a sale of shares, the opening value/purchase price of the shares will be adjusted by the total of the RISK amounts during the period of ownership.

The general RISK amount at 1 January 2001 is estimated as NOK 1.97 per share.

# Storebrand ASA

Profit and Loss Account 1 January – 31 December

<i>NOK million</i>	Note	2000	1999	1998
<b>Operating income</b>				
Group contribution from subsidiaries	1	1,268.0	1,588.9	488.8
Dividends from subsidiaries	1	1,330.7	0.8	371.8
<b>Total operating income</b>		<b>2,598.7</b>	<b>1,589.7</b>	<b>860.6</b>
<b>Operating expenses</b>				
Salary and personnel costs	2,3,4	-138.9	-429.6	-428.4
Depreciation	9	-85.4	-140.4	-74.7
Recharge of costs/other costs		-14.1	309.6	285.6
<b>Total operating costs</b>		<b>-238.4</b>	<b>-260.4</b>	<b>-217.5</b>
<b>Financial income and financial expenses</b>				
Interest income from securities		17.7	58.6	120.2
Other interest income		22.8	37.2	18.1
Dividends		7.0	15.4	5.7
Gain on sale of securities		31.7	60.3	28.7
Unrealised gain on securities		34.9	101.4	
Other financial income		2.7	1.1	1.1
<b>Total financial income</b>		<b>116.8</b>	<b>274.0</b>	<b>173.8</b>
Loss on sale of securities		-17.4	-46.3	-53.0
Unrealised loss on securities				-60.7
Other financial expenses		-2.4	-14.3	-14.5
Interest costs - bond loan	12	-153.0	-153.0	-153.0
Interest costs - other long term debt		-49.6	-56.1	-32.0
<b>Total financial expense</b>		<b>-222.4</b>	<b>-269.7</b>	<b>-313.2</b>
<b>Net financial income and expense</b>		<b>-105.6</b>	<b>4.3</b>	<b>-139.4</b>
Profit before tax		2,254.7	1,333.6	503.7
Tax	5	-300.0	-176.3	-32.3
<b>Profit for the year</b>		<b>1,954.7</b>	<b>1,157.3</b>	<b>471.4</b>
<b>Allocations</b>				
Other equity		-1,781.1	-879.9	-471.4
Group contribution to subsidiaries (net)		-338.8		
Dividends received from subsidiaries		470.5		
Provision for dividend payment		-305.3	-277.4	
<b>Total allocations</b>		<b>-1,954.7</b>	<b>-1,157.3</b>	<b>-471.4</b>

Leiv L. Nergaard  
*Chairman*

Halvor Stenstadvold

Brit K.S. Rugland

Rune Bjerke

Rune Eikeland

Arild Thoresen

# Storebrand ASA

Balance Sheet at 31 December

<i>NOK million</i>	Note	2000	1999
<b>Assets</b>			
Deferred tax allowances	10		145.9
Properties and real estate	9	61.3	59.0
Shares and participations in group companies	6	7,217.0	6,660.0
Shares and other equity investments - long term holdings	7	1.5	7.0
Subordinated loan	7	104.9	192.3
Shares	7	917.2	340.1
Bonds	8	32.9	205.8
Certificates	8	193.0	313.9
<b>Total financial assets</b>		<b>8,527.8</b>	<b>7,778.1</b>
<b>Equity capital and liabilities</b>			
Intra-group receivables	14	2,292.1	1,580.9
Other receivables and other assets		64.1	42.2
Fixed assets excluding real estate	9	147.1	139.0
Cash and bank		129.0	326.4
Pre-paid pension	3	439.0	79.5
<b>Total assets</b>		<b>11,599.1</b>	<b>10,092.0</b>
<b>Equity capital and liabilities</b>			
Share capital	11	1,387.7	1,387.2
Premium reserve	11	1,799.5	1,794.2
Other equity	11	4,821.4	2,952.5
<b>Total equity capital</b>		<b>8,008.6</b>	<b>6,133.9</b>
Pension liabilities	3	365.2	215.0
Reserves for other risks and costs		66.4	54.9
Deferred tax	10	22.4	
Allocated for dividend		305.3	277.4
Bond loan	12	1,800.0	1,800.0
Short term borrowings			874.9
Intra-group liabilities	14	799.6	466.5
Other liabilities		95.5	151.1
Other accrued costs and deferred income		136.1	118.3
<b>Total equity capital and liabilities</b>		<b>11,599.1</b>	<b>10,092.0</b>

Guarantees issued: See note 16

Oslo, 20 February 2001

Translation – not to be signed

Harald Tyrdal

Knut G. Heje

Nina Seiersten

Idar Kreutzer  
Chief Executive Officer

# Storebrand Group

Profit and Loss Account 1 January – 31 December

<i>NOK million</i>	Note	2000	1999	1998
Insurance premiums for own account		9,595.9	10,529.5	9,099.4
Interest and related income - banking	19	2,270.2	923.4	291.6
Financial income - insurance	18	24,974.1	23,560.9	15,661.6
Financial income - other activities	35	96.6	520.8	289.8
Share in results of If		-306.9		
Other income		701.8	311.6	266.9
<b>Total operating income</b>		<b>37,331.7</b>	<b>35,846.2</b>	<b>25,609.3</b>
Insurance claims for own account		-10,326.5	-7,791.5	-6,662.7
Change in insurance reserves - life insurance		-1,821.5	-6,499.7	-4,952.4
Interest and related expense - banking	19	-1,691.3	-675.7	-232.0
Financial expense - insurance	18	-21,592.3	-7,730.6	-12,357.9
Financial expense - other activities		-337.7	-73.4	-131.2
Operating costs	21,22	-2,111.9	-1,624.3	-1,394.7
Other costs		-573.9	-537.3	-458.5
<b>Total costs</b>		<b>-38,455.1</b>	<b>-24,932.5</b>	<b>-26,189.4</b>
Net profit from non-life insurance			301.6	460.6
To (from) market value adjustment reserve		5,598.2	-5,868.4	2,007.9
<b>Operating profit</b>		<b>4,474.8</b>	<b>5,346.9</b>	<b>1,888.4</b>
Conditional additional statutory allocations - life insurance		-450.9		
Funds allocated to policyholders - life insurance		-3,500.5	-4,180.9	-1,285.5
<b>Group profit</b>	17	<b>523.4</b>	<b>1,166.0</b>	<b>602.9</b>
Changes in security reserve etc. - non life insurance		335.7	154.3	-161.8
Profit on sale of non-life insurance business			3,230.0	
<b>Profit before extraordinary items</b>		<b>859.1</b>	<b>4,550.3</b>	<b>441.1</b>
Extraordinary revaluation of real estate - life insurance			234.1	
Extraordinary allocation to policyholders - life insurance			-152.0	
<b>Profit before tax</b>		<b>859.1</b>	<b>4,632.4</b>	<b>441.1</b>
Tax payable		-185.7	-6.4	0.1
Deferred tax		33.4	-1,124.4	0.5
<b>Total tax</b>	23	<b>-152.3</b>	<b>-1,130.8</b>	<b>0.6</b>
Minority interests' share of profit		-1.1	-1.6	
<b>Profit for the year</b>		<b>705.7</b>	<b>3,500.0</b>	<b>441.7</b>
Earnings per ordinary share		1.67	12.23	1.98
Earnings per ordinary share excluding extraordinary items			3.54	

Leiv L. Nergaard  
*Chairman*

Halvor Stenstadvold

Brit K.S. Rugland

Rune Bjerke

Rune Eikeland

Arild Thoresen

# Storebrand Group

Balance Sheet at 31 December

<i>NOK million</i>	Note	2000	1999
<b>Assets</b>			
Intangible assets	24	705.0	544.1
Properties and real estate	26	10,994.8	10,234.6
Interests in associated companies	35	3,445.5	5,110.0
Shares and other equity investments - long term holdings	28	36.0	43.7
Bonds held to maturity	30	27,402.3	25,124.8
Net loans to customers	33	27,697.0	22,209.7
Other long term financial assets	31,32	4,525.0	2,617.9
Shares and other equity investments	28	36,287.6	38,705.3
Bonds	29	32,070.9	35,320.8
Certificates	29	5,432.3	3,104.8
Other financial current assets	31,32	1,520.0	934.3
<b>Total financial assets</b>		<b>149,411.4</b>	<b>143,405.9</b>
Receivables		892.3	981.5
Other assets	27	3,079.8	2,638.8
Prepaid pension	22	526.3	180.0
Prepaid expenses and accrued income		2,129.2	1,896.8
<b>Total assets</b>		<b>156,744.1</b>	<b>149,647.2</b>
<b>Equity capital and liabilities</b>			
Equity capital	38	10,533.2	10,112.5
Minority interests' share in equity		11.6	13.2
Subordinated loan capital	39	4,041.0	4,536.2
Market value adjustment reserve		2,998.1	8,596.3
Insurance reserves - life insurance		103,596.3	99,553.2
Premium and claims reserve - non life insurance		747.5	809.5
Security reserve etc. - non life insurance		779.1	1,112.5
<b>Total technical (insurance) reserves</b>		<b>105,122.9</b>	<b>101,475.2</b>
Reserves for other risks and costs		123.7	230.5
Pension liability	22	542.2	368.3
Deferred tax	36	125.1	175.6
Liabilities to other financial institutions	34	4,280.5	3,116.8
Deposits from and due to customers	34	14,047.0	10,759.3
Securities issued	34	10,808.6	7,257.1
Other liabilities		3,202.9	2,303.4
Accrued costs and deferred income		907.3	702.8
<b>Total equity capital and liabilities</b>		<b>156,744.1</b>	<b>149,647.2</b>

Oslo, 20 February 2001

Translation – not to be signed

Harald Tyrdal

Knut G. Heje

Nina Seiersten

Idar Kreutzer  
Chief Executive Officer

# Cash flow analysis

<i>NOK million</i>	Storebrand ASA		Storebrand Group	
	2000	1999	2000	1999
<b>Cash flow from operational activities</b>				
Premiums received - direct insurance			5,747.4	14,404.0
Premiums received - insurance assumed			5.9	3.4
Premiums paid - reinsurance			14.5	-1,166.6
Claims and benefits paid - direct insurance			-6,528.8	-13,633.2
Claims settlement from reinsurance in respect of claims and benefits paid			31.4	806.4
Receipts from policy transfers			2,347.5	3,872.3
Payments on policy transfers			-2,822.3	-2,070.3
Interest, commission and fees received from customers			2,528.2	1,572.9
Interest, commission and fees paid to customers			-1,371.6	-726.6
Payments to third parties for goods and services	-24.9	333.7	-650.8	-1,198.0
Payments to employees, pensioners, employment taxes etc.	-218.9	-435.3	-1,235.8	-2,498.2
Interest paid	-202.6	-245.2	-926.0	-648.9
Interest received	40.5	8.5	4,474.4	4,149.7
Dividends received	7.0	15.4	480.3	333.5
Payments of tax, duties etc.			-14.0	-48.5
Net receipts from securities		62.0	5,051.2	5,882.8
<b>Net cash flow from operational activities</b>	<b>-398.9</b>	<b>-260.7</b>	<b>7,131.8</b>	<b>9,035.0</b>
<b>Cash flow from investment activities</b>				
Receipts from loans to and claims on other financial institutions			-126.6	200.8
Receipts on claims previously written off				7.4
Loans disbursed to customers			-8,964.4	-8,650.2
Loan repayments by customers			3,530.4	7,479.1
Receipts from sales of shares and other equity investments	207.0	803.1	26,235.5	18,824.5
Payments for purchase of shares and other equity investments	-814.0	-2,566.1	-33,666.9	-22,883.5
Receipts from sales of bonds	1,939.0	2,205.6	37,921.0	23,561.4
Payments on purchase of bonds	-1,760.0	-1,447.2	-35,694.3	-32,514.1
Receipts on sale of certificates	670.0	1,701.0	20,610.5	22,875.9
Payments on purchase of certificates	-538.0	-1,818.4	-22,951.0	-23,078.1
Receipts on sale of real estate		20.7	170.4	885.1
Payments on purchase of real estate	-2.4	-41.0	-839.2	-2,358.2
Net cash movement on purchase/sale of other securities	279.0		40.9	214.4
Net payments on purchase of fixed assets etc.	-92.3	-95.2	-46.7	-3.2
<b>Net cash flow from investment activities</b>	<b>-111.7</b>	<b>-1,237.5</b>	<b>-13,780.7</b>	<b>-15,420.6</b>
<b>Cash flow from financing activities</b>				
Deposits from customers			20,610.4	10,861.4
Repayment of customer deposits			-17,607.5	-9,708.6
Deposits from Norges Bank and other financial institutions			18,732.7	662.5
Repayment of deposits from Norges Bank and other financial institutions			-17,569.0	-125.0
Repayment of long term lending	-1,004.9	-130.7	-130.7	-130.7
Receipts from taking up term loans		932.9	1,040.6	932.9
Receipts from issue of certificates/short term loans			4,417.3	0.6
Repayment of certificates/short term loans			-1,750.0	
Receipts from subordinated loan capital			198.5	1,238.9
Repayment of subordinated loans			-703.1	-78.3
Receipts from issue of bond loans and other long term funding			1,113.8	965.5
Repayment of bond loans and other long term funding			-1.0	-121.4
Receipts from issue of new capital	5.8	14.6	283.6	
Receipts from issue of other capital			0.2	
Payments on redemption of share capital				
Dividend payments	-277.4		-277.4	
Receipts/payments of group contribution/dividend	1,589.7	820.6		
<b>Net cash flow from financing activities</b>	<b>313.2</b>	<b>1,637.4</b>	<b>8,358.3</b>	<b>4,497.7</b>
<b>Net cash flow for the period</b>	<b>-197.4</b>	<b>139.2</b>	<b>1,709.4</b>	<b>-1,887.7</b>
Net movement in cash and cash equivalent assets	-197.4	139.2	1,709.4	-1,887.9
Cash and cash equivalent assets at start of the period for new companies				331.9
Cash and cash equivalent assets at start of the period	326.4	187.2	3,226.2	4,782.2
<b>Cash and cash equivalent assets at the end of the period</b>	<b>129.0</b>	<b>326.4</b>	<b>5,321.2</b>	<b>3,226.2</b>
<b>RECONCILIATION:</b>				
Profit before tax	2,254.7	1,333.6	859.1	4,632.4
Tax paid in the period			2.2	-8.7
Gains/losses on sale of fixed assets				-0.1
Ordinary depreciation	85.4	140.3	132.2	159.2
Write-down of fixed assets			430.2	
Other non-cash items			6,751.8	6,018.3
Difference between booked pension cost and payments/receipts to pension scheme		-51.7	-56.7	-55.6
Items classified as investment or financing activities	-2,648.2	-1,818.2	46.8	-352.7
Movement in accruals	-90.8	135.3	-1,033.8	-1,357.8
<b>Net cash flow from operational activities for the year</b>	<b>-398.9</b>	<b>-260.7</b>	<b>7,131.8</b>	<b>9,035.0</b>

# Storebrand ASA

## Auditors' report for 2000 \*)

### *Respective Responsibilities of the Directors and Auditors*

We have audited the annual financial statements of Storebrand ASA as of 31 December 2000, showing a profit of NOK 1,954.7 million for the parent company and a profit of NOK 705.7 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 requires 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 account-

ing 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 accounting practice and 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 2000 and the results of its operations and its cash flows for the year then ended, in accordance with good accounting practice in Norway.
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good accounting practice.
- 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.

\*) Applies to the formal sections of the annual financial statements and the Board of Director's report as set out on pages 5-10 and 42-76.

Oslo, 20 February 2001  
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

## Control Committee's Statement - 2000

The Control Committee of Storebrand ASA has reviewed the Board of Directors' proposed Annual Report and Accounts for 2000 for the Storebrand Group.

With reference to the auditor's report of 20 February 2001 the Control Committee recommends that the Annual Accounts proposed be adopted as the Annual Accounts of Storebrand ASA and the Storebrand Group for 2000.

Oslo, 1 March 2001

Translation, not to be signed

Nils Erik Lie  
Chairman of the Control Committee

## Board of Representatives' Statement 2000

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

The Board of Representatives raises no objections to the Board's proposal regarding the allocation of the 2000 profit for the year of Storebrand ASA, including the proposed dividend in respect of the 2000 financial year.

Oslo, 7 March 2001

Translation, not to be signed

Sven Ullring  
Chairman of the Board of Representatives

# Storebrand Livsforsikring Group

Profit and Loss Account 1 January – 31 December

<i>NOK million</i>	2000	1999	1998
Technical account			
<b>Premiums for own account</b>	7,949.6	9,264.2	8,887.4
<b>Income from financial assets</b>	23,953.8	23,119.7	15,685.8
<b>Other insurance related income after reinsurance</b>	20.4	53.9	18.5
<b>Claims for own account</b>	-10,241.6	-7,778.6	-6,654.2
<b>Change in insurance reserves for own account</b>	-1,194.3	-4,828.8	-4,770.3
Sales costs (insurance)	-304.7	-298.6	-283.1
Insurance related administration costs	-479.9	-456.7	-435.2
<b>Total insurance related operating costs for own account</b>	-784.6	-755.3	-718.3
<b>Expenses arising from financial assets</b>	-20,588.3	-7,943.7	-12,438.4
- of which operating expenses	-144.9	-140.3	-98.6
<b>Other insurance related costs after reinsurance</b>	-111.7	-61.5	-36.1
<b>To/from market value adjustment reserve</b>	5,598.2	-5,868.4	2,007.9
Transfer to insurance fund: premium reserve	-1,618.7	-1,867.9	-341.5
Transfer to insurance fund: premium/pension adjustment fund	-1,881.8	-2,465.0	-944.0
<b>Total transfers to policyholders</b>	-3,500.5	-4,332.9	-1,285.5
<b>Balance on the technical account</b>	1,101.0	868.6	696.8
Non-technical account			
<b>Other income</b>	57.8	47.1	115.9
<b>Other costs</b>	-321.2	-292.9	-311.8
<b>Profit from ordinary activities</b>	837.6	622.8	500.9
<b>Extraordinary income</b>		234.1	
<b>Tax</b>	-128.9	-150.0	-42.4
<b>Minority interests' share in profit</b>	-1.1	-0.6	
<b>Profit for the year</b>	707.6	706.3	458.5
Storebrand Livsforsikring AS			
Tax	-128.0	-146.7	-41.7
Group contribution		-642.8	
Dividend	-530.6		-371.8
Free reserves	-177.0	-109.5	-123.9
<b>Total allocations</b>	-835.6	-899.0	-537.4

# Storebrand Livsforsikring Group

Balance sheet at 31 December

<i>NOK million</i>	2000	1999
<b>Assets</b>		
Intangible assets	1.8	3.5
Properties and real estate	10,907.2	10,103.4
Receivables due from/securities issued by group companies	97.4	135.6
Shares and other financial investments - long term holdings	67.4	69.4
Bonds held to maturity	27,402.3	25,124.8
Loans	2,056.7	3,176.7
Shares and other equity investments	35,180.3	37,255.8
Bonds and other securities - fixed yield	28,043.5	33,123.4
Certificates	4,110.3	1,906.9
Money market deposits	1,500.4	310.2
Financial derivatives	14.1	22.4
<b>Total financial assets</b>	<b>109,379.6</b>	<b>111,228.6</b>
Receivables	576.8	794.6
Other assets	1,889.7	1,684.5
Prepaid expenses and accrued income	1,333.4	1,522.8
<b>Total assets</b>	<b>113,181.3</b>	<b>115,234.0</b>
<b>Equity capital and liabilities</b>		
Share capital	1,361.2	1,361.2
Accumulated equity	1,764.6	1,587.6
<b>Total equity capital</b>	<b>3,125.8</b>	<b>2,948.8</b>
<b>Minority interests' share in equity</b>	<b>11.6</b>	<b>11.8</b>
<b>Subordinated loan capital</b>	<b>3,498.2</b>	<b>4,201.2</b>
<b>Market value adjustment reserve</b>	<b>2,998.1</b>	<b>8,596.3</b>
Premium reserve	84,600.1	81,783.4
Additional statutory reserves	4,847.3	5,846.7
Premium/pension adjustment fund	10,282.3	9,159.9
Claims reserve	216.1	206.4
Other technical reserves	39.0	28.4
<b>Insurance fund reserves for own account</b>	<b>99,984.8</b>	<b>97,024.8</b>
<b>Allocations to security fund</b>	<b>591.8</b>	<b>591.8</b>
<b>Total insurance related reserves for own account</b>	<b>100,576.6</b>	<b>97,616.6</b>
Reserves for other risks and expenses	297.8	175.8
Debt	2,530.8	1,537.6
Accrued costs and deferred income	142.4	145.9
<b>Total equity and liabilities</b>	<b>113,181.3</b>	<b>115,234.0</b>

# Notes to the Accounts

	Page		Page
Accounting principles	51	Note 22: Pension costs and pension liabilities	65
<b>Storebrand ASA</b>		Note 23: Taxation	66
<b>Note 1:</b> Group contributions and dividends from subsidiaries	55	<b>Storebrand Group Balance Sheet</b>	
<b>Note 2:</b> Personnel expenses	55	<b>Note 24:</b> Intangible assets in subsidiaries	66
<b>Note 3:</b> Pension costs and pension liabilities	55	<b>Note 25:</b> Acquisitions in 2000	66
<b>Note 4:</b> Remuneration of officers of the company, non-executive officers and auditors	56	<b>Note 26:</b> Real estate	67
<b>Note 5:</b> Taxation	56	<b>Note 27:</b> Operational fixed assets	67
<b>Note 6:</b> Parent company's shares in subsidiaries and associated companies	56	<b>Note 28:</b> Shares and other equity investments	67
<b>Note 7:</b> Shares and other equity investments	57	<b>Note 29:</b> Certificates and bonds	69
<b>Note 8:</b> Certificates and bonds	58	<b>Note 30:</b> Bonds to be held to maturity	70
<b>Note 9:</b> Real estate and other operating assets	58	<b>Note 31:</b> Financial derivatives	70
<b>Note 10:</b> Deferred tax allowances and deferred tax	58	<b>Note 32:</b> Foreign currency	71
<b>Note 11:</b> Change in equity capital	59	<b>Note 33:</b> Lending to customers	71
<b>Note 12:</b> Bond loan	59	<b>Note 34:</b> Analysis of deposits from customers and liabilities to other financial institutions	72
<b>Note 13:</b> Shareholders	59	<b>Note 35:</b> Interest in associated companies	72
<b>Note 14:</b> Senior executives, non-executive officers and other connected parties	60	<b>Note 36:</b> Deferred tax allowances and deferred tax	73
<b>Note 15:</b> No. of employees/full time equivalent positions	61	<b>Note 37:</b> Losses carried forward	73
<b>Note 16:</b> Guarantees given	61	<b>Note 38:</b> Change in equity capital	73
<b>Storebrand Group Profit and Loss Account</b>		<b>Note 39:</b> Subordinated loan capital	74
<b>Note 17:</b> Business areas	62	<b>Note 40:</b> Off-balance sheet contingent liabilities	74
<b>Note 18:</b> Net financial income: insurance	63	<b>Other notes</b>	
<b>Note 19:</b> Net interest and commission income: banking activities	64	<b>Note 41:</b> Capital adequacy	74
<b>Note 20:</b> Losses and provisions for loans, guarantees etc.	64		
<b>Note 21:</b> Operating costs	65		

# Accounting principles 2000

## Consolidation principles

The Storebrand group accounts incorporate companies in life insurance, asset management, banking and non-life insurance. The accounts have been prepared in accordance with the Accounting Act and regulations for the annual accounts of insurance companies, asset management companies and banks issued by the Banking, Insurance and Securities Commission.

The Group accounts consolidate all subsidiaries of which Storebrand ASA directly or indirectly owns more than 50%.

Investments considered to be of strategic importance where the group owns between 20% and 50% of the voting capital (associated companies), are consolidated in accordance with the equity method. This implies in general terms that the ownership interest is recognised in the accounts in line with the consolidation principles described in this section, but is presented as a single line in both the profit and loss account and balance sheet ("single line consolidation").

In the case of investments in jointly controlled companies which are separate legal entities, the equity method accounting or the proportional consolidation method of accounting are applied. The proportional consolidation method is used for jointly controlled companies which are not separate legal entities. The application of the proportional consolidation method leads to the inclusion in the parent company accounts of a proportionate share of assets, debt, income and expense.

The Banking, Insurance and Securities Commission has issued regulations in respect of the production of consolidated accounts which include life insurance companies. Consolidated profit for the year includes only that part of the life company's profits which is due to shareholders.

## Consolidation of subsidiaries

Elimination of shares in subsidiaries is based on the purchase value method, where the capitalised 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 classified as goodwill.

Goodwill is valued at actual value on the basis of its expected lifetime, which will not normally be longer than 20 years.

## Approval of the acquisition of subsidiaries by the authorities

Financial institutions require approval from the authorities when they acquire other companies. Such new subsidiaries are not normally consolidated until such time as the required licence is granted, but the recognition of surplus value and its application is carried out with effect from the date of the transaction. Profit and loss recognised in the company acquired in the period between the date of the transaction and the date the licence is granted is applied directly to the group's capital.

## 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.

## Elimination of internal transactions

Internal receivables and payables, internal profits and losses, interest and dividends, etc. between group companies are eliminated in the consolidated accounts.

Gains and losses on internal sales to/from Storebrand Livsforsikring AS are not eliminated due to the fact that the profit of the life company is to be divided between customers and shareholders.

## Minority interests

In the profit and loss account, the minority interests' share of the profit after tax is stated. This means that all items in the profit and loss account include minority interests.

Minority interests are shown in the balance sheet as a separate item.

## Deferred tax

The tax charge in the profit and loss account consists of tax payable and 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 the loss and unused allowances carried forward.

Net deferred tax allowances are recorded in the balance sheet to the extent that it is considered likely that it will be possible to make use of the benefit they represent at some future date.

## Pension costs

The net pension cost for the period is included under "salary and personnel costs" and consists of the sum of pension liabilities accrued in the period, the interest charge on the estimated liability and the expected return on the pension funds.

Prepaid pension is the difference between the actual value of the pension funds and the present value of estimated pension liabilities, and is booked as a long-term asset in the balance sheet. Correspondingly a long term liability arises in the accounts when the pension liability is greater than the pension funds. A distinction is made between insured and uninsured schemes. The uninsured scheme will always be entered as a liability, as such a scheme does not have a pension fund.

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

## Real estate

### Method of valuation

The company regularly assesses the value of the properties that it owns. The properties are valued individually by discounting estimated future net income streams by a rate corresponding to the yield requirement for the relevant property. The net income stream takes into

account existing and future losses of income as a result of vacancy, necessary investments and an assessment of the future development in market rents. The yield requirement is based on the expected future riskfree interest rate and an individually determined risk premium, dependent on the letting situation and the building's location and standard.

#### *Real estate directly owned by Storebrand Livsforsikring AS*

Due to the relationship with life insurance customers the rules for the treatment of real estate in the accounts differ as between the life insurance business and the Group's other businesses.

The provisions of new regulations require that properties and real estate are valued at market value in the accounts. Market value must be determined at least once every three years. Changes in valuation are recognised to profit and loss.

Normal financial depreciation is not applied to real estate.

#### *Other real estate*

Ordinary depreciation is applied to real estate in the other businesses in the Group. Investment properties are valued on a portfolio approach. Where there is a permanent fall in value, the book value of the property is written down.

#### *Other*

Certain properties are owned via Norwegian partnerships. These are treated in the accounts in the same manner as other properties and are thus included under the same items in the accounts.

#### **Loans**

Loans advanced are carried at nominal values in the balance sheet, reduced by provisions for losses calculated in accordance with the Banking, Insurance and Securities Commission's regulations.

Specific loss provisions are intended to cover calculable losses on facilities which are identified as exposed to the risk of loss at the balance sheet date. In the event that a borrower becomes insolvent, enters into a composition with its creditors or is wound up, the value of any collateral security forms the basis for estimating possible losses. In other cases of default the borrower's financial situation, including the capacity to service indebtedness, and the value of collateral security form the basis for estimating possible losses. A facility is defined as being in default if 90 days have passed since the facility went into arrears or an unauthorised overdraft arose and the arrears or overdraft have not been remedied, or if the borrower is subject to winding up or a composition with creditors. The possibility of loss is also considered when other conditions affecting the borrower such as weak liquidity, excessive gearing or weak earnings, or the value of collateral security, suggest that there is a risk of loss. The specific loan loss provisions considered necessary are established accordingly.

General loss provisions are booked to cover losses which, due to matters existing on the balance sheet date, must be expected to occur on facilities which have not been identified and valued in accordance with the rules for specific loss provisions. The provisions are made on the basis of past experience and sector data and by applying an annually reviewed risk classification system, which appraises the borrower and the value of any collateral security.

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

When an evaluation of a facility in default identifies the need for a specific loan losses provision to be established and the collateral security available is insufficient to cover interest and commission due, the accrual of interest, commissions and fees in respect of the facility ceases. In addition all interest, commissions and fees recognised to income in respect of the facility for the current year are reversed. When an evaluation of a facility not in default nonetheless identifies the need for a specific loan loss provision to be established, consideration is given to ceasing the accrual of interest, commissions and fees.

When a loan previously classified as bad or doubtful is brought back into good order, interest which has accrued but not been recognised to profit and loss is recognised as interest income and specific loan loss provisions in respect of the loan are reversed.

Properties repossessed in respect of loans in default are valued at their estimated realisable value. Any gains or losses upon sale, or any write-down as result of a fall in value of such properties, are recognised as part of loan losses.

#### **Arrangement of long term funding**

The direct costs involved in taking up long-term funding are capitalised and are amortised to the next interest fixing/maturity date. Premiums/discounts on the issue of debt are recognised as income/expense by adjusting the interest expense of the bond issued over the period to maturity or the next interest fixing date. Holdings of own bonds are netted against bond loan indebtedness. Losses or gains arising as a result of the purchase or sale of own bonds in the secondary market are treated in the same way as premium/discounts on issue.

Costs incurred in respect of subordinated loans for the insurance activities are expensed in the year they are incurred.

#### **Equity index bonds**

The issue of equity index bonds comprises three elements: the issue of a bond loan, the issue of a call option related to a stock exchange index and the purchase of an option to fully hedge the option element of the index bond. The bond loan and the option agreements are entered into simultaneously. The discount on the bond loan element is amortised up to nominal value in the period to maturity as an interest expense. The option premium received on the option issued and the option premium paid on the option bought are recorded gross. The difference between premium paid and received and the amount of commission paid is recognised to profit and loss at the date of issue.

## **SECURITIES**

#### **Shares held as fixed assets**

Investments in shares in subsidiaries and in associated companies are considered as fixed assets where the investment is of a long term and strategic nature. A corresponding classification is made for strategic investments in shares. The book value of such shares 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 insignificant nature.

#### **Shares held as current assets**

Shares which are held as financial current assets are booked at market value. Market value is determined as the closing price on the Oslo Stock Exchange on the last trading day of the year, and the market price (last traded/bid price) in the case of shares listed on foreign stock exchanges. The market value of shares in other companies is determined on the basis of an evaluation of the information available.

In the group's banking activities, shares held as current assets that are not intended for short-term trading are valued as a single portfolio at the lowest of purchase cost and market value.

#### **Bonds to be held to maturity**

Bonds classified as to be held until maturity are managed in accordance with the Banking, Insurance and Securities Commission's guidelines. Such bonds are booked at cost price at the time of purchase. Premiums/discounts in relation to par value are amortised over the bonds' remaining term and recorded in the profit and loss account as an interest element.

Bonds in default are valued in line with the Banking, Insurance and Securities Commission's guidelines for loans.

#### **Bonds held as current assets**

Bonds held as current financial assets are booked at market value, which is the last known traded price. In the case of securities where no traded price is available, a price is calculated on the basis of the yield curve for the particular sector.

In the group's banking activities, bonds held as current assets that are not intended for short-term trading are valued as a single portfolio at the lowest of purchase cost and market value.

#### **Financial derivatives**

Financial derivatives form an integrated part of Storebrand's management of the risk and return profile of share and bond portfolios.

Financial derivatives are recognised as current assets and are valued 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.

In the group's banking activities, only financial derivatives entered into in respect of proprietary trading (the trading portfolio) are valued at market value.

The various categories of financial derivative are described in "Terms and Expressions" on page 77.

Financial current assets denominated in foreign currency are to all practical intent currency hedged through forward foreign exchange transactions. The overall valuation of such financial current assets and the associated currency hedging transactions requires that forward foreign exchange contracts are booked at market value in order to be consistent with the use of exchange rates at 31 December in the valuation of foreign currency items.

Subordinated loans are also hedged through the use of forward foreign exchange transactions. The accounting treatment is the same as that for currency hedging of financial current assets. In addition subordinated loans which have interest rates fixed for long periods are hedged against interest rate movements through interest rate swaps. The market value surplus to the interest accrued on interest rate swaps used to hedge subordinated loans is not capitalised in the accounts, and in the same way any premium or discount on subordinated loans is not capitalised.

#### *Share and interest rate options*

Option premiums are capitalised at market value when an option is purchased or sold. Options are realised when they expire, are exercised or are closed out by a matching and opposite transaction.

#### *Stock futures and interest rate futures*

Futures contracts (including stock 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 profit or loss.

#### *Interest rate swaps*

Interest income and expense arising from interest rate swaps is accrued continuously. Where interest rate swaps are not used exclusively for hedging purposes, unrealised gains and losses are recognised to profit and loss at the balance sheet date.

#### *FRA - Forward rate agreements*

Forward rate agreements (FRA) are valued at market value and are settled on the first day of the period which is the subject of the agreement.

#### *Forward foreign exchange contracts*

Forward foreign exchange contracts are principally used to hedge holdings of securities, other financial instruments and insurance related entries. As part of the accounting recognition of hedging transactions, forward foreign exchange contracts entered into for hedging purposes are valued at market price in the financial accounts, and unrealised gains or losses are taken to profit and loss.

Unrealised gains or losses recognised to profit and loss do not affect the market value adjustment reserve in the life insurance companies, but changes in the value of forward foreign exchange contracts in respect of any active currency positions do affect the market value adjustment reserve.

Foreign exchange contracts are valued at the exchange rate prevailing on the date of the balance sheet.

#### **Foreign exchange**

Hedged balance sheet items are recorded at the exchange rate prevailing on the date of the balance sheet. The currency risk arising from foreign investments and currency denominated debt is largely hedged by forward foreign exchange contracts.

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

Any other balance sheet items are recorded at the exchange rate prevailing at the date of acquisition.

## LIFE INSURANCE

### Premiums for own account

Premiums for own account comprise premium amounts which fall due during the year, transfers of premium reserve and premiums on reinsurance ceded. Accrual of premiums earned is made through allocations to premium reserve in the insurance reserve.

### Claims for own account

Claims for own account comprise claims settlements paid out, including reinsurance assumed, premium reserves transferred from other companies, reinsurance ceded and changes in claims reserves. The allocation for unsettled disability and death benefits is made through an allocation to the premium reserve in the insurance fund.

### Income and expenses of financial assets – Market value adjustment reserve

The income and expenses arising from financial assets reflect both realised items and changes in unrealised value. Unrealised additional value is applied to a market value adjustment reserve and do not affect profit and loss. Financial expenses include the administration costs associated with the financial activities.

### Transfer of premium reserves, etc.

Transferred premium reserves in the insurance fund on the transfer of policies between insurance companies are booked to the profit and loss account at the date the risk is transferred. The year's mandatory allocations to the premium reserve are correspondingly reduced. In addition, the premium reserve transferred includes the policy's share in the year's realised and unrealised profit.

### Market value adjustment reserve

The value of the market value adjustment fund is equivalent to unrealised gains on financial current assets. Unrealised gains or losses on foreign exchange contracts are not transferred to the market value adjustment reserve with the exception of gains or losses on forward exchange contracts in respect of open currency positions. The market value adjustment reserve can never have a negative value. Unrealised losses are recognised to profit and loss on the basis of write-downs carried out on a portfolio basis.

### Insurance reserves

Insurance reserves comprise the insurance fund and the statutory security fund. The insurance fund includes premium reserve, additional statutory allocation, premium fund/pension adjustment fund and claims reserves.

### Premium reserve in the insurance fund

The 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. The calculation principles are set out in the Insurance Activities Act. The calculations are made by an actuary.

### Additional statutory allocations in the insurance fund

Additional statutory allocations are a conditional reserve, allocated to customers, which is booked to the profit and loss account as a mandatory reserve allocation. The maximum additional statutory allocation is set at the difference between the premium reserve, calculated on the basis of 3.5% guaranteed yield on basic premium amounts, and the actual guaranteed yield in the contracts. In addition maximum limits apply in respect of individual contracts.

### Premium fund/pension adjustment fund in the insurance 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 benefit increases to pensioners.

The premium fund is required to have the same return as the premium reserve.

### 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 fund by 50% above the minimum allocation. In special situations the Banking, Insurance and Securities Commission may give permission that all or part of the fund be used to cover a fall in the value of securities. In the accounts the entire fund is shown as a mandatory fund.

### Unit Linked

Unit linked products are sold through Storebrand Fondsforsikring AS. Financial assets are recorded at market value. The level of technical reserves required in respect of such contracts is determined by the market value of the financial assets. The financial risk associated with such investments is borne by the policyholder.

### Storebrand ASA: dividends and group contribution

The cost method of accounting is used to arrive at the value of subsidiaries in the parent company accounts.

The main income of Storebrand ASA is the return on capital invested in subsidiaries. In the company's accounts group contributions and dividends received in respect of these investments are therefore recorded as ordinary operating income. Group contributions are recognised to the profit and loss account before tax and dividend in the current accounting year.

The condition is that the income has been earned in the subsidiaries during the Storebrand's ownership period. Contrary, it will be booked according to an equity transaction. This imply that the owner's share in the subsidiaries will be reduced with received dividend or groups contribution.

# Notes Storebrand ASA

## Note 1: Group contributions and dividends from subsidiaries

<i>NOK million</i>	2000	1999	1998	<i>NOK million</i>	2000	1999	1998
<b>Group contribution</b>				<b>Dividends</b>			
Storebrand Skadeforsikring AS	1,200.0	800.0	483.0	Storebrand Skadeforsikring AS	800.0		
Storebrand Livsforsikring AS		642.8		Storebrand Livsforsikring AS	530.6		371.8
Storebrand Fondene AS	31.0	11.0	5.5	AS Værdalsbruket	0.1	0.8	
Storebrand Kapitalforvaltning ASA	37.0	15.1		<b>Total</b>	<b>1,330.7</b>	<b>0.8</b>	<b>371.8</b>
Finansbanken ASA		120.0					
AS Værdalsbruket			0.3				
<b>Total</b>	<b>1,268.0</b>	<b>1,588.9</b>	<b>488.8</b>				

In addition, Storebrand ASA will receive NOK 470,5 million in dividend from Storebrand Bank AS which will be booked as an equity transaction.

Group contribution payments from subsidiaries are recognised as gross income for Storebrand ASA.

## Note 2: Personnel expenses

<i>NOK million</i>	2000	1999	1998
Ordinary wages and salaries	92.8	287.1	274.1
Employer's social security contributions	25.3	59.0	56.4
Pension expense	3.4	29.5	26.3
Other benefits	17.4	54.0	71.6
<b>Total personnel expenses</b>	<b>138.9</b>	<b>429.6</b>	<b>428.4</b>

## Note 3: Pension costs and pension liabilities

<i>NOK million</i>	2000			Total	1999 Total	1998 Total
	Insured schemes	Uninsured schemes Ordinary	Early retire			
<b>Net pension costs</b>						
Pension liabilities accrued	-13.5	-6.0	-20.6	-40.1	-21.7	-21.1
Interest costs	-124.7	-21.5	-2.2	-148.4	-72.8	-47.9
Expected return on pension funds	185.1			185.1	65.0	42.7
<b>Net pension cost</b>	<b>46.9</b>	<b>-27.5</b>	<b>-22.8</b>	<b>-3.4</b>	<b>-29.5</b>	<b>-26.3</b>

In addition employers' social security contributions in respect of the uninsured scheme totalling NOK 5.7 million were charged to profit and loss in 2000.

Shown below is a reconciliation of estimated pension liabilities and pension funds with the liability booked in the company's balance sheet.

<i>NOK million</i>	2000			Total	1999 Total	1998 Total
	Insured schemes	Uninsured schemes Ordinary	Early retire			
<b>Net pension liability</b>						
Earned pension liability	-1,668.5	-245.6	-138.5	-2,052.6	-415.6	-455.5
Estimated effect of future salary growth	-180.0	-26.5		-206.5	-32.8	-28.6
Estimated pension liability	-1,848.5	-272.1	-138.5	-2,259.1	-448.4	-484.2
Pension funds at market value	2,427.5			2,427.5	298.8	301.9
<b>Net estimated liability/surplus</b>	<b>579.0</b>	<b>-272.1</b>	<b>-138.5</b>	<b>168.4</b>	<b>-149.6</b>	<b>-182.3</b>
Deviation from estimated values at 1.1:	-140.0	38.7	6.7	-94.6	14.2	-2.0
<b>Net liability in the balance sheet</b>	<b>439.0</b>	<b>-233.4</b>	<b>-131.8</b>	<b>73.8</b>	<b>-135.4</b>	<b>-184.3</b>

Deviations from estimate are booked against the "corridor" in accordance with Norwegian Accounting Standards, and are not reflected in the balance sheet or profit and loss account. (See Accounting Principles). Note 22 also provides a more detailed description of the pension schemes provided by Storebrand and their accounting treatment. The estimated employer's social security contributions in respect of uninsured pension liabilities amounts to NOK 48.1 million and is included as part of the "Reserves for other risks and costs" item in the balance sheet. The calculations are in respect of 62 employees and 2,340 pensioners. Pension funds and pension liabilities in respect of pensioners were allocated to Storebrand ASA in 2000.

**Note 4: Remuneration of officers of the company, non-executive officers and auditors**

<i>NOK 1,000</i>	2000	1999	1998
<b>Chief Executive Officer</b>			
Ordinary salary *)	2,508	2,039	2,015
Other taxable benefits **)	117	371	8,644
Pension cost **)	157	873	
Board of Representatives	775	461	574
Control Committee ***)	849	814	1,012
Chairman of the Board ****)	398	200	200
Board of Directors	1,418	1,190	971
Auditor's fees for audit and related control functions	1,205	1,418	1,093
Auditor's fees for consultancy services	1,000	677	1,353

The former Chief Executive Officer Åge Korsvold received salary and other benefits totalling NOK 3.2 million in 2000. Following his departure he entered into an agreement to receive salary during the notice period (six months) and a single payment of NOK 5 million. He is also entitled to rent a house owned by Storebrand ASA for representation purposes until 30 June 2001. Korsvold is entitled to receive a pension on attaining the age of 62. Chief Executive Officer Idar Kreutzer received

salary and other benefits totalling NOK 2.3 million in 2000. His terms of employment provide a guarantee of 24 months' salary following the expiry of the normal notice period. All forms of work-related income from other sources, including consultancy assignments, will be deducted from such payments. Kreutzer is entitled to a bonus scheme based on the performance of Storebrand's share price (see note 14) and he is a member of the Storebrand pension scheme on normal terms.

\*) Figures for 2000 relate to the salary of Åge Korsvold for the period 01.01. - 04.10 in amount NOK 1,960,000 and the salary of Idar Kreutzer for the period 05.10. - 31.12 in amount NOK 548,000.

\*\*\*) Figures for 2000 relate to Idar Kreutzer.

\*\*\*\*) The Control Committee covers all the Norwegian companies in the group which are required to have a Control Committee, except for Storebrand Bank AS, Finansbanken ASA and Oslo Reinsurance Company ASA which have their own Control Committees.

\*\*\*\*\*) Figures for 2000 relate to Directors' fees paid to Leiv L. Nergaard and Jon R. Gundersen.

**Note 5: Taxation**

<i>NOK million</i>	2000	1999	1998
Profit before tax	2,254.7	1,333.6	503.7
+ Prior year dividend from subsidiaries	0.8	371.8	193.3
- Current year dividend from subsidiaries	-530.6	-0.8	-371.8
- Non-taxable group contribution		-647.9	
+/- Permanent differences	89.3	-23.7	-11.0
+/- Changes in temporary timing differences	-205.6	-186.1	92.1
<b>Tax base for the year</b>	<b>1,608.6</b>	<b>846.8</b>	<b>406.3</b>
- Tax losses carried forward		-428.5	-406.3
<b>Tax base for calculation of tax payable</b>	<b>1,608.6</b>	<b>418.3</b>	<b>0.0</b>
Tax payable *)	-450.4	-117.1	
- Tax allowances carried forward	318.7	115.7	
Tax on group contribution paid	-131.7	-1.4	
Change in deferred tax	-168.3	-174.9	-32.3
<b>Tax **)</b>	<b>-300.0</b>	<b>-176.3</b>	<b>-32.3</b>

\*) Storebrand ASA has sufficient tax losses to carry forward to fully offset its tax liability, see note 10.

**Effective tax rate for accounting purposes**

\*\*\*) The effective tax rate for accounting purposes for 2000 is 13.4%. The deviation from the nominal rate of 28% is mainly due to dividend and group contribution received from subsidiaries and first recognised in the profit and loss account the following year. In addition NOK 800 million of dividends were recognised to income in 2000 which give rise to a tax credit and therefore have no effect on the tax charge.

**Note 6: Parent company's shares in subsidiaries and associated companies**

<i>NOK million</i>	Registered office	Share capital	No. of shares (1,000)	Par value NOK	Interest in %	Capitalised value
<b>Subsidiaries</b>						
Storebrand Livsforsikring AS	Oslo	1,361.2	13,612	100	100.0%	1,663.6
Storebrand Fondsforsikring AS	Oslo	38.0	38	1,000	100.0%	102.2
Storebrand Bank AS	Oslo	125.0	125	1,000	100.0%	675.4
Finansbanken ASA	Oslo	973.3	48,669	20	100.0%	1,755.1
Storebrand Fondene AS	Oslo	1.2	1	1,000	100.0%	30.0
Storebrand Kapitalforvaltning ASA	Oslo	12.0	6	2,000	100.0%	35.0
Storebrand Investment Management AS	Oslo	15.0	15	1,000	100.0%	25.0
Storebrand Skadeforsikring AS	Oslo	1,380.6	13,806	100	100.0%	2,559.7
Storebrand Leieforvaltning AS	Oslo	10.0	100	100	100.0%	10.0
Storebrand Felix kurs og konferanse AS	Oslo	1.0	1	1,000	100.0%	8.0
Storebrand Systemutvikling AS	Oslo	5.0	5	1,000	100.0%	75.0
<b>Associated companies</b>						
Storebrand Helseforsikring AS	Oslo	30.0	15	1,000	50.0%	45.0
Fair Financial Ireland Ltd.	Denmark	DKK 250	125		50.0%	142.7
Euroben Life & Pension A	Ireland	EUR 1.0	634		50.0%	75.0
Norden Bedriftservice AS	Oslo	15.0	75	100	50.0%	15.0
MinBedrift AS	Oslo	0.6	300	1	50.0%	0.3
AS Værdalsbruket *)	Værdal	4.8	2	625	24.9%	0.0
<b>Total</b>						<b>7,217.0</b>

\*) 74.9% held by Storebrand Livsforsikring AS. Minority interests amount to 0.2%.

## Note 7: Shares and other equity investments

<i>NOK million</i>	Share capital	Par value NOK	No. of shares	Interest	Acquisition cost	Market value
<b>Shares and other fixed asset investments</b>						
Nettverk Fornebu	10.0	100.00	15,000	15.00%	1.5	1.5
<b>Total shares and other fixed asset investments</b>					<b>1.5</b>	<b>1.5</b>
<b>Norwegian equities</b>						
<b>Bank and Insurance shares</b>						
DnB Holding	7,786.6	10.00	105,600	0.01%	3.2	5.0
Gjensidige NOR Sparebank	4,688.9	100.00	15,000	0.03%	3.6	3.9
Nordlandsbanken	363.0	50.00	10,000	0.14%	2.1	2.5
<b>Other Norwegian shares</b>						
Awilco B	542.7	3.00	145,500	0.07%	1.8	2.6
Bergesen d.y. B	52.8	2.50	33,700	0.05%	4.9	4.3
Bonheur	57.5	5.00	13,700	0.12%	2.8	2.6
Det Norske Teateret	3.0	400.00	100	1.33%	0.0	0.0
EDB Business Partner	155.4	1.75	37,500	0.04%	4.2	3.8
Enitel	844.2	40.00	24,550	0.12%	2.7	2.0
Frontier Drilling	79.5	1.00	715,000	0.90%	1.4	1.2
Gerhard Ludvigsen	1.0	1.00	153,000	15.00%	11.3	11.2
Gresvig	38.3	5.00	49,700	0.65%	3.4	1.4
Hydralift B	2.2	0.20	182,900	0.64%	6.1	9.8
Infocus Corporation	38.1	1.00	11,600	0.03%	5.1	1.6
Itera	85.9	1.00	100,000	0.12%	2.0	0.7
Marine Provider	1.8	0.60	421,000	13.80%	1.2	0.7
Mine Bilder	0.5	1.00	62,500	12.47%	2.5	2.5
Narvesen	200.0	20.00	10,000	0.10%	2.0	2.8
Nera	245.8	2.00	115,200	0.09%	4.5	4.4
Nordic Water Supply	7.5	0.50	122,000	0.81%	2.4	4.1
Norsk Hydro	5,198.1	20.00	23,350	0.01%	7.4	8.7
Norske Skogindustrier A	665.1	20.00	4,550	0.01%	1.3	1.7
Norske Skogindustrier B	251.7	20.00	19,400	0.04%	4.1	5.7
Ocean Rig	1,333.7	30.00	50,000	0.11%	3.0	2.6
Opticom	1.8	0.15	2,580	0.02%	3.0	1.4
Orkla	1,322.3	6.25	3,765,018	1.78%	576.0	655.1
Petroleum Geo-Services	511.7	5.00	16,000	0.02%	1.8	1.9
Prosafe	261.8	10.00	41,650	0.16%	5.4	5.7
SAS Norge B	235.0	10.00	31,700	0.13%	2.8	3.0
Scana Industrier	26.6	1.25	44,400	0.21%	1.3	0.3
Schibsted	69.1	1.00	44,700	0.06%	5.0	4.8
Smedvig B	41.8	1.50	66,800	0.08%	3.5	4.7
Steen & Strøm	27.9	1.00	547,809	1.96%	56.0	59.2
Super Office	14.3	0.70	50,000	0.25%	1.9	0.6
Telenor	10,812.9	6.00	189,000	0.01%	7.9	7.3
Troms Fylkes Dampskipsselskap	10.4	1.00	15,000	0.14%	2.6	2.4
Veidekke	66.5	2.50	88,800	0.33%	5.4	4.9
<b>Norwegian shares and equity participations</b>					<b>755.8</b>	<b>837.0</b>
<b>International shares and fund units</b>						
Vovi-Beteiligungs (Neiv) (Germany)			13		7.5	7.7
FSN Capital Holding (United Kingdom)			1,167		9.2	8.9
Nycomed Amersham (United Kingdom)			30,000		1.9	2.2
Stolt-Nielsen B (Luxembourg)			12,100		1.9	1.7
Atlantic Container Line (Sweden)			31,400		3.3	3.0
SAS Sverige (Sweden)			20,000		1.4	1.7
Frontline (Bermuda)			23,500		2.6	2.8
Royal Caribbean Cruises (Liberia)			60,700		13.4	14.2
<b>International fund units</b>						
Esg Partners L.P. (Bermuda)			100		2.7	2.6
Head Insurance Investors L.P. (USA)			91		36.4	35.5
<b>Total shares and other current asset investments</b>					<b>836.1</b>	<b>917.2</b>
Of which listed Norwegian shares						818.9
Of which listed foreign shares						25.5

### Subordinated loan

Storebrand ASA has granted a subordinated loan to Fair Financial Ireland Ltd. of DKK 117 million. Interest is charged on the loan at 12%.

## Note 8: Certificates and bonds

<i>NOK million</i>	Certificates		Bonds		Total	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
<b>By debtor type</b>						
Public sector	157.9	158.0	0.1	0.1	158.0	158.1
Other issuers	35.0	35.0	20.0	20.0	55.0	55.0
<b>Total</b>	<b>192.9</b>	<b>193.0</b>	<b>20.1</b>	<b>20.1</b>	<b>213.0</b>	<b>213.1</b>
<b>Convertible bonds</b>						
Financial institutions *)			12.8	12.8	12.8	12.8
<b>Certificates and bonds held as current assets</b>	<b>192.9</b>	<b>193.0</b>	<b>32.9</b>	<b>32.9</b>	<b>225.8</b>	<b>225.9</b>
Of which listed		158.0		0.1		158.1
Denominated in NOK		193.0		32.9		225.9

\*) Convertible bonds issued by Finansbanken ASA.

## Note 9: Real estate and other operating assets

<i>NOK million</i>	Real estate	Equipment cars, inventory	Total	
Acquisition cost at 1.1	59.5	363.3	422.8	Straight line depreciation periods for operating assets are as follows:
Additions	2.4	93.8	96.2	
Disposals at acquisition cost		-1.5	-1.5	
Aggregate depreciation and write-downs at 31.12	-0.6	-308.4	-309.0	Equipment and inventory: 4 years
<b>Capitalised value at 31.12</b>	<b>61.3</b>	<b>147.1</b>	<b>208.5</b>	Motor cars: 6 years
Depreciation for the year	-0.1	-85.3	-85.4	Computer systems: 3 years

## Note 10: Deferred tax allowances and deferred tax

<i>NOK million</i>	2000		1999		Net change
	Tax increasing	Tax reducing	Tax increasing	Tax reducing	
<b>Temporary differences</b>					
Securities	1,010.6	0.1	975.2	0.1	-35.4
Real estate	2.0		1.6		-0.4
Operating assets		82.5		67.3	15.2
Provisions		74.6		53.8	20.8
Prepaid pensions	439.0		79.5		-359.5
Accrued pension liabilities		365.2		215.0	150.2
Profit and loss account	13.1		16.4		3.3
Other	5.2		5.3		0.1
<b>Total temporary differences</b>	<b>1,469.9</b>	<b>522.4</b>	<b>1,078.0</b>	<b>336.2</b>	<b>-205.6</b>
Tax allowances carried forward *)		867.6		1,198.0	-330.4
Set-off	-1,390.0	-1,390.0	-1,078.0	-1,078.0	0.0
<b>Net temporary differences</b>	<b>79.9</b>	<b>0.0</b>	<b>0.0</b>	<b>456.1</b>	<b>-536.0</b>
Tax rate	28%				
<b>Deferred tax/deferred tax allowances (changes applied to profit and loss)</b>	<b>22.4</b>			<b>129.3</b>	
Posted directly to equity				16.6	
<b>Deferred tax/deferred tax allowances in the balance sheet</b>	<b>22.4</b>			<b>145.9</b>	<b>-168.3</b>

\*) Amount calculated to be equivalent to losses carried forward.

Unused allowances deductible from tax total NOK 243 million (28% of losses carried forward).

## Note 11: Change in equity capital

<i>NOK million</i>	2000		1999	
Equity at 1.1		6,133.9		5,278.4
Share capital at 1.1	1,387.1		1,385.7	
New share capital (employee issue)	0.6	0.6	1.4	1.4
<b>Share capital 31.12 (277,547,322 shares of NOK 5)</b>	<b>1,387.7</b>		<b>1,387.1</b>	
Share premium reserve 1.1	1,794.2		1,781.0	
Employee issue	5.2	5.2	13.2	13.2
<b>Share premium reserve 31.12</b>	<b>1,799.5</b>		<b>1,794.2</b>	
Other equity 1.1	2,952.5		2,111.7	
Group contribution paid	-338.8			
Dividends received booked directly against equity	470.5			
Interest			-39.1	
Profit for the year	1,954.7		1,157.3	
Allocated to dividend	-305.3		-277.4	
Other capital movement	87.8	1,868.9		840.8
<b>Other equity 31.12</b>	<b>4,821.4</b>		<b>2,952.5</b>	
<b>Equity at 31.12.</b>		<b>8,008.6</b>		<b>6,133.9</b>

## Note 12: Bond loan

<i>NOK million</i>	Amount	Currency	Interest	Maturity
Storebrand ASA (drawn down in June 1993)	1,800.0	NOK	8.5%	2003

## Note 13: Shareholders

	Holding in %
<b>20 largest shareholders</b>	
Skandinaviska Enskilda Banken *)	10.53
Folketrygdfondet	9.97
Orkla ASA	9.96
Steen & Strøm ASA	6.31
The Chase Manhattan Bank	5.16
Canica AS	3.60
Nordstjernen Holding AS	2.67
Hartog & Co. A/S	2.52
DnB Markets	2.52
Bankers Trust Company	2.25
State Street Bank & Trust Co.	2.20
KLP Forsikring	1.80
The Northern Trust Co.	1.53
Morgan Stanley & Co.	1.52
Euroclear Bank S.A./N.V.	1.44
Vital Forsikring ASA	1.36
Commerzbank AG	0.95
Deutsche Bank AG	0.91
Gjensidige NOR Spareforsikring	0.88
Salomon Brothers International	0.88
<b>Foreign ownership</b>	<b>38.6%</b>

\*) No single investor is permitted to hold more than 10% of the shares of a financial institution. However banks may, with the approval of the authorities, hold more than 10% in their capacity as a manager of assets in their capacity as a manager of assets.

The Annual General Meeting of Storebrand ASA held on 28 April 1999 authorised the Board to increase the share capital by issuing up to 1.4 million ordinary shares reserved for Storebrand employees prior to the end of 2000. The subscription period was 27 March - 11 April 2000, and the subscription price was set at NOK 40 per share. Every employee was entitled to purchase 150 shares, and the subscription price represented a total tax-free discount of NOK 1,500.

A total of 117,000 new shares were issued, causing an increase in share capital of NOK 585,000. In accordance with the Accounting Circular issue by the Oslo Stock Exchange, the issue was recorded in the accounts at market value. Equity increased in total by NOK 5.8 million.

#### Note 14: Senior executives, non-executive officers and other connected parties

The Storebrand group operates a cash bonus scheme for senior management which is linked to the price of the Storebrand share. The bonus falls due for payment between two and three years from the date it is granted, and takes the form of a cash payment equivalent to the

difference between the market price of the Storebrand share and the allocation price of NOK 60. The bonus scheme is hedged, and the cost so incurred is recognised to profit and loss.

<i>NOK thousand</i>	No. of shares owned *)	No. of bonus units	Loan	Interest rate at 31.12.00	Repayment basis ****)
<b>Senior executives **)</b>					
Idar Kreutzer ***)	600	500,000	2,657	5.0 - 7.85	AN 2023
Hans Henrik Klouman	763	400,000	1,498	6.6 - 8.15	SE 2025
Erik Råd Herlofsen	500	60,000	1,230	6.3	SE 2015
Odd Arild Grefstad	265	75,000	1,088	6.3	AN 2020
Grete Faremo	319	150,000	2,105	6.3 - 7.85	AN 2030
Egil Thompson	300	25,000	772	6.3	AN 2020
Oluf Ulseth	535	95,000	2,072	6.3 - 8.1	AN 2023
Espen Klitzing	600	350,000	2,176	6.3 - 8.15	AN 2010
Allan Åkerstedt	300	210,000			
Kai G. Henriksen	150	120,000	2,296	6.3 - 7.85	AN/SE 2029
Geir Andersen		70,000	1,565	6.45	SE 2021
Anne Kristine Baltzersen	415		684	6.3	SE 2006
<b>Board of Directors</b>					
Leiv L. Nergaard	4,000				
Halvor Stenstadvold	93				
Brit Kristin Sæbøm Rugland	18				
Knut G. Heje					
Rune Bjerke			2,970	8.25	AN 2020
Harald Tyrdal	100				
Rune Eikeland	685		1,184	6.3	AN 2017
Arild Thoresen	150		664	6.6	AN/SE 2024
Nina E. S. Seiersten	115		1,748	6.3 - 7.85	AN 2030

\*) The summary shows the number of shares owed by the individual, as well as his close family and companies where the individual exercises significant influence (cf. Accounting Act §7-26).

\*\*) A number of senior employees are contractually entitled to performance related bonuses. A new bonus system is to be introduced for the group in 2001. It is intended that this system will extend to all employees by the end of 2002. The central feature of the new system is that bonus payments are related to the group's value-based management system.

\*\*\*) Idar Kreutzer was entitled upon appointment to his current position to a bonus scheme in respect of 500,000 units representing the difference between the actual share price at a future date and the allocation price. The allocation price was fixed by reference to the average share price over the week before the bonus was awarded (NOK 59.33) and will be increased by 10% annually less the effect of any dividend. The bonus may be exercised no earlier than 1 January 2004 and no later than 31 December 2004.

\*\*\*\*) AN = Level payment loan, SE - Installment loan, final payment.

#### Shares held by non-executive officers of Storebrand ASA

	No. of shares		No. of shares
<b>Control Committee</b>		<i>Board of Representatives continues</i>	
Nils Erik Lie	0	Wenche Meldahl	0
Brit Seim Jahre	0	Brit Seim Jahre	0
Sverre Bjørnstad	2,816	Svein Rennemo	0
Harald Moen	322	Tore Lindholt	156
Carl Graff-Wang	0	Anders Renolen	0
Jon Ansteinsson	4,334	Johan H. Andresen jr.	0
		Per Alm Knudsen	150
		Tor Haugom	5
		Ann Jeanette Magnussen	689
		Pål Ersvik	0
		Inger Anne Strand	248
		Per Ivar Laneskog	0
		Alf Bruun	685
		May Molderhauer	115
		Paul Eggen jr.	685
		Anne Sofie Oseid	0
		<b>External Auditors</b>	
		Arne Frogner	0
		Ole M. Klette	0

No loans have been made to any member of the Control Committee, and loans to the Board of Representatives total NOK 11.2 million.

### Transactions between group companies

<i>NOK million</i>	Amount
<b>Profit and loss account items:</b>	
Group contribution from subsidiaries	1,268.0
Dividends from subsidiaries	1,330.7
Purchase and sale of services (net)	306.9

<i>NOK million</i>	Amount
<b>Balance sheet items:</b>	
Long term debt within the group	328.7
Net accounts payable and receivable (inc. group contribution)	1,492.5

### Note 15: No. of employees/full time equivalent positions

	2000
No. of employees at 31.12	64
No. of full time equivalent positions at 31.12	61
Average no. of employees	145

Employee numbers totalled 257 at the start of 2000. The reduction is a result of the transfer of IT operations to IBM Norway and the transfer of internal audit to the auditor company Arthur Andersen.

### Note 16: Guarantees given

<i>NOK million</i>	Currency	Terms	Accounts provision
<b>Følgende garantier er stillet av Storebrand ASA:</b>			
1) Institute of London Underwriters (ILU)	GBP	No specified amount	0
2) Aon Norway AS	NOK	No specified amount	0
3) Norges Bank	NOK	No specified amount	0

- 1) Counter indemnity of Oslo Reinsurance Company ASA (formerly UNI Storebrand International Insurance AS).
- 2) Contingent liability in respect of AS DUO which ceased trading on 07.06.1993. Liability is not specified and is not considered to be material.
- 3) Guarantee issued in respect of management of the Norwegian Government Petroleum Fund.

# Notes Storebrand Group

## Note 17: Business areas

<i>NOK million</i>	2000	1999	1998
<b>Profit by business area</b>			
Life insurance	830.4	766.9	494.5
Asset management	67.2	35.2	-8.4
Storebrand Bank	52.5	4.5	10.9
Finansbanken *)	-10.0	84.2	
Non-life insurance	-71.8	301.6	460.7
Other activities	-344.9	-26.4	-354.8
<b>Group profit</b>	<b>523.4</b>	<b>1,166.0</b>	<b>602.9</b>

\*) Finansbanken is consolidated from 1.8.1999.

## Quarterly profit by business area

<i>NOK million</i>	Q1		Q2		Q3		Q4	
	2000	1999	2000	1999	2000	1999	2000	1999
Life insurance	263.4	223.9	269.6	179.1	362.9	165.6	-65.5	198.3
Asset management	19.3	0.5	17.7	5.5	21.8	16.3	8.4	12.9
Storebrand Bank	1.9	-5.8	20.1	2.6	45.3	11.2	-14.8	-3.5
Finansbanken	69.7		13.3		-19.1	37.6	-73.9	46.6
Non-life insurance	70.9	28.9	-2.9	106.1	12.4	-21.2	-152.2	187.8
Other activities	-129.1	-38.6	-52.9	-50.4	-51.0	-67.3	-111.9	129.9
<b>Group profit</b>	<b>296.1</b>	<b>208.9</b>	<b>264.9</b>	<b>242.9</b>	<b>372.3</b>	<b>142.2</b>	<b>-409.9</b>	<b>572.0</b>

## Business areas 2000

<i>NOK million</i>	Life insurance	Asset management	Storebrand Bank	Finansbanken	Non-life	Other/netting	Group
Revenue	33,821.4	214.4	1,018.2	1,555.3	579.1	143	37,331.7
Costs	-34,637.8	-147.2	-965.7	-1,565.3	-650.9	-488	-38,455.1
Other costs - life insurance	1,646.8						1,646.8
<b>Group profit</b>	<b>830.4</b>	<b>67.2</b>	<b>52.5</b>	<b>-10.0</b>	<b>-71.8</b>	<b>-344.9</b>	<b>523.4</b>
Extraordinary items and security reserve	-0.4				336.1		335.7
<b>Pre-tax profit</b>	<b>830.0</b>	<b>67.2</b>	<b>52.5</b>	<b>-10.0</b>	<b>264.3</b>	<b>-344.9</b>	<b>859.1</b>
<b>Total assets</b>	<b>116,589.7</b>	<b>244.5</b>	<b>11,310.1</b>	<b>20,096.5</b>	<b>6,912.7</b>	<b>1,590.7</b>	<b>156,744.1</b>

## Business areas 1999

<i>NOK million</i>	Life insurance	Asset management	Storebrand Bank	Finansbanken	Non-life	Other/netting	Group
Revenue	34,202.4	157.4	617.2	446.2		423	35,846.2
Costs	-23,386.3	-122.2	-612.7	-362.0		-449	-24,932.5
Other costs - life insurance	-10,049.3						-10,049.3
Net result - non life insurance					301.6		301.6
<b>Group profit</b>	<b>766.8</b>	<b>35.2</b>	<b>4.5</b>	<b>84.2</b>	<b>301.6</b>	<b>-26.3</b>	<b>1,166.0</b>
Extraordinary items and security reserve	81.2				3,385.2		3,466.4
<b>Pre-tax profit</b>	<b>848.0</b>	<b>35.2</b>	<b>4.5</b>	<b>84.2</b>	<b>3,686.8</b>	<b>-26.3</b>	<b>4,632.4</b>
<b>Total assets</b>	<b>117,279.0</b>	<b>187.1</b>	<b>8,091.2</b>	<b>13,928.9</b>	<b>8,632.2</b>	<b>1,528.8</b>	<b>149,647.2</b>

### Business areas Q4 2000

<i>NOK million</i>	Life insurance	Asset management	Storebrand Bank	Finans banken	Non-life	Other/netting	Group
Revenue	5,994.1	54.4	337.6	460.4	193.4	-59.3	6,980.6
Costs	-8,878.6	-46.0	-352.4	-534.3	-345.6	-52.6	-10,209.5
Other costs - life insurance	2,819.0						2,819.0
<b>Group profit</b>	-65.5	8.4	-14.8	-73.9	-152.2	-111.9	-409.9
Extraordinary items and security reserve	-0.5				96.0		95.5
<b>Pre-tax profit</b>	-66.0	8.4	-14.8	-73.9	-56.2	-111.9	-314.4

### Business areas Q4 1999

<i>NOK million</i>	Life insurance	Asset management	Storebrand Bank	Finans banken	Non-life	Other/netting	Group
Revenue	12,852.2	57.8	167.3	278.5		301.8	13,657.6
Costs	-6,488.6	-44.9	-170.8	-231.9		-171.9	-7,108.1
Other costs - life insurance	-6,165.3						-6,165.3
Net result - non life insurance					187.8		187.8
<b>Group profit</b>	198.3	12.9	-3.5	46.6	187.8	129.9	572.0
Extraordinary items and security reserve	-0.2				3,624.7		3,624.5
<b>Pre-tax profit</b>	198.1	12.9	-3.5	46.6	3,812.5	129.9	4,196.5

#### Explanatory note:

Life insurance comprises: Storebrand Livsforsikring Group, Storebrand Fondsforsikring AS, Storebrand Helseforsikring AS, Storebrand Systemutvikling AS and Euroben Asset management comprises: Storebrand Kapitalforvaltning ASA, Storebrand Fondene AS and Storebrand Investment Management AS. Figures for Finansbanken include Storebrand ASA's depreciation

of goodwill, and figures for profit relate to the period 1.8.99 to 31.12.99.

Non-life insurance includes Fair Forsikring.

Other includes Storebrand ASA.

Other costs-life insurance relates to changes in the market adjustment reserve and funds allocated to policyholders.

### Note 18: Net financial income: insurance

<i>NOK million</i>	Storebrand Livsforsikring			Storebrand Group (***)		
	2000	1999	1998	2000	1999	1998
Income from group and associated companies	4.5	11.0	10.2	23.1	11.0	10.2
Income from properties and real estate	858.9	772.9	625.1	864.0	772.9	625.1
Interest income - bonds & certificates	3,875.2	3,572.9	3,422.4	3,945.6	3,573.9	3,422.4
Interest income - lending	203.2	329.7	422.7	205.5	329.7	422.7
Other interest income	235.6	177.5	212.8	253.5	169.9	176.3
Share dividends	465.4	469.8	464.5	483.6	475.3	465.1
Revaluation of real estate	476.5	166.6		476.5	166.6	
Reversal of valuation adjustments - shares	23.0	1.2		30.8	1.2	
Reversal of valuation adjustments - interest bearing instruments	3.6	0.9	2.4	31.5	0.9	2.4
Gains on sale of shares	13,748.2	8,160.2	6,384.3	14,381.7	8,167.4	6,385.1
Gains on sale of interest bearing instruments	4,054.1	3,588.6	4,137.4	4,067.6	3,589.8	4,137.4
Unrealised gains on shares		7,407.8			7,834.7	10.2
Unrealised gains on fixed-income securities		-1,539.4		9.7	-1,539.1	0.7
Other financial income	5.6		4.0	201.1	6.8	4.0
<b>Total income from financial assets</b>	<b>23,953.8</b>	<b>23,119.7</b>	<b>15,685.8</b>	<b>24,974.1</b>	<b>23,560.9</b>	<b>15,661.6</b>

**Note 18: Net financial income: insurance (continued)**

NOK million	Storebrand Livsforsikring			Storebrand Group (***)		
	2000	1999	1998	2000	1999	1998
Costs arising from properties and real estate *)	-72.1	-134.5	-79.8	-57.1	-121.1	-66.4
Valuation adjustments - shares	-35.0		-23.4	-35.6		-23.4
Valuation adjustments - interest bearing instruments			-0.1			-0.1
Write-down of real estate	-393.6	-163.8		-393.6	-163.8	
Loss on sale of shares	-9,925.3	-4,202.5	-6,230.6	-9,994.4	-4,206.8	-6,234.2
Loss on sale of interest bearing instruments	-4,314.6	-3,166.7	-3,890.2	-4,332.7	-3,166.9	-3,890.2
Unrealised loss on shares	-6,290.5		-1,986.7	-7,168.3		-2,013.3
Unrealised loss on interest bearing instruments	692.3		-21.2	692.7	-0.7	-21.2
Other financial expenses (**)	-249.5	-276.2	-206.5	-303.3	-71.4	-109.1
<b>Total costs of financial assets</b>	<b>-20,588.3</b>	<b>-7,943.7</b>	<b>-12,438.5</b>	<b>-21,592.3</b>	<b>-7,730.7</b>	<b>-12,357.9</b>
<b>Total net income from financial assets</b>	<b>3,365.5</b>	<b>15,176.0</b>	<b>3,247.3</b>	<b>3,381.8</b>	<b>15,830.3</b>	<b>3,303.7</b>

\*) Of which administration costs

-15.0      -13.4      -13.4

\*\*\*) Of which administration costs

-129.9      -126.9      -85.2

Administration costs are included in the line for operating costs in the group accounts and are netted in the group column in the above table.

\*\*\*) Group figures include Storebrand Fondsforsikring AS, Storebrand Helseforsikring AS, Storebrand Skade, Euroben, Fair and intra-group netting.

**Note 19: Net interest and commission income: banking activities**

NOK million	Storebrand Bank			Finansbanken		Storebrand Group		
	2000	1999	1998	2000	1999*)	2000	1999	1998
Interest and related income on loans to/deposits with credit institutions	2.4	4.3	2.4	59.1	-4.9	61.5	-0.6	2.4
Interest and related income on loans to/claims on customers	563.1	438.2	242.3	1,238.1	407.6	1,801.2	845.8	242.3
Interest and related income from certificates, bonds and other interest bearing securities	56.8	52.9	46.0	95.8	19.2	152.6	72.1	46.0
Other interest and related income	254.2	6.0	0.8	0.7	0.1	254.9	6.1	0.8
<b>Total interest and related income</b>	<b>876.5</b>	<b>501.4</b>	<b>291.6</b>	<b>1,393.7</b>	<b>422.0</b>	<b>2,270.2</b>	<b>923.4</b>	<b>291.6</b>
Interest and related expense on liabilities to credit institutions	-23.4	-13.4	-16.4	-208.8	-35.7	-232.2	-49.1	-16.4
Interest and related expense on deposits from and liabilities to customers	-307.8	-273.2	-102.7	-409.7	-122.4	-717.5	-395.6	-102.7
Interest and related expense on securities issued	-145.3	-90.7	-106.0	-308.4	-94.0	-453.7	-184.7	-106.0
Interest and related expense on subordinated loan capital				-29.9	-6.7	-29.9	-6.7	
Other interest and related expense	-222.2	-17.2	-6.9	-35.8	-22.4	-258.0	-39.6	-6.9
<b>Total interest and related expense</b>	<b>-698.7</b>	<b>-394.5</b>	<b>-232.0</b>	<b>-992.6</b>	<b>-281.2</b>	<b>-1,691.3</b>	<b>-675.7</b>	<b>-232.0</b>
<b>Net interest and commission income</b>	<b>177.8</b>	<b>106.9</b>	<b>59.6</b>	<b>401.1</b>	<b>140.8</b>	<b>578.9</b>	<b>247.7</b>	<b>59.6</b>

\*) Figures for Finansbanken are from 1 August 1999 to 31 December 1999

**Note 20: Losses and provisions for loans, guarantees etc.**

NOK million	SB Life	SB Bank	Finansbanken	Storebrand Group		
	2000	2000		2000	1999	1998
Change in specific loan loss provisions for the period	1.7	23.4	-150.9	-125.8	8.1	33.9
Change in general loan loss provisions for the period	1.2	3.6	-60.0	-55.2	23.9	14.6
Realised losses on loans where specific provision has previously been made		-10.9	-78.7	-89.6	-16.1	-5.5
Realised losses on loans where no specific provision has previously been made	-0.5	-0.3	-21.2	-22.0	-2.6	-8.9
Recovery of loan losses realised previously	0.6	31.5	16.0	48.1	31.4	45.8
<b>Loan losses and provisions for the period</b>	<b>3.0</b>	<b>47.3</b>	<b>-294.8</b>	<b>-244.5</b>	<b>44.7</b>	<b>79.9</b>

## Note 21: Operating costs

NOK million	SB Life	SB Bank	Finans- banken	Other	Storebrand Group		
	2000	2000	2000	2000	2000	1999	1998
Ordinary wage and salary expenses	281.1	184.5	99.8	275.6	841.0	837.7	729.9
Social security contributions	34.1	21.1	16.3	50.5	121.4	132.4	113.1
Pension expense (inc. employers' social security contributions.)	15.4	13.6	8.8	13.7	52.1	58.3	98.8
Other benefits	8.8	7.2	3.6	33.6	53.2	79.6	53.8
<b>Total personnel expenses</b>	<b>339.4</b>	<b>226.4</b>	<b>128.5</b>	<b>373.3</b>	<b>1,067.6</b>	<b>1,108.0</b>	<b>995.6</b>
External consultancy expenses	49.7	40.0	11.8	114.6	216.1	168.9	240.0
Office costs	69.3	188.2	59.6	76.0	393.1	521.4	486.1
Other operating costs/recharges	509.6	-207.1	33.8	-33.4	303.0	-346.5	-432.3
Depreciation	8.6	7.7	16.0	99.9	132.2	172.6	105.3
<b>Total operating costs *)</b>	<b>976.6**)</b>	<b>255.2</b>	<b>249.7</b>	<b>630.3</b>	<b>2,111.9</b>	<b>1,624.4</b>	<b>1,394.7</b>
*) Of which insurance related	784.6			76.1	860.7	769.8	725.2
***) Of which costs incurred by subsidiaries	50.1						
<b>Auditors' fees for group companies</b>							
Audit fees	7.2						
Other control functions	0.6						
Fees for advisory services	2.7						

## Note 22: Pension costs and pension liabilities

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 executives and 65 for underwriters. The ordinary retirement age is 65, and a retirement pension equivalent to 70% of pensionable salary becomes payable on retirement. Pension benefits form a part of the group collective employment terms applicable to employment by Storebrand ASA. Early retirees are defined as those who retire before reaching 65 years of age.

Pension costs and pension liabilities are treated for accounting purposes in accordance with the accounting standards for pension costs issued by the Norwegian Accounting Standards Board (see also Accounting principles). Both insured and uninsured schemes are treated as benefits plans. The following assumptions have been used in the calculations:

### Financial assumptions

- Return on pension fund	8.0%
- Discount rate	7.0%
- Annual earnings growth	3.0%
- Expected adjustment of Social Security Fund's base amount (G)	3.0%
- Annual pension increase	2.5%

### Actuarial assumptions:

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

The calculations apply to 1,490 employees and 2,340 pensioners. Net accrued pension costs are shown in the table below.

NOK million	Insured scheme	2000		Total	1999 Total	1998 Total
		Uninsured scheme Ordinary	Early retire			
<b>Net pensions cost</b>						
Pension liabilities accrued	-47.5	-16.0	-21.4	-84.9	-58.8	-123.6
Interest costs	-147.7	-27.0	-2.2	-176.9	-139.5	-236.6
Expected return on pension funds	214.7			214.7	140.0	261.4
Deviation from estimates	-2.5	4.3		1.8		
<b>Net pensions cost</b>	<b>17.0</b>	<b>-38.7</b>	<b>-23.6</b>	<b>-45.3</b>	<b>-58.3</b>	<b>-98.8</b>

In addition employers' social security contributions in respect of the uninsured scheme totalling NOK 6.8 million were recorded in 2000. Finansbanken is included in the figures from 1999. Figures for 1998 include Storebrand Skadeforsikring.

### Calculated liability

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

## Note 22: Pension costs and pension liabilities (continued)

NOK million	Insured scheme	2000		Total	1999 Total	1998 Total
		Uninsured Ordinary	Uninsured Early retire			
<b>Net pensions liability</b>						
Earned pension liability	-1,934.1	-315.0	-139.1	-2,388.2	-1,088.8	-3,264.4
Estimated effect of future salary growth	-283.3	-52.8		-336.1	-114.8	-353.9
Estimated pension liability	-2,217.4	-367.8	-139.1	-2,724.3	-1,203.6	-3,618.3
Market value of pension funds	2,818.0			2,818.0	969.8	3,462.2
<b>Net estimated pension liability/surplus</b>	<b>600.6</b>	<b>-367.8</b>	<b>-139.1</b>	<b>93.7</b>	<b>-233.8</b>	<b>-156.1</b>
Transfers of financing in the company accounts	18.6	-18.6				
Deviation from estimated values at 1.1.*)	-92.9	-24.8	8.1	-109.6	45.5	-23.6
<b>Net pensions liability as per balance sheet</b>	<b>526.3</b>	<b>-411.2</b>	<b>-131.0</b>	<b>-15.9</b>	<b>-188.3</b>	<b>-179.7</b>

\*) Deviations from estimate are booked against the "corridor" in accordance with Norwegian Accounting Standards, and the excess is amortised over the remaining service-period for the employees. (See Accounting Principles). Estimated employer's social security contributions in respect of uninsured pension liabilities amounts to NOK 64.8 million and is included in the balance sheet under 'Reserves for other risks and costs'.

## Note 23: Taxation

NOK million	2000	1999	1998
<b>Profit before tax</b>	<b>859.1</b>	<b>4,632.4</b>	<b>441.1</b>
Tax payable	-185.7	-6.4	0.1
Deferred tax - net change	33.4	-1,124.4	0.5
<b>Tax expense *)</b>	<b>-152.3</b>	<b>-1,130.8</b>	<b>0.6</b>

\*) Tax expressed as a percentage of pre-tax profit (effective accounting rate of tax) is 17.7%. This percentage will vary considerably from year to year as result of differences in the effective accounting rate of tax in subsidiaries and as result of the share in the results of If being accounted for in accordance with equity method.

## Note 24: Intangible assets in subsidiaries

NOK million	Owned by	Intangible assets		Goodwill depreciation		Deprec. rate
		2000	1999	2000	1999	
Finansbanken ASA	SB ASA	506.8	535.0	-28.2	-11.7	5%
Storebrand Systemutvikling AS	SB ASA	60.8				
Aktuar Systemer AS	SB Life	1.8	3.5	-1.8	-1.8	20%
NEXUS AS	SB Bank	2.0	3.0	-1.0	-1.0	20%
Finansbanken Index ASA	Finansbanken	7.5	2.6	-2.8	-1.3	33%
Delphi Forvaltning AS	Finansbanken	17.2		-1.1		14%
Delphi Aktiv Forvaltning AS	Finansbanken	36.3		-6.0		14%
Delphi Fondsforvaltning AS	Finansbanken	36.3		-6.0		14%
Delphi Investors Service AS	Finansbanken	9.7		-2.4		20%
Den Københavnske Bank AS	Finansbanken	25.1		-1.9		14%
Viken Kapitalforvaltning	Finansbanken	0.8		-0.9		20%
Delphi Fondsforvaltning	Finansbanken	0.7		-0.6		20%
<b>Total</b>		<b>705.0</b>	<b>544.1</b>	<b>-52.8</b>	<b>-15.8</b>	<b>-</b>

## Note 25: Acquisitions in 2000

The table shows the accounting effect of the acquisitions made in 2000:

NOK million	Date consolidated	Accounting method	Ownership	Cost price	Goodwill/neg. goodwill	Balance of goodwill
<b>Company</b>						
Den Københavnske Bank	30.06.00	Cost	100%	156.6	27.0	25.1
Delphi Forvaltning AS	31.07.00	Cost	11%	25.3	18.3	17.2
Delphi Aktiv Forvaltning AS	30.06.00	Cost	89%	57.2	42.3	36.3
Delphi Fondsforvaltning AS	30.06.00	Cost	89%	57.2	42.3	36.3
Delphi Investor Service AS	30.06.00	Cost	89%	16.4	12.1	9.7
Morningsstar Norge AS	01.10.00	Equity method	50%	3.3		
E*Trade AS	30.06.00	Equity method	33%	32.7	24.2	21.8
Finansbanken Index ASA	01.06.00	Cost	19%	10.5	7.8	6.3

## Note 26: Real estate

<i>NOK million</i>	Market value	Ave. rent per sq. m.	Term of lease	Sq. m.	Percentage let
<b>Type of property</b>					
Office premises (inc. commercial premises, parking and storage)	5,882.6	1,249	4.3	361,115	99.0%
Shopping centre (inc. parking and storage)	4,534.4	1,125	3.9	332,938	97.7%
Parking	400.7	644	16.0	43,905	100.0%
Undeveloped sites	80.4				
Other	9.1				
<b>Total for the Life company</b>	<b>10,907.2</b>			<b>737,958</b>	
<b>Other companies</b>	<b>87.6</b>				
<b>Total</b>	<b>10,994.8</b>				
<b>Geographic distribution (Life company)</b>					
Oslo-Vika/Filipstad Brygge	3,938.6				
Oslo - other	3,641.8				
Stavanger	1,330.4				
Norway - other	1,937.6				
USA	58.8				
<b>Ownership structure:</b>					
Directly owned	4,200.9				
Property company (AS)	5,819.8				
Property partnership (ANS)	886.5				

## Note 27: Operational fixed assets

<i>NOK million</i>	Real estate	Equipment, cars and inventory	Total	
Purchase cost as at 1 January	9,575.8	575.3	10,151.1	Straight line depreciation is applied over the following periods for operating assets:
Revaluation for the year	171.3			
Previous revaluations	726.3		726.3	
Additions	842.6	159.3	1,001.9	
Disposals at purchase cost	-248.4	-30.9	-279.3	
Total depreciation and write-downs at 31 December	-72.9	-457.5	-530.4	
<b>Capitalised value at 31 December</b>	<b>10,994.8</b>	<b>246.2</b>	<b>11,241.0</b>	Equipment and inventory: 4 years
Revaluation/write-down for the year and reversals of same	82.8		82.8	Motor cars: 6 years
Ordinary depreciation for the year	-1.3	-132.2	-133.5	Computer systems: 3 years

## Note 28: Shares and other equity investments

<i>NOK million</i>	Share capital	Par value NOK	Shares held	Interest	Acquisition cost	Market value
<b>Shares and other equity investments (fixed assets)</b>						
Eiendom På Internett	0.6	29,412.00	2	10.00%	0.1	0.1
Intrø AS					33.2	33.2
Finansnæringens Hus	2.1	1,000.00	315	15.00%	0.3	1.2
Nettverk Fornebu	10.0	100.00	15,000	15.00%	1.5	1.5
<b>Total shares and other equity investments (fixed assets)</b>					<b>35.0</b>	<b>36.0</b>
<b>Norwegian banking and finance shares</b>						
Bolig- og Næringsbanken	487.7	50.00	164,800	1.69%	31.1	32.1
DnB Holding	7,786.6	10.00	7,117,400	0.91%	230.2	338.1
Gjensidige NOR Sparebank	4,688.9	100.00	15,000	0.03%	3.6	3.9
Kredittbanken	235.0	20.00	45,000	0.38%	1.9	1.8
Nordlandsbanken	363.0	50.00	494,016	6.81%	105.7	123.5
Romsdals Fellesbank	104.5	50.00	190,317	9.10%	8.7	58.0
<b>Other Norwegian shares</b>						
Acta	9.6	0.18	2,545,500	4.77%	70.0	70.1
Aker Maritime	283.6	5.00	961,700	1.70%	69.5	66.4
Awilco A	61.1	3.00	609,400	0.30%	12.1	11.6
Awilco B	542.7	3.00	1,623,600	0.81%	27.5	29.2
Bergesen d.y. A	122.3	2.50	586,530	0.84%	67.6	80.9

Note 28: Shares and other equity investments (continued)

<i>NOK million</i>	Share capital	Par value NOK	Shares held	Interest	Acquisition cost	Market value
Bergesen d.y. B	52.8	2.50	1,057,693	1.51%	156.6	134.3
Bonheur	57.5	5.00	146,525	1.28%	49.4	27.7
Dagbladet	14.9	20.00	125,154	5.20%	23.2	51.3
Dagbladet P	24.1	20.00	49,464	2.06%	9.2	20.3
Det Søndenfj Norske Dampskibsselskap	54.8	1.00	952,850	1.74%	58.7	27.3
EDB Business Partner	155.4	1.75	3,359,802	3.78%	313.8	339.3
Ekornes	33.3	1.00	604,932	1.82%	37.9	39.9
Elkem	943.9	20.00	806,100	1.71%	108.2	113.7
Eltek A	24.3	1.00	381,700	1.57%	61.7	81.3
Enitel	844.2	40.00	373,008	1.77%	129.1	29.8
Farstad Shipping	45.3	1.00	873,700	1.93%	20.2	30.9
Fjord Seafood	70.2	1.00	806,000	1.15%	42.0	28.5
Fred. Olsen Energy	1,203.4	20.00	1,263,050	2.10%	84.2	81.5
Glamox	64.0	100.00	76,174	11.90%	28.4	30.5
Glava	96.0	100.00	96,574	10.06%	30.2	45.1
Gresvig	38.3	5.00	1,027,900	13.43%	84.6	29.8
Gyldendal	23.5	10.00	96,315	4.09%	17.8	27.9
Hafslund A	68.3	1.00	1,187,252	1.04%	53.2	52.2
Hafslund B	45.8	1.00	776,400	0.68%	29.6	19.4
Hydralift A	3.5	0.20	748,700	2.61%	30.5	41.2
Hydralift B	2.2	0.20	1,232,156	4.30%	61.2	65.9
Håg	93.7	10.00	504,100	5.38%	35.2	27.7
Infocus Corporation	38.1	1.00	970,647	2.55%	284.5	132.0
Investra AS	21.4	0.50	2,604,000	6.09%	29.4	29.4
Kongsberg Gruppen	145.1	5.00	1,019,850	3.52%	88.1	86.7
Kværner	1,332.9	12.50	1,759,373	1.65%	126.1	110.0
Merkantildata	184.6	1.00	3,015,407	1.63%	233.2	103.4
Narvesen	200.0	20.00	603,500	6.04%	121.8	168.4
Nera	245.8	2.00	6,169,891	5.02%	260.2	237.5
Norges Handels og Sjøfartstidene	11.5	10.00	59,094	5.13%	12.0	50.2
Norsk Hydro	5,198.1	20.00	2,309,031	0.89%	734.5	861.3
Norske Skogindustrier A	665.1	20.00	616,323	1.34%	179.8	228.7
Norske Skogindustrier B	251.7	20.00	1,202,349	2.62%	219.9	351.1
Oddfell A	179.5	10.00	265,104	1.03%	32.7	35.8
Oddfell B	79.1	10.00	125,200	0.48%	13.5	15.0
Olav Thon Eiendomsselskap	118.9	10.00	251,398	2.11%	46.1	43.5
Opticom	1.8	0.15	261,015	2.18%	369.9	146.2
Organic Power	26.1	10.00	312,500	11.96%	25.0	25.0
Orkla	1,322.3	6.25	12,781,249	6.04%	1,090.2	2,223.9
P4 Radio Hele Norge	32.3	1.00	480,021	1.49%	18.0	26.4
Pan Fish	63.5	0.50	2,714,200	2.08%	54.9	162.9
Petroleum Geo-Services	511.7	5.00	2,010,700	1.96%	258.9	233.2
Prosafe	261.8	10.00	1,859,306	7.10%	211.7	252.9
Rieber & Søn A	391.5	10.00	865,133	1.08%	18.6	46.7
Rieber & Søn B	409.3	10.00	438,600	0.55%	24.1	21.1
SAS Norge B	235.0	10.00	720,226	3.06%	57.7	67.3
Schibsted	69.1	1.00	2,540,100	3.67%	375.1	275.6
Smedvig A	82.5	1.50	1,257,100	1.52%	62.6	105.6
Smedvig B	41.8	1.50	837,400	1.01%	48.5	59.5
Steen & Strøm	27.9	1.00	4,145,953	14.87%	252.4	447.8
StepStone	4.8	0.02	3,151,800	1.33%	93.0	48.9
Tandberg	55.3	1.00	538,760	0.97%	19.1	43.6
Tandberg Television	109.5	2.00	910,100	1.66%	76.3	54.2
Telenor	10,812.9	6.00	10,233,200	0.57%	429.8	393.0
Telenor Venture	100.0	100.00	137,040	13.70%	29.2	91.2
TGS Nopec Geophysical Company	24.4	1.00	728,700	2.98%	74.2	76.5
Tomra Systems	176.0	1.00	3,446,600	1.96%	264.0	589.4
Ugland Nordic Shipping	69.5	5.00	308,300	2.22%	22.9	33.1
Veidekke	66.5	2.50	3,447,730	12.97%	206.0	191.3
Vmetro	11.8	0.50	813,600	3.44%	79.2	89.5
Wilh. Wilhelmsen A	44.5	2.50	44,400	0.18%	4.6	3.6
Wilh. Wilhelmsen B	17.4	2.50	303,144	1.22%	22.9	22.7
Andre norske aksjer					869.4	658.4
<b>Equity fund units (Norwegian)</b>						
FSN Capital Limited Partnership 1			617,000		4.9	5.1
Parkering & Co.			1		0.0	0.0
Storebrand Aksje Innland			360		4.4	5.3
Storebrand Asia			4,543		4.5	4.5

**Note 28: Shares and other equity investments (continued)**

<i>NOK million</i>	Share capital	Par value NOK	Shares held	Interest	Acquisition cost	Market value
Storebrand Asia A			17 899		17.9	17.8
Storebrand Asia B			4 956		5.0	4.9
Storebrand Barnespar			445 542		44.6	58.3
Storebrand Bedriftspensjon			97 305		97.5	137.0
Storebrand F & C Emerging Markets			16 346		16.3	12.6
Storebrand Global			2 191		4.1	4.4
Storebrand Global Miljø			14		0.0	0.0
Storebrand Global Institusjon			7 358		17.6	14.0
Storebrand Norden			41 421		41.5	68.9
Storebrand Optima Norge A			4 491		45.0	45.2
<b>Total shares and other equity investments - Norwegian</b>					<b>9,836.5</b>	<b>11,381.6</b>
<b>International shares</b>						
Australia					210.1	226.0
Belgium					47.4	56.0
Canada					104.4	137.5
Switzerland					480.2	591.1
Germany					484.9	495.9
Denmark					165.2	220.4
Spain					192.4	203.9
Finland					181.1	309.3
France					1,032.4	1,287.5
United Kingdom					2,566.7	2,808.7
Hong Kong					174.6	219.6
Ireland					11.6	8.2
Italy					236.6	258.2
Japan					2,584.4	2,226.5
Luxemburg					270.6	266.7
Netherland					752.8	847.6
New Zealand					11.1	7.0
Portugal					67.3	66.5
Sweden					574.4	555.2
Singapore					97.6	82.0
United States					9,303.0	10,546.9
Bermuda					107.4	152.3
Liberia					566.2	578.2
International fund units					1,414.5	1,781.8
<b>Total shares and other equity investments - international</b>					<b>21,637.2</b>	<b>23,932.9</b>
Forward foreign exchange contracts - shares						973.1
<b>Total shares and other equity investments (current assets)</b>					<b>31,473.7</b>	<b>36,287.6</b>
<b>Of which listed Norwegian shares</b>						<b>10,250.2</b>
<b>Of which listed international shares</b>						<b>21,468.1</b>

**Note 29: Certificates and bonds**

<i>NOK million</i>	Certificates		Bonds		Total	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Public sector	1,909.4	1,917.4	21,320.8	22,332.6	23,230.2	24,250.0
Financial institutions	1,761.5	1,761.6	4,292.5	4,497.6	6,054.0	6,259.2
Other issuers	1,752.4	1,752.5	4,725.6	4,953.7	6,478.0	6,706.2
Forward foreign exchange contracts	0.8	0.8		286.9	0.8	287.7
<b>Total certificates and bonds</b>	<b>5,424.1</b>	<b>5,432.3</b>	<b>30,338.9</b>	<b>32,070.9</b>	<b>35,763.0</b>	<b>37,503.1</b>
<b>- Of which listed securities</b>	<b>8,938.8</b>	<b>860.7</b>		<b>25,176.0</b>		<b>26,036.7</b>
<b>Analysis by currency:</b>						
NOK	5,364.4	5,374.0	10,038.0	9,917.5	15,402.4	15,291.5
USD	59.7	58.3	7,884.1	8,653.4	7,943.8	8,711.7
EUR			6,471.1	6,634.2	6,471.1	6,634.2
Other			5,945.8	6,865.8	5,945.8	6,865.8
<b>Total certificates and bonds</b>	<b>5,424.1</b>	<b>5,432.3</b>	<b>30,338.9</b>	<b>32,070.9</b>	<b>35,763.0</b>	<b>37,503.1</b>

### Note 30: Bonds to be held to maturity

<i>NOK million</i>	Nominal value	Acquisition cost	Book value	Market value	Amortisation outstanding
<b>Bonds held to maturity - Norwegian</b>					
Public sector	18,737.3	18,970.2	18,818.9	18,575.3	81.6
Financial issuers	8,051.0	7,883.7	7,983.6	7,885.3	-67.4
Other issuers	600.0	599.6	599.8	610.1	-0.2
<b>Total portfolio (NOK)</b>	<b>27,388.3</b>	<b>27,453.5</b>	<b>27,402.3</b>	<b>27,070.7</b>	<b>14.0</b>
- Of which listed securities					
Average effective yield	6.76%				

### Note 31: Financial derivatives

The concepts applied in the following tables are set out in the following section.

#### Nominal volume

Financial derivative contracts are related to underlying amounts which are not capitalised 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.

#### Long positions 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.

#### 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.

<i>NOK million</i>	Gross	Nominal volume Average	Net	Credit equivalent amount	Acquisition cost	Market value
<b>Current assets</b>						
Share options	42.7	307.1	-42.2	0.5	-2.6	-3.1
Stock index futures	1,730.0	1,134.4	1,674.3			-11.0
<b>Total equity derivatives</b>	<b>1,772.7</b>	<b>1,441.5</b>	<b>1,632.1</b>	<b>0.5</b>	<b>-2.6</b>	<b>-14.1</b>
Forward rate agreements	64,000.0	66,503.2		1.6		-12.5
Interest rate futures	46,380.6	24,502.4	30,476.1			25.9
Interest rate swaps	8,943.2	7,528.0	-2,712.1	74.1		109.2
Interest rate options	1,751.2	265.1		17.5		
<b>Total interest rate derivatives</b>	<b>121,075.0</b>	<b>98,798.7</b>	<b>27,764.0</b>	<b>93.2</b>		<b>122.6</b>
Forward foreign exchange contracts	48,210.8	50,710.2	-37,839.9	426.5		1,264.4
<b>Total currency derivatives</b>	<b>48,210.8</b>	<b>50,710.2</b>	<b>-37,839.9</b>	<b>426.5</b>		<b>1,264.4</b>
<b>Total derivatives - current assets</b>	<b>171,058.5</b>	<b>150,950.4</b>	<b>-8,443.8</b>	<b>520.2</b>	<b>-2.6</b>	<b>1,372.9</b>
<b>Fixed assets</b>						
Interest rate swaps	479.8	481.1	479.8	0.5		-11.1
Forward foreign exchange contracts	2,929.3	3,979.5	2,929.3	12.3		-45.0
<b>Total derivatives - fixed assets</b>	<b>3,409.1</b>	<b>4,460.6</b>	<b>3,409.1</b>	<b>12.8</b>		<b>-56.1</b>

## Note 32: Foreign currency

<i>NOK million</i>	Long position	Short position	Net position	FX fwd. contracts	Net position in currency	Net position in NOK
<b>Current asset portfolios</b>						
AUD	48.7	-0.1	48.6	-46.2	2.5	12.1
CAD	163.1		163.1	-159.6	3.5	20.7
CHF	112.0	-0.1	111.9	-100.3	11.6	63.1
DKK	784.5	-0.7	783.9	-729.0	54.9	60.7
EUR	1,355.1	-101.0	1,254.0	-1,211.4	42.6	352.0
GBP	365.2	-32.9	332.3	-329.4	2.8	37.7
HKD	228.8		228.8	-196.0	32.8	37.3
IDR	199.3		199.3		199.3	0.2
JPY	63,317.2	-3.5	63,313.7	-62,382.8	930.9	71.8
KRW	423.0		423.0		423.0	3.0
MYR	0.5		0.5		0.5	1.1
NZD	1.9		1.9	-1.0	0.9	3.5
PHP	0.4		0.4		0.4	0.1
SEK	975.2	-0.8	974.4	-918.7	55.7	52.0
SGD	15.7		15.7	-14.1	1.6	7.9
THB	0.3		0.3		0.3	0.1
TWD	4.2		4.2		4.2	1.1
USD	2,438.3	-676.4	1,761.9	-1,755.5	6.4	56.6
<b>Total current asset portfolios</b>						<b>781.0</b>
<b>Fixed asset portfolios</b>						
DKK	125.0		125.0		125.0	138.4
EUR	9.2		9.2	134.5	143.6	1,185.8
GBP	2.3		2.3		2.3	29.8
SEK	6,162.4		6,162.4		6,162.4	5,750.8
USD	0.7		0.7	205.0	205.7	1,825.4
<b>Total fixed asset portfolios</b>						<b>8,930.2</b>

## Note 33: Lending to customers

<i>NOK million</i>	SB Life 2000	SB Bank 2000	Finansbanken 2000	Non-life 2000	Group 2000	Group 1999
Not greater than 60% of valuation	1,681.3	5,551.8		7.5	7,240.6	6,902.2
Between 60-80% of valuation	144.4	1,963.7		0.3	2,108.4	1,997.6
Over 80% of valuation	18.3	297.1		0.1	315.5	227.9
<b>Total not greater than 60% of valuation</b>						
Secured loans *)	1,844.0	7,812.6		7.9	9,664.5	9,127.7
Specific provisions	-0.1			-0.4	-0.5	-1.3
General provisions	-1.3	-1.8			-3.1	-2.7
<b>Total secured loans</b>	1,842.6	7,810.8		7.5	9,660.9	9,123.7
Other loans	220.3	1,549.7	16 924.7	11.9	18,706.6	13,544.1
Specific provisions	-2.9	-199.9	-286.7	-6.0	-495.5	-342.9
General provisions	-3.4	-3.6	-168.1		-175.1	-115.1
<b>Total other loans</b>	214.0	1,346.2	16 469.8	5.9	18,036.0	13,086.0
<b>Total lending</b>	2,056.7	9,156.8	16 469.8	13.4	27,697.0	22,209.7
*) Of which guaranteed		529.9			529.9	372.7

Loans to group employees total NOK 1,816.8 million.

## Analysis of loans to customers before loan losses and provisions

<i>NOK million</i>	SB Life 2000	SB Bank 2000	Finansbanken 2000	Non-life 2000	Group 2000	Group 1999
Commercial lending	79.9	78.9	9,969.0	10.7	10,138.5	7,713.5
Salary account holders (private persons)	1,976.1	9,233.8	3,790.5	9.1	15,009.5	12,595.1
Foreign	8.4	49.4	3,165.3		3,223.1	2,363.4
<b>Total loans to customers</b>	2,064.4	9,362.1	16,924.7	19.8	28,371.1	22,672.0

## Note 34: Analysis of deposits from customers and liabilities to other financial institutions

### Analysis of customer deposits

<i>NOK million</i>	SB Bank 2000	Finansbanken 2000	2000	Group 1999
Commercial	924.6	4,799.1	5,723.7	4,436.9
Salary account holders (private persons)	4,633.1	2,386.6	7,019.7	5,923.6
Foreign	108.1	1,195.5	1,303.6	398.8
<b>Total customer deposits</b>	<b>5,665.8</b>	<b>8,381.2</b>	<b>14,047.0</b>	<b>10,759.3</b>

### Liabilities to other financial institutions

<i>NOK million</i>	SB Bank 2000	Finansbanken 2000	2000	Group 1999
Loans and deposits from financial institutions on demand or with no fixed maturity date		13.8	13.8	6.4
Loans and deposits from financial institutions with agreed notice period or fixed maturity date	230	4,036.7	4,266.7	3,110.4
<b>Total liabilities to other financial institutions</b>	<b>230</b>	<b>4,050.5</b>	<b>4,280.5</b>	<b>3,116.8</b>

### Liabilities created by securities issued

<i>NOK million</i>	SB Bank 2000	Finansbanken 2000	SB ASA 2000	2000	Group 1999
Certificates	2,364.9	3,806.0		6,170.9	3,426.0
Bonds	1,433.9	1,403.8	1,800.0	4,637.7	2,031.2
<b>Total liabilities created by securities issued</b>	<b>3,798.8</b>	<b>5,209.8</b>	<b>1,800.0</b>	<b>10,808.6</b>	<b>5,457.2</b>

## Note 35: Interest in associated companies

<i>NOK million</i>	2000		1999	
	Share of profit	Equity value	Share of profit	Equity value
Norben Life and Pension Insurance Co. Ltd.	0.4	33.1	1.3	32.7
Bertel & Steen Finans AS	-0.6	2.1	-0.4	2.1
Morningstar Norge AS	0.3	3.0		
E Trade AS	-5.7	34.6		
Delphi SMB II AS		1.0		
Delphi Asset Management	-0.3	0.6		
If Skadefors�kring Holding AB *)	-306.9	3,371.1		5,075.1
<b>Total</b>	<b>-312.8</b>	<b>3,445.5</b>	<b>0.9</b>	<b>5,110.0</b>

\*) Share in profit and loss in If was booked directly to equity in 1999.

### Ownership interest (44%) in If on the equity method of accounting:

<i>NOK million</i>	Tangible assets	Storebrand's share of goodwill	Capitalised value
<b>Opening balance at 1.1.2000</b>	<b>3,838.4</b>	<b>1,236.7</b>	<b>5,075.1</b>
Share in profits of If	-412.5		-412.5
Goodwill depreciation		-62.3	-62.3
Tax	115.5	52.4	167.9
<b>Recognised to P&amp;L in 2000</b>	<b>-297.0</b>	<b>-9.9</b>	<b>-306.9</b>
Return of capital	-1,410.4		-1,410.4
Currency translation	13.3		13.3
<b>Capitalised value at 31.12.2000</b>	<b>2,144.3</b>	<b>- 1,226.8</b>	<b>3,371.1</b>

Storebrand's share in the goodwill of If is to be depreciated over 20 years on the basis of the expected long-term earnings perspective.

### Note 36: Deferred tax allowances and deferred tax

NOK million	2000		1999		Net change
	Tax increasing	Tax reducing	Tax increasing	Tax reducing	
<b>Temporary differences</b>					
Securities	3,596.9	2,440.2	2,086.6	2,363.5	-1,433.6
Real estate	497.5	270.0	267.9	138.5	-98.1
Operating assets	241.3	147.1	257.5	129.8	33.5
Reserves	10.1	214.1		115.7	88.3
Prepaid pensions	514.7		172.4		-342.3
Accrued pension liability		522.8		372.5	150.3
Profit and loss account	3,758.6	7.3	4,713.8	9.6	952.9
Other	112.9	74.5	132.5	89.2	4.9
<b>Total temporary differences</b>	<b>8,732.0</b>	<b>3,676.0</b>	<b>7,630.7</b>	<b>3,218.8</b>	<b>-644.1</b>
Loss carried forward		2,409.6		2,099.8	309.8
Tax allowances carried forward *)		2,377.0		2,291.1	85.9
Set-off	-8,282.4	-8,282.4	-7,003.5	-7,003.5	
<b>Net temporary differences</b>	<b>449.6</b>	<b>180.2</b>	<b>627.2</b>	<b>606.2</b>	<b>-248.4</b>
Booked directly to balance sheet/items not giving rise to balance sheet entries		-180.2		-606.2	426.0
<b>Base for balance sheet entries</b>	<b>449.6</b>		<b>627.2</b>		<b>177.6</b>
<b>Deferred tax/tax allowances in the balance sheet **)</b>	<b>125.1</b>		<b>175.6</b>		<b>50.5</b>

\*) Amount calculated to be comparable with losses carried forward. Unused credits deductible from tax total NOK 641 million. (28% of losses carried forward)

\*\*) Difference between this and movement in profit arises from items applied directly to the balance sheet and items which do not give rise to balance sheet entries.

### Note 37: Losses carried forward

NOK million	Amount
Storebrand Livsforsikring AS *)	2,080.9
Storebrand Finans AS	93.9
Storebrand Investment Management AS	1.2
Storebrand Systemutvikling AS	3.6
Storebrand Helseforsikring AS	21.7
Storebrand Felix kurs og konferansesenter AS	1.6
Storebrand Leieforvaltning AS	10.8
Oslo Reinsurance Company (UK)	195.9
<b>Total</b>	<b>2,409.6</b>

\*) In addition the group has unused allowances deductible from tax of NOK 665 million, equivalent to losses carried forward of NOK 2,377 million. Unused allowances deductible from tax are divided as to NOK 243 million for Storebrand ASA, NOK 363 million for Storebrand Livsforsikring AS and NOK 59 million in Storebrand Bank AS.

### Note 38: Change in equity capital

NOK million	2000	1999
Equity capital at 1 January	10,112.5	6,420.7
Profit for the year	705.7	3,500.0
Sale of non-life insurance activities		428.7
Finansbanken's profit 1 January - 31 July 1999		51.4
Goodwill depreciation - Finansbanken		-16.4
Allocated for dividend	-305.3	-277.4
Accumulated result of Fair before consolidation	-77.5	
Share issue (net proceeds)	5.8	14.6
Other capital movements	92.0	-9.1
<b>Equity capital at 31 December</b>	<b>10,533.2</b>	<b>10,112.5</b>

### Note 39: Subordinated loan capital

<i>NOK million</i>	Own company	Amount NOK	Currency	Currency amount	Interest rate in %	Maturity	Currency gain/loss
<b>Lender/date drawn down</b>							
J.P. Morgan (16 bank syndicate, 11.05.1995)**)	SB Life		USD	120	Redeemed	May 2000	131.4
Carl Kierulf, SPN Fonds, Oslo Securities (15.01.1992)	SB Life	81.2	NOK		11.15%	2002	
Chase Manhattan Bank, Oslo (01.12.1997)	SB Life	479.8	NOK		5.89%	2007	
Citibank, London (24.02.98) */**)	SB Life	1,804.1	USD	200	7.05%	Perpetual	176.2
Merill Lynch International**)	SB Life	1,133.1	EUR	135	5.07%	2009	26.4
Convertible subordinated loan**)	Finansbanken	9.3			8.50%	Perpetual	
Subordinated loan, 2000-2005	Finansbanken	88.5			7.96%	2005	
Subordinated loan, 2000-2005	Finansbanken	110.0			8.79%	2005	
Subordinated loan, 1997-2002	Finansbanken	60.0			8.07%	2002	
Subordinated loan, 1997-2002	Finansbanken	40.0			6.30%	2002	
Subordinated loan, 1998-2008	Finansbanken	109.0			6.11%	2008	
Subordinated loan, 1998-2008	Finansbanken	91.0			7.79%	2008	
Subordinated loan, 1999-2009	Finansbanken	35.0			7.80%	2009	
<b>Total</b>		<b>4,041.0</b>					<b>334.0</b>

\*) Option to redeem after 5 years.

\*\*\*) Loans denominated in foreign currencies are hedged against NOK

### Note 40: Off-balance sheet contingent liabilities

<i>NOK million</i>	2000	1999
Loan guarantees	83.4	26.7
Payment guarantees	436.8	491.8
Contract guarantees	229.3	156.9
Other guarantees	56.1	19.9
Book value of assets pledged as security for loans etc.	1,517.3	1,115.3
Residual commitment to subscribe capital to Ltd. Partnerships	1,562.0	
<b>Total contingent liabilities</b>	<b>3,884.9</b>	<b>1,810.6</b>
Forward foreign exchange purchases	2,007.1	2,200.6
<b>Total liabilities</b>	<b>2,007.1</b>	<b>2,200.6</b>

### Note 41: Capital adequacy

<i>NOK million</i>	SB Life	SB Non-life	2000			Group	1999 Group
			SB Bank	Finans- banken	SB ASA		
Risk-weighted calculation base	55,399	6,737	5,371	16,740	8,960	85,992	75,393
Core (Tier 1) capital	3,093	2,168	671	1,086	7,570	7,651	7,639
Tier 2 Capital	2,767			542		3,300	3,118
Deductions	-66				-104	-69	-194
<b>Net primary capital</b>	<b>5,793</b>	<b>2,168</b>	<b>671</b>	<b>1,628</b>	<b>7,466</b>	<b>10,882</b>	<b>10,563</b>
<b>Capital ratio (%)</b>	<b>10.5%</b>	<b>32.2%</b>	<b>12.5%</b>	<b>9.7%</b>	<b>83.3%</b>	<b>12.7%</b>	<b>14.0%</b>

The required minimum capital ratio is 8%.

# N GAAP and US GAAP

## Reconciliation of net income and equity between N GAAP and US GAAP for the group's life insurance activities

The annual accounts have been prepared in accordance with Norwegian generally accepted accounting principles (N GAAP). The following tables provide a reconciliation between net income and shareholders' equity in accordance with N GAAP and the same figures as they would be reported in accordance with United States Generally Accepted Accounting Principles (US GAAP) and show where the differences arise. The figures for 2000 apply only to the group's life insurance activities,

which comprise Storebrand Livsforsikring and Storebrand Fondsforsikring AS.

## Differences between N GAAP and US GAAP

### *Capitalised contract acquisition costs*

Under N GAAP all costs and expenses directly or indirectly incurred in originating new insurance contracts and renewing existing policies are charged to expense as they are incurred, whilst under US GAAP these costs are capitalised and charged to expenses against the future incomes with which they are associated.

### *Real estate*

Under N GAAP real estate is booked at market value with changes in market value recognised in the profit and loss account, and no depreciation is applied. Under US GAAP real estate is carried at historic cost and is depreciated over its expected useful life (subject to a maximum of 50 years). Impairment provisions are evaluated on an individual property basis, but no upward revaluations are permitted.

### *Financial instruments*

Under N GAAP interest bearing securities, shares and financial derivatives are carried at fair value. Unrealised changes in value are transferred to a market value adjustment reserve, but changes in unrealised value arising from the exchange rate at the balance sheet date are recognised to income.

Under US GAAP listed interest bearing securities are carried at market value with any premium or discount being amortised over the remaining maturity. Equities classified as "available for sale" are carried at market value. Differences between market value and the amortised value of interest bearing securities/historic cost of equities are applied directed to equity. Financial derivatives are carried at market value and changes in value are recognised to income. Gains and losses in respect of the foreign exchange element of hedged securities which are defined as "available for sale" are recognised to income in the same period as the hedging contract cf. FAS 133.

In the case of N GAAP bonds already in Storebrand's ownership which are subsequently classified as "hold to maturity" are valued at the lowest of historic cost and market value at the time of the reclassification. Under US GAAP amortisation of any premium or discount would continue after such a reclassification.

### Reconciliation of net income between N GAAP and US GAAP

NOK million	2000	1999	1998
<b>Profit for the year</b>			
- Life insurance- N GAAP	711.0	706.8	457.4
<i>Effect of estimated adjustments for US GAAP:</i>			
Contract acquisition costs	-11.9	79.7	51.9
Real estate	-238.9	-401.8	-119.5
Securities	264.3	-109.9	48.8
Allocation of US GAAP differences to policyholders	-1.7	283.7	-18.6
Tax effect of US GAAP adjustments	-3.3	41.5	10.5
Net income - Life insurance - before the accumulated effect of new accounting principles - US GAAP	719.5	600.0	430.5
Acc. effect of new accounting principles post tax	-	-	77.6
<b>Net income - life insurance - US GAAP</b>	<b>719.5</b>	<b>600.0</b>	<b>508.1</b>

### Reconciliation of shareholders' equity between N GAAP and US GAAP

NOK million	2000	1999
<b>Life insurance activities - shareholders' equity - N GAAP</b>	<b>3,228.4</b>	<b>2,984.0</b>
<i>Effect of estimated adjustments for US GAAP:</i>		
Contract acquisition costs	1,551.8	1,563.7
Real estate	-2,054.0	-1,815.1
Securities	-190.5	-454.8
Allocation of income adjustments to policyholders	454.8	456.5
Market value adjustment for securities	3,334.3	9,261.3
Life insurance policyholders' share of mark to market	-2,500.7	-6,945.9
Tax effect of US GAAP adjustments	595.6	-220.6
Dividends	530.6	642.8
<b>Life insurance activities - shareholders' equity - US GAAP</b>	<b>4,950.4</b>	<b>5,471.8</b>



*Life insurance policyholders' participation in profits and equity movements*

Storebrand Livsforsikring AS allocates pre-tax profit between policyholders and shareholders. Norwegian legislation requires that a minimum of 65% of profit shall be allocated to policyholders, whilst the allocation to owners is limited to a maximum of 35% to cover capital accumulation, dividend payments and tax.

US GAAP would also apply a minimum allocation of 65% to the differences in profit which arise between N GAAP and US GAAP which are of a timing nature and affect measurement of the profit available for distribution between policyholders and owners. In the unit linked activities carried on by Storebrand Fondsforsikring AS these differences are allocated in full to income and equity.

Under US GAAP where “available for sale” investments which are subject to FAS 115 give rise to a

difference between market value and amortised cost in the case of interest bearing securities or between market value and historic cost in the case of equities, these differences are booked directly to equity. Norwegian legislation requires that 75% of any such unrealised gains be allocated to policyholders when policies mature or are transferred. The same percentage is used under US GAAP for allocations to policyholders' funds.

*Deferred tax*

Deferred tax has been calculated at 28% on the difference between N GAAP and US GAAP.

*Dividends*

Under US GAAP a dividend is deducted from equity as soon as its distribution is formally approved.

# Terms and expressions

See also the preceding description of **Accounting Principles**.

## General

### **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.

### **Duration:**

The average remaining term of cash flow on interest bearing financial instruments. Modified duration is calculated on the basis of duration and is an expression of sensitivity to changes in the underlying interest rates.

### **Earnings per ordinary share:**

The calculation of earnings per ordinary share is based on profit for the year adjusted for post-tax changes in statutory security reserves etc. in respect of non-life insurance. These statutory allocations include security, reinsurance and administration reserves, as well as the guarantee reserve. The total number of shares used in the calculation is taken as the average number of ordinary shares in issue over the course of the year. In the event of new issues of shares, the new shares are included from the date of subscription.

### **Equity capital:**

Equity capital consists of share capital subscribed and accrued earnings. Share capital subscribed is recorded as share capital and share premium reserve. Accrued earnings are recorded as a reserve for valuation differences and other equity.

### **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.

### **Subordinated loan capital:**

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

### **Tier 1 capital:**

Tier 1 capital is part of primary capital and consists of equity capital less the revaluation reserve and net prepaid pensions.

### **Tier 2 capital:**

Tier 2 capital is part of the primary capital and consists of the revaluation reserve and subordinated loan capital. In order to be eligible as primary capital, Tier 2 capital cannot exceed Tier 1 capital. Perpetual subordinated loan capital, together with other Tier 2 capital, cannot exceed 100% of Tier 1 capital, whilst subordinated loan capital which is not perpetual cannot exceed 50% of Tier 1 capital. To be fully eligible as primary capital, the remaining term must

be at least 5 years. If the remaining term is less, the eligible portion is reduced by 20% for each year.

## Life insurance

### **Administration result:**

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

### **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.

### **Average yield:**

Average yield is an expression for the average return the company has obtained on policyholders' funds during the course of the year. 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.

### **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 funds.

### **Endowment insurance:**

Individual life insurance where the insured amount is payable 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.

### **Group life insurance:**

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

### **Interest result:**

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

### **Operating profit:**

Operating profit from the year's operations including the share due to insurance customers.

### **Return on capital:**

Return on capital shows net realised income from financial assets and changes in the value of real estate expressed as a percentage of the average of the company's total assets over the year in accordance with rules set by the Banking, Insurance and Securities Commis-

sion. The value-adjusted return on capital shows the total of realised income from financial assets, changes in the value of real estate and the year's change in unrealised gains expressed as a percentage of the average of the company's total assets over the year at market value.

**Risk result:**

The result arising from the incidence of mortality and/or disability during a period deviating from the assumptions used for the premium tariffs.

**Unit Linked:**

Life insurance offering investment choice whereby the customer can influence the level of risk and return associated with the investment element of the product by selecting in which funds assets are to be invested.

## Banking

**Annual percentage rate (APR):**

The true interest rate calculated when all borrowing costs are expressed as an annual payment of interest in arrears. In calculating the APR allowance must be made for whether interest is paid in advance or arrears, the number of interest rests during the year and all fees and commissions.

**Instalment loan:**

An instalment loan is a loan on which the borrower makes regular partial repayments of principal in equal amount throughout the entire repayment period. The borrower accordingly pays the sum of a fixed instalment amount and a reducing interest amount at each instalment date, giving a reduction in payments over the life of the loan assuming a fixed interest rate.

**Level repayment loan:**

A specific form of loan repayment. Periodic payments (representing both capital and interest) on a level repayment loan remain constant throughout the life of the loan.

**Net interest income:**

Total interest income less total interest expense. Often expressed as a percentage of average total assets (net interest margin).

**Real rate of interest:**

The return produced after allowing for actual or expected inflation. Preferably expressed as a nominal rate less the rate of inflation.

## 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 predetermined 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.

**Stock futures (stock index 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.

**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 at the start of the future interest period. FRA contracts are particularly appropriate to the management of short-term interest rate exposure.

**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.

**Interest rate swaps:**

Interest rate swaps are agreements between two parties to exchange interest rate terms for a specified period. This is normally an agreement to exchange floating rate payments for fixed rate payments, and this instrument is used in the management of long term interest rate risk.

**Interest rate option:**

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 predetermined price. Interest rate options can be used as a flexible instrument for the management of both long and short-term interest rate exposure.

**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. Foreign exchange forward contracts are used to hedge the currency exposure arising from currency denominated securities, bank deposits, subordinated loans and insurance reserves.

# Companies in Storebrand

as at 31.12.2000

<i>NOK million</i>	Interest	Currency	Share capital
<b>Storebrand ASA</b>		NOK	1,387.7
<b>Storebrand Livsforsikring AS</b>	100.0%	NOK	1,361.2
Storebrand Eiendom AS	100.0%	NOK	1.0
Storebrand Pensjonstjenester AS	100.0%	NOK	3.7
Aktuar Consult AS	100.0%	NOK	1.0
Aktuar Systemer AS	100.0%	NOK	4.1
Scanvik Corporation	100.0%	USD	8.0
Storebrand Kjøpesenter Holding AS	100.0%	NOK	14.0
Storebrand Nybygg AS	100.0%	NOK	112.0
AS Værdalsbruket *)	74.9%	NOK	4.8
<b>Storebrand Fondsforsikring AS</b>	100.0%	NOK	38.0
Storebrand Bank AS	100.0%	NOK	125.0
Storebrand Finans AS	100.0%	NOK	20.0
Bertil O. Steen Finans AS	50.0%	NOK	5.0
<b>Finansbanken ASA</b>	100.0%	NOK	973.3
Finansbanken Formuesforvaltning ASA	100.0%	NOK	10.0
Finansbanken Index ASA	100.0%	NOK	1.0
Den Københavnske Bank AS	100.0%	DKK	80.0
Industri & Skipsbanken Fonds AS	100.0%	NOK	6.5
Industri & Skipsbanken Insurance AS u.a.	100.0%	NOK	1.0
Industri & Skipsbanken Brokers AS u.a.	100.0%	NOK	2.0
Industri & Skipsbanken Invest I AS	100.0%	NOK	0.1
Skipskredittforeningen AS	100.0%	NOK	0.1
Morningstar Norge AS	49.0%	NOK	0.3
Grefsenkollveien 32 AS	100.0%	NOK	0.1
FB Invest AS	81.0%	NOK	1.0
Delphi Forvaltning AS	100.0%	NOK	0.9
<b>Subsidiaries of the subsidiary company Delphi Forvaltning AS</b>			
Delphi Investor Service ASA	100.0%	NOK	8.0
Delphi Aktiv Forvaltning ASA	100.0%	NOK	5.0
Delphi Fondsforsikring AS	100.0%	NOK	1.6
Delphi Asset Management	50.0%	USD	0.2
E*Trade AS	34.0%	NOK	8.7
<b>Storebrand Fondene AS</b>	100.0%	NOK	1.2
Storebrand Luxembourg S.A.	99.8%	EUR	0.1
<b>Storebrand Kapitalforvaltning ASA</b>	100.0%	NOK	12.0
Storebrand Investment Management AS	100.0%	NOK	15.0
Storebrand Skadeforsikring AS	100.0%	NOK	1,380.6
Oslo Reinsurance Company ASA	100.0%	NOK	132.0
- Oslo Reinsurance Company (UK) Ltd.	100.0%	GPB	26.0
If Skadeförsäkring Holding AB	44.0%	SEK	640.0
Europeiske Reiseforsikring AS	100.0%	NOK	7.9
<b>Storebrand Helseforsikring AS</b>	50.0%	NOK	30.0
Fair Financial Ireland Ltd.	50.0%	DKK	250.0
Euroben Life & Pension Ltd.	50.0%	EUR	1.0
Storebrand Leieforsikring AS	100.0%	NOK	10.0
Felix kurs- og konferansesenter AS	100.0%	NOK	1.0
Norden Bedriftservice AS	50.0%	NOK	15.0
Storebrand Systemutvikling AS	100.0%	NOK	5.0

\*) Storebrand ASA owns 24.9% and Storebrand's total interest is 99.8%.

The list of companies provided above is not exhaustive. Certain smaller companies and companies where Storebrand holds only a minority interest have been excluded.

# Addresses



*Storebrands head office at Filipstad Brygge in Oslo.*

## Head Office:

Filipstad Brygge 1  
P O Box 1380 Vika  
N-0114 Oslo  
Telephone: +47 22 31 50 50

## Banking, savings and mutual funds customer centre:

Telephone: +47 810 00 888

## Life and pensions customer service:

Telephone: +47 810 01 301

## Health insurance customer centre:

Telephone: +47 800 83 313

## Internet address:

<http://www.storebrand.no>

## Group companies:

*Finansbanken ASA*  
Stortingsgt. 8  
P O Box 817 Sentrum  
N-0104 Oslo  
Telephone: +47 22 47 40 00  
Internet: <http://www.finansbanken.no>

*Storebrand Finans AS*  
Munkedamsveien 45-4C  
P O Box 1380 Vika  
N-0114 Oslo  
Telephone: +47 22 31 50 50

*Oslo Reinsurance Company ASA*  
Ruseløkkveien 14  
P O Box 1753 Vika  
N-0122 Oslo  
Telephone: +47 22 31 28 28

*Storebrand Kapitalforvaltning ASA*  
*Swedish Branch Office*  
Engelbrektsplan 2  
P O Box 5541  
S-114 85 Stockholm  
Telephone: +46 8 614 24 00  
Internet: <http://www.storebrand.se>

*Fair Forsikring*  
Fredericiagade 16  
DK-1310 København K  
Telephone: +45 70 10 10 09  
Internet: <http://www.fair.dk>

## Associated companies:

*If Skadeforsikring Norge*  
Filipstad Brygge 1  
P O Box 1374, Vika  
N-0114 Oslo  
**Non-life insurance customer service:** +47 024 00  
Internet: <http://www.if-forsikring.no>

*Europeiske Reieforsikring*  
Haakon VII's gt. 6  
P O Box 1374 Vika  
N-0114 Oslo  
Telephone: +47 815 33 121  
Internet: <http://www.europeiske.no>

*Norden Bedriftservice*  
Filipstad Brygge 1  
P O Box 1375 Vika  
N-0114 Oslo  
Telephone: +47 815 66 111

*Design: Anne Guttormsen  
Photo: ImageBank, Tony Stone and Scanpix  
Prepress: ReclameService as  
Print: Aktietrykkeriet a.s  
Printed on environmental friendly paper*



**Head Office:**

**Filipstad Brygge 1**

**P O Box 1380 Vika**

**N-0114 Oslo**

**Telephone +47 22 31 50 50**

**Internet address:**

**<http://www.storebrand.no>**