Storebrand Bank
Annual Report 2005

storebrand

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KEY FIGURES STOREBRAND BANK GROUP

NOK MILLION	31.12.05		31.12.04	
Profit and Loss account: *(as % of average total assets)*				
Interest income	1 036.4	3.69 %	1 184.2	4.51 %
Interest expenses	-585.8	-2.08 %	-740.4	-2.82 %
Net interest income	**450.6**	**1.60 %**	**443.8**	**1.69 %**
Commission and other income from banking services	43.8	0.16 %	62.2	0.24 %
Commission and other expense for banking services	-15.1	-0.05 %	-20.1	-0.08 %
Net commission and other income from banking services	**28.8**	**0.10 %**	**42.1**	**0.16 %**
Net gains from financial instruments at fair value	29.2	0.10 %	20.3	0.08 %
Net income and gains from associated companies	6.4	0.02 %	5.0	0.02 %
Other non-interest income	37.9	0.14 %	174.9	0.67 %
Write-downs and losses on loans and guarantees	34.4	0.12 %	7.4	0.03 %
Staff expenses and general administration expenses	-167.7	-0.60 %	-401.4	-1.53 %
Other operating costs	-178.5	-0.64 %	-171.5	-0.65 %
Profit before tax	**241.1**	**0.86 %**	**120.7**	**0.46 %**
Tax	-47.0	-0.17 %	-48.7	-0.19 %
Profit for the year	**194.1**	**0.69 %**	**72.0**	**0.27 %**
Main balance sheet items:				
Total assets		29 455.9		27 300.4
Average total assets		28 103.2		26 255.5
Gross lending to customers		26 757.7		26 046.8
Equity		1 712.5		1 981.3
Other key figures:				
Non-interest income as % of total income		18.51 %		35.32 %
Loan losses and write-downs as % of average total lending		-0.13 %		-0.03 %
Costs as % of operating income		62.62 %		83.50 %
Return on equity after tax [1])		10.86 %		3.71 %
Capital adequacy:				
Primary capital		1 958.5		2 369.8
Capital ratio		10.45 %		13.80 %
Core capital ratio		8.15 %		11.59 %

Definitions:

[1]) Annualised profit after tax as % of average equity

REPORT OF THE BOARD OF DIRECTORS FOR 2005

MAIN FEATURES

Storebrand Bank ASA is a wholly owned subsidiary of Storebrand ASA, and is one of the three main business areas of the Storebrand group.

Storebrand Bank ASA is a modern commercial bank for the retail market and for selected segments of the corporate market. The bank aims to be easy to relate to, with competitive products and prices. The bank has total assets of NOK 29.5 billion and 167 employees. The head office is at Filipstad Brygge 1 in Oslo.

The Board paid particular attention over the course of 2005 to promoting the bank's growth objectives, and a number of measures were implemented in this respect. The introduction of free banking for routine banking services, together with significantly more competitive terms and conditions for mortgage lending, played an important role in promoting growth in 2005. The lending portfolio grew from NOK 24.2 billion to NOK 26.8 billion over the course of the year. The number of new accounts opened also showed a very positive trend. The bank opened 11,694 new accounts in 2005 as compared to 6,139 in 2004. As part of its focus on finding attractive new products, in the third quarter of 2005 Storebrand Bank launched a real estate investment fund in collaboration with Union Eiendomskapital AS. The fund carried out two subscription rounds in 2005, both with successful results.

Real estate broking is an important distribution channel for mortgage lending, and in order to gain access to this sales channel Storebrand Bank established Ring Eiendomsmegling in autumn 2004. Ring Eiendomsmegling has established a position as a significant player in this market, and by the first half of 2005 was the eighth largest chain of real estate brokers in Norway. Ring Eiendomsmegling handled the sales of around 3,400 properties in 2005, with 30 franchised real estate offices in operation by the close of the year.

Storebrand Bank continued its work to secure and build-down the loss exposed and non-strategic areas of its lending portfolio throughout 2005. The portfolio of non-strategic lending has now been reduced to such a level that the department handling these loans was closed at the end of the year and its work was transferred to the Corporate Lending department. Both the level of losses incurred and the costs of managing the portfolio were lower than expected in 2005.

The Board and management also continued their work in 2005 on rationalising the bank's operations and reducing its cost base. Major programs were initiated to overhaul the bank's production apparatus to ensure customer-oriented and cost efficient operations with a high degree of scalability. Work on the processes for lending to retail customers is complete, while work is still under way in the sales support and banking services area. In the retail lending area the work produced an efficiency gain of 25% as well as reducing processing times. The bank has converted its entire loan portfolio to a unified IT platform.

By the close of 2005, the quality of the bank's overall loan portfolio was satisfactory, with a lower level of uncertainty than at the close of 2004. The Board will pay particular attention in 2006 to the planned growth in both retail and corporate lending and the impact this has on the bank's earnings, costs and risk exposure in a very competitive market.

Storebrand Bank experienced further weakness in lending margins throughout 2005 due to increased price competition for mortgage lending, the shift of the bank's lending portfolio towards the retail market and the reduced risk exposure in its corporate lending portfolio.

Storebrand Bank improved its financing structure in 2005. The loan to deposit ratio weakened somewhat during the year, but the bank has good access to funding in both the Norwegian market and in international markets. The bank achieved a further reduction in its funding costs in 2005.

SUBSIDIARIES AND RELATIONSHIP WITH THE STOREBRAND GROUP

Storebrand ASA owned all the 64,037,183 shares in Storebrand Bank ASA at 31 December 2005. Further steps were taken in 2005 to simplify the corporate structure of the Storebrand Bank group. The bank's only operational subsidiary is now Ring Eiendomsmegling AS (72.3%). The bank also has a 50% interest in Bertel O. Steen Finans AS, which operates as a credit broker for car loans and leasing. Finansbanken AS, Denmark, was sold in the first quarter of 2005 in order to concentrate on Storebrand Bank's profile as a niche bank in the Norwegian market.

FINANCIAL RESULTS

The consolidated accounts of Storebrand Bank have been prepared in accordance with the EU approved International Financial Reporting Standards (IFRS). However, the unconsolidated company accounts of Storebrand Bank ASA (parent company) have been prepared in accordance with the Norwegian regulations for the annual accounts of banks. IAS (International Accounting Standard) 39 has been applied with effect from 1 January 2005, and is therefore not reflected in the accounting figures for 2004.

The Storebrand Bank group reported a profit before loan losses and write-downs of NOK 206.6 million for 2005, up from NOK 113.2 million in 2004. Losses and write-downs on loans and guarantees represented a net write-back of NOK 34.4 million compared to a net write-back of NOK 7.4 million in 2004. The pre-tax result for 2005 was a profit of NOK 241.1 million, up from NOK 120.7 million in 2004. After tax of NOK 47.0 million, the Storebrand Bank group reported a post-tax profit for the year of NOK 194.1 million as compared to NOK 72.0 million for 2004. Storebrand Bank ASA owned Storebrand's distribution unit for the retail market until the close of the third quarter of 2004. Together with the effect of the new accounting principles, this means that the profit and loss figures for 2005 are not directly comparable with the equivalent figures for 2004.

Net interest income amounted to NOK 450.6 million, equivalent to a net interest margin calculated on average total assets of 1.60%. Net interest income rose in 2005 mainly as a result of increased lending.

Non-interest income totalled NOK 102.4 million. This represents a decline from 2004, principally due to the sale of the Storebrand retail market distribution unit to Storebrand Livsforsikring AS. Non-interest income for 2005 also includes NOK 16.6 million arising from the sale of Finansbanken A/S, Denmark.

Operating expenses totalled NOK 346.2 million, equivalent to 63% of total operating income. This represents a reduction of NOK 226.6 million. The most important factors in this reduction were the sale of the retail market distribution unit and the sale of Finansbanken A/S, Denmark. Nonetheless, the Board is satisfied that the underlying bank activity costs have developed favourably, and this trend is expected to continue.

NON-PERFORMING LOANS, LOAN LOSSES AND ASSETS REPOSSESSED.

The volume of non-performing loans with identified impairment fell in 2005, and totalled NOK 641.1 million at the close of the year. This represents an overall reduction of NOK 301.8 million from the situation at 1 January 2005 (following the introduction of IAS 39). The net value of non-performing and loss-exposed loans with identified impairment after individual loan write-downs amounted to NOK 251.5 million at the close of 2005, equivalent to 1% of net lending. Total non-performing and loss-exposed loans with identified impairment amounted to NOK 853.8 million at 31 December 2004 in accordance with the previous accounting treatment.

Losses and write-downs on loans and guarantees represented a net write-back of NOK 34.4 million in 2005. Write-downs of individual loans in the balance sheet at 31 December 2005 totalled NOK 389.6 million. Storebrand Bank has also made impairment provisions for losses on groups of loans totalling NOK 89.2 million, equivalent to 0.3% of gross lending.

BALANCE SHEET AND CAPITAL ADEQUACY

Storebrand Bank's total assets increased in 2005 in pace with growth in the lending portfolio. The deposit to loan ratio was 42% at the end of 2005. The bank has a balanced financing structure, basing its funding on customer deposits, issuing securities and borrowing in the Norwegian and international markets. At the close of 2005, the bank had available undrawn committed credit facilities totalling NOK 2.4 billion.

The Storebrand Bank group's net primary capital amounted to NOK 1,958.5 million at the close of 2005. This represents a capital ratio of 10.45% and a core capital ratio of 8.15%.

In June 2005, the bank's share capital was reduced by NOK 399 million, with this amount repaid to the sole shareholder Storebrand ASA. The reduction in share capital was made possible by the issue of perpetual subordinated loan capital in 2004, the reduced level of risk in the loan portfolio and the positive contribution to equity from operations. The bank's capital structure is now well matched to the trends expected in lending volumes and risk profile.

Storebrand Bank ASA closed 2005 with sound solidity and liquidity.

RING EIENDOMSMEGLING AS

Ring Eiendomsmegling AS was incorporated on 30 August 2004 with share capital of NOK 10 million subscribed by Storebrand Bank ASA as the sole shareholder. Storebrand Bank's ownership interest reduced to 72.3% over the course of 2005 and the company's share capital increased to NOK 15 million through a new issue of NOK 5 million. Franchisees operating real estate broking offices in the Ring Eiendomsmegling chain have purchased shares to give them a total interest in the company's share capital of 27.7%. Ring Eiendomsmegling AS, which is consolidated in Storebrand Bank's accounts, reported a loss of NOK 1.6 million before tax for 2005. The comparable figure for 2004 was a loss of NOK 2.8 million.

BERTEL O. STEEN FINANS AS

Bertel O. Steen Finans AS was incorporated in 1999 and is owned 50% by Storebrand Bank ASA and 50% by Bertel O. Steen AS. Bertel O. Steen Finans is a supplier of financial products and services. Storebrand Bank ASA's dividend entitlement is 20%.

Bertel O. Steen Finans AS has three employees and reported turnover of NOK 1.4 billion in 2005. The company's portfolio amounted to NOK 2.9 billion at the close of 2005. Profit before tax for 2005 was NOK 32 million as compared to NOK 44.2 million in 2004.

ALLOCATION OF THE RESULT FOR THE YEAR

Storebrand Bank ASA (parent bank) reported an ordinary post-tax profit of NOK 222.4 million for 2005 after loan losses and provisions. The Board proposes to the bank's Board of Representatives and Annual General Meeting that the profit is distributed in full as a dividend.

The annual accounts for the parent company and group have been prepared on the going concern basis. The Board regards the group's capital adequacy and core capital adequacy as satisfactory in relation to the present level of activity and risk exposure. The Board is not aware of any material uncertainty attached to the annual accounts or of any matters that have arisen since the accounts were prepared that have a significant effect on the 2005 accounting year.

DISPUTES

The Storebrand Bank group is involved in a number of disputes as a result of its normal business activities.

The Board does not believe that these disputes, either individually or in total, are of material significance either commercially or operationally.

GUARANTEES AND COLLATERAL PLEDGED

At the end of 2005, the Storebrand Bank group's guarantee portfolio amounted to NOK 237.1 million, of which payment guarantees amounted to NOK 115.8 million. Most of the guarantees have been issued on behalf of customers in respect of real estate operations and property development in the Oslo and Akershus region.
At year-end, the bank had deposited securities totalling NOK 1,703.1 million as collateral for access to Norges Bank's overnight loan facility.

Storebrand Bank had not pledged any other material collateral at 31 December 2005.

FINANCIAL RISK

The group's financial risk consists mainly of exposure to credit risk, liquidity risk, interest rate risk and foreign exchange risk. Credit risk is considered to be the most significant of these. The Board places great importance on the group maintaining low financial risk.

In order to manage credit risk in its lending, the bank has over a number of years developed a system of delegated authority for credit approval, as well as a comprehensive system for monitoring and classifying credit risks in the loan portfolio. Lending is well diversified in terms of both customers and sectors.

The bank's exposure to credit risk improved over the course of 2005. The proportion of exposures in default or classified as high risk was reduced over the course of the year.

Where the bank lends in foreign currency, the loan principal is hedged by corresponding foreign currency funding and/or through NOK funding swapped into foreign currency. Related future interest income and expenses are hedged through forward foreign exchange contracts.

The Board annually reviews a status report detailing the bank's total risk exposure. The report is prepared in accordance with Norwegian regulatory requirements, as set out in the internal control regulations.

ENVIRONMENT

The Board is not aware of any aspect of the bank's activities that significantly pollutes the external environment, or which might cause pollution.

THE GROUP'S ORGANISATION

Storebrand Bank again made a number of minor organisational changes in 2005 as a result of essential reorganisation and re-scaling of its business activities. These changes, combined with high business volumes, have put considerable pressure on the group's employees and their willingness to adapt to change.

In the Board's view the organisation has responded to these challenges very well, and has succeeded in maintaining a good working environment. With effect from 2005, the bank has participated in the annual employee satisfaction survey carried out by the Storebrand group. The results to date to show that the bank's employees are satisfied with their work situation.

Storebrand Bank ASA also participates in the Storebrand group's agreement with the Norwegian National Insurance authorities for the "Inclusive Workplace" project. Absence due to illness at Storebrand Bank was 4.1% in 2005. This represents a reduction from 4.9% in 2004.

Storebrand Bank (the parent bank) had 167 employees at 31 December 2005, of which 67 are men and 100 are women. Women account for 33% of the bank's executive management team, and for 13% of other management appointments. The bank is committed to improving gender equality over time.

The Board and management work actively to promote employment equality in the Storebrand Bank group. The statistics provided above demonstrate the progress made in this respect, but the Board recognises that the company still faces challenges in promoting equality. Measures have been implemented to improve the group's approach to equal opportunities for both external recruitment and internal promotions.

STRATEGY AND PROSPECTS FOR 2006

Storebrand Bank ASA intends to continue and develop further its objective to be a modern and reliable bank for the retail market and for selected segments of the corporate market. In order to maintain its competitiveness in a challenging market, the bank will pay particular attention to adapting to the new capital adequacy (Basle II) and to improving the efficiency of its internal processes.

The main challenge for the bank in 2006 is to further strengthen its position in the retail market while ensuring moderate growth in business volumes in the corporate banking market. The bank intends to meet its ambitious targets for growth without any material increase in costs. At the same time, Storebrand Bank is prepared for continuing or even greater pressure on margins in its lending portfolio as a result of ever-increasing competition.

The Board would like to thank the group's customers, business partners and all its employees for their support and assistance in 2005

Oslo, 14 February 2006

Translation – not to be signed

The Board of Directors of Storebrand Bank ASA

Idar Kreutzer
Chairman

Stein Wessel-Aas
Deputy Chairman

Ola Mørkved Rinnan
Board Member

Kristine Schei
Board Member

Per Kumle
Board Member/Managing Director

Roar Thoresen
Board Member

Tone Reierselmoen
Board Member

Heidi Storruste
Board Member

PROFIT AND LOSS ACCOUNT STOREBRAND BANK GROUP

		GROUP	
NOK MILLION	NOTE	31.12.05	31.12.04
Total interest income		1 036.4	1 184.2
Total interest expense		-585.8	-740.4
Net interest income	5	**450.6**	**443.8**
Fee and commission income from banking services		43.8	62.2
Fee and commission expenses for banking services		-15.1	-20.1
Net fee and commission income from banking services	6	**28.8**	**42.1**
Net gains on financial instruments at fair value	5	29.2	20.3
Net income and gains from associated companies	21	6.4	5.0
Other income	8	37.9	174.9
Losses and write-downs on loans and guarantees	7	34.4	7.4
Staff expenses and general administration expenses	9, 10	-164.8	-401.4
Other operating costs	10	-181.5	-171.5
Profit before tax		**241.1**	**120.7**
Tax	11	-47.0	-48.7
Profit for the year		**194.1**	**72.0**

BALANCE SHEET STOREBRAND BANK GROUP

ASSETS

NOK MILLION	NOTE	GROUP 31.12.05	GROUP 31.12.04
Cash and deposits with central banks	14	423.9	531.3
Loans to and deposits with credit institutions	15	41.7	179.2
Financial assets designated at fair value through profit or loss:			
Equity instruments		8.8	52.5
Bonds and other fixed-income securities	16	1 703.1	2 032.6
Derivatives	17	515.0	488.4
Other current assets	23	185.4	186.7
Gross lending	18	26 757.7	24 046.8
Lending write-downs	19	-478.9	-573.3
Net lending to customers		**26 278.8**	**23 473.5**
Investments in associated companies	21	38.3	37.9
Tangible assets	22	10.1	15.7
Intangible assets	22	26.0	17.1
Deferred tax assets	11	224.8	285.5
TOTAL ASSETS		**29 455.9**	**27 300.4**

LIABILITIES AND EQUITY

NOK MILLION	NOTE	GROUP 31.12.05	GROUP 31.12.04
Liabilities to credit institutions	25	1 464.6	2 151.8
Deposits from and due to customers	26	11 187.0	11 463.0
Other financial liabilities:			
derivatives	17	452.3	450.2
commercial paper and bonds issued	27	13 657.2	10 233.6
other liabilities	28	217.3	267.1
Provision for accrued expenses and liabilities		4.9	2.2
Pension liabilities	9	101.3	98.6
Subordinated loan capital	27	658.9	652.7
TOTAL LIABILITIES		**27 743.4**	**25 319.1**
Share capital		916.6	1 315.9
Other equity		795.9	665.4
TOTAL EQUITY		**1 712.5**	**1 981.3**
TOTAL LIABILITIES AND EQUITY		**29 455.9**	**27 300.4**

Oslo, 14 February 2006

Translation – not to be signed

The Board of Directors of Storebrand Bank ASA

Idar Kreutzer Chairman	Stein Wessel-Aas Deputy Chairman	Ola Mørkved Rinnan Board Member	Tone Reierselmoen Board Member
Kristine Schei Board Member	Per Kumle Board Member/Managing Director	Roar Thoresen Board Member	Heidi Storruste Board Member

CASH FLOW STATEMENT STOREBRAND BANK GROUP

NOK MILLION	GROUP 31.12.05	31.12.04
Cash flow from operational activities		
Interest, commissions and fees received from customers	1 112.7	1 586.6
Interest, commissions and fees paid to customers	-578.6	-744.7
Net receipts/payments - lending to customers	-2 724.4	-1 613.6
Net receipts/payments - loans to and claims on other financial institutions	123.8	105.2
Net receipts/payments - deposits from banking customers	-276.0	-897.9
Net receipts/payments - deposits from Norges Bank and other financial institutions	-687.2	-1 059.5
Net receipts/payments - securities in the trading portfolio:		
Shares and other equity investments	54.8	53.1
Bonds and other fixed-income securities	332.3	49.9
Financial derivatives and other financial instruments	11.9	3.5
Payments to third parties for goods and services	-175.6	-374.7
Payments to employees, pensioners, employment taxes etc.	-145.1	-311.0
Receipts of dividend from associated companies	6.0	3.0
Net cash flow from operational activities	**-2 945.4**	**-3 200.1**
Cash flow from investment activities		
Net receipts from sales of subsidiaries	250.1	0.0
Net receipts/payments on sales/purchases of fixed assets etc.	12.6	64.4
Net cash flow from investment activities	**262.7**	**64.4**
Cash flow from financing activities		
Net receipts from issue of commercial paper/short-term loans	182.2	2 913.9
Net receipts from subordinated loan capital	4.1	0.0
Interest payments on subordinated loans	-22.3	231.7
Net receipts from issue of bond loans and other long term funding	2 872.2	466.4
Payments on redemption of share capital	-399.3	0.0
Dividend/group contribution payments	-61.7	0.0
Net cash flow from financing activities	**2 575.3**	**3 612.0**
Net cash flow for the period	**-107.4**	**476.3**
Net movement in cash and cash equivalent assets	-107.4	476.3
Cash and cash equivalent assets at the start of the period	531.3	55.0
Cash and cash equivalent assets at the end of the period	**423.9**	**531.3**

The transition from NGAAP to IFRS has not caused any material changes to the cash flow statement.

CHANGES IN EQUITY STOREBRAND BANK GROUP

	SHARE OF EQUITY ATTRIBUTABLE TO THE MAJORITY INTEREST			
NOK MILLION	PAID IN EQUITY	OTHER EQUITY	MINORITY INTEREST*)	TOTAL EQUITY
Equity 01.01.04	**2 030.4**	**-122.5**	**0.0**	**1 907.9**
Transfer of share premium reserve to other equity	-714.5	714.5		0.0
Profit for the year		72.0		72.0
Other changes / changes in minority interests		0.7	0.8	1.4
Equity 31.12.04	**1 315.9**	**664.7**	**0.8**	**1 981.3**
Effects of IAS 39 **)				
Shares		17.5		17.5
Bonds and commercial paper		7.5		7.5
Loan loss provisions		37.2		37.2
Hedging		11.7		11.7
Derivatives		4.5		4.5
Bond loans		-3.9		-3.9
Structured products		-88.7		-88.7
Deferred tax		8.9		8.9
Equity 01.01.05	**1 315.9**	**659.4**	**0.8**	**1 976.0**
Profit for the year		194.1		194.1
Dividend paid		-61.7		-61.7
Reduction in equity	-399.3			-399.3
Other changes / changes in minority interests		1.2	2.2	3.4
Equity 31.12.05	**916.6**	**793.0**	**3.0**	**1 712.5**

*) See note 12 - Minority interests

**) See note 1 - Transition to IFRS

ACCOUNTING PRINCIPLES 2005 FOR STOREBRAND BANK GROUP

The accounting principles used for the preparation of the consolidated accounts are described below. The principles are applied consistently to similar transactions and to other events under similar circumstances.

The consolidated accounts of Storebrand Bank ASA are prepared in accordance with the EU approved International Financial Reporting Standards (IFRS). The accounts are prepared in accordance with the historic cost principle, with the exception of:

- Financial instruments valued at fair value

Certain profit and loss items for 2004 have been reclassified in accordance with the changes made in 2005. This applies to loan arrangement fees, sales costs and commission income on equity index linked bonds and the net recognition of interest rate swaps.

USE OF ESTIMATES IN PREPARING THE ANNUAL ACCOUNTS

The preparation of the accounts has involved the use of estimates and assumptions that have an effect on assets, liabilities, revenue, costs, the notes to the accounts and information on potential liabilities. The final values realised may differ from these estimates.

CONSOLIDATION

The consolidated financial statements combine Storebrand Bank ASA and companies where Storebrand Bank ASA has the power to exercise a controlling influence. A controlling influence is normally achieved where the group owns, directly or indirectly, more than 50% of the shares in a company and the group has the power to exercise control over the company. Minority interests are included in the group's equity capital.

The acquisition method of accounting is used to account for the purchase of subsidiaries. No acquisitions were made in the period. Investments in associated companies (normally investments of between 20% and 50% of the associated company's equity capital) where the company exercises significant influence are consolidated in accordance with the equity method. The value of investments in associated companies is reviewed if there are signs of a need to write down the value or if the reason for earlier write-downs ceases to apply.

The group's presentation currency and functional currency is the Norwegian krone (NOK). Foreign companies included in the group that use a different functional currency are translated to NOK by translating the profit and loss account at the average exchange rate for the accounting year and translating the balance sheet at the exchange rate at close of the accounting year. Any translation differences are booked directly to equity.

All receivables and liabilities denominated in foreign currency are translated to NOK at the mid-market exchange rate on the balance sheet date. Income and costs denominated in foreign currency are translated to NOK using the exchange rate at the time of the transaction.

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.

SEGMENT REPORTING

The group is organised into two business areas, corporate banking and retail banking. Business areas are the group's primary reporting segments. Financial information in respect of these segments is presented in note 35.

TANGIBLE FIXED ASSETS

The group's tangible fixed assets comprise equipment, fixtures and fittings, vehicles, IT systems and properties used by the group for its own activities.

Equipment, fixtures and fittings, vehicles and IT systems are valued at acquisition cost reduced by accumulated depreciation and any write-downs.

Straight-line depreciation is applied over the following periods:

Equipment, fixtures and fittings	4 years
Vehicles	5 years
IT systems	3-6 years

The depreciation period and the method of depreciation are reviewed annually to ensure that the method and period used correspond with the commercial reality for the asset in question. This also applies to the disposal value.

Consideration is given to writing down the value of an asset if there are indications of a fall in its value.

INTANGIBLE ASSETS

The group's intangible assets largely relate to customised software developed in-house and software purchased. Such intangible assets are valued at acquisition cost reduced by accumulated depreciation and any write-downs. The depreciation period and the method of depreciation are reviewed annually. New intangible assets are only capitalised if it can be demonstrated that it is likely that the group will gain future commercial benefit that is directly applicable to the asset in question. In addition, it must be possible to estimate the cost price of the asset reliably. The value of an intangible asset is tested for impairment if there are indications of a fall in its value, otherwise intangible assets are subject to write-downs and reversals of write-downs in the manner described for tangible fixed assets.

PENSION LIABILITIES FOR OWN EMPLOYEES

The group's pension scheme for its own employees is a defined benefit pension scheme. Pension costs and pension liabilities for defined benefit pension schemes are calculated using a linear accrual of entitlement to pension and expected final salary, based on assumptions for discount rate, future salary increases, pensions and benefits from the national insurance fund, the future return on pension assets and actuarial assumptions on mortality, early leavers etc. The discount rate is equivalent to the risk-free interest rate taking into account the average remaining period for accrual of pension entitlement. The net pension cost for the period is made up of the sum of pension entitlement accrued in the period, interest cost on the calculated pension liability and the expected return on pension assets.

The effect of differences between assumptions and actual experience (experience adjustments) and changes in assumptions is amortised over the remaining period for accrual of pensions entitlement to the extent that it exceeds 10% of the higher of either the pension liability or pension assets (corridor approach).

The group has both insured and uninsured pension arrangements. The insured scheme is insured with Storebrand Livsforsikring AS (Storebrand Life Insurance), a company in the Storebrand group.

TAX

The tax charge in the profit and loss account consists of tax payable for the accounting year and changes in deferred tax. Deferred tax and deferred tax assets are calculated on the basis of timing differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded in the balance sheet to the extent it is considered likely that the group will have sufficient taxable profit in the future to make use of the tax asset.

PROVISION FOR DIVIDEND

In accordance with IAS 10 that addresses events after the balance sheet date, proposed dividend is classified as equity until such time as the general meeting approves the dividend payment.

Financial instruments

GENERAL PRINCIPLES AND DEFINITIONS

Recognition and derecognition

Financial assets and liabilities are included in the balance sheet from such time as Storebrand Bank becomes party to the instrument's contractual terms and conditions. Normal purchases and sales of financial instruments are booked on the transaction date. When a financial asset or a financial liability is first recognised in the accounts, it is valued at fair value plus, in the case of a financial asset or a financial liability that is not a financial asset or a financial liability at fair value through profit and loss, transaction costs directly related to the acquisition or issue of the financial asset or the financial liability.

Financial assets are derecognised when the contractual right to the cash flow from the financial asset expires, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, the risk and reward associated with ownership of the asset is transferred.

Definition of amortised cost

Subsequent to inception, loans and receivables as well as financial liabilities not at fair value through profit and loss, are valued at amortised cost using the effective interest method. The calculation of the effective interest rate involves estimating all cash flows and all contractual terms of the financial instruments (for example early repayment, call options and equivalent options). The calculation includes all fees and margins paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

Definition of fair value
"Fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For financial assets that are listed on a stock exchange or another regulated market place, fair value is determined as the bid price on the last trading day up to and including the balance sheet date, and in the case of an asset that is to be acquired or a liability that is held, the offer price.

If a market for a financial instrument is not active, fair value is determined by using valuation techniques. Such valuation techniques make use of recent arm's length market transactions between knowledgeable and willing parties where available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and options pricing models. If a valuation technique is in common use by participants in the market and this technique has proved to provide reliable estimates of prices actually achieved in market transactions, this technique is used.

The fair value of loans recognised at amortised cost is estimated on the basis of the current market rate of interest on similar lending. Write-downs of loans are taken into account both in the amortised cost and when estimating fair value. When estimating the fair value of a loan, consideration is also given to the development of the associated credit risk in general.

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

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

Storebrand Bank makes use of both individual loan write-downs and write-downs of groups of loans.

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

An impaired lending commitment is recognised as a realised loss in the case of bankruptcy, a legally binding composition with creditors, failure to receive a court order for attachment of property, a legally binding judgement, or if the bank has terminated legal collection procedures or has otherwise renounced the commitment or its share of the commitment. Realised losses are deducted from gross lending in the balance sheet.

The bank judges a lending commitment to be in default if a contractual payment is not received and 90 days have elapsed from the due date, or where an account is overdrawn without authorisation and the situation is not rectified within 90 days. Commitments where bankruptcy/-insolvency or debt settlement proceedings have started are also considered to be in default.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Financial assets are classified into one of the following categories:
- available for sale,
- at fair value through profit or loss in accordance with the fair value option (FVO),
- loans and receivables.

Available for sale
A financial asset is classified as available for sale if it is:
- *acquired or incurred principally for the purpose of selling or repurchasing it in the near term, is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking,*

or
- is a derivative (except for a derivative that is designated as an effective hedging instrument).

With the exception of derivatives, only a limited proportion of the group's financial assets fall into this category.

Available for sale financial assets are measured at fair value at the balance sheet date. Changes in fair value are recognised to profit and loss.

At fair value through profit and loss in accordance with the fair value option

At the time of implementing IFRS and upon subsequent inception, any financial asset or liability can be classified at fair value through profit and loss if it is the case that:

- such a classification reduces a mismatch that would otherwise have occurred in measurement or recognition as a result of different rules for measurement of assets and liabilities
- the financial assets form part of a portfolio that is managed and evaluated on a fair value basis.

The group's holdings of bonds and shares, as well as a minor portfolio of fixed-rate loans, are classified in this group.

The accounting treatment is equivalent to that for available for sale instruments.

Loans and receivables
"Loans and receivables" are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of such assets that the company intends to sell immediately or in the short term that are classified as available for sale and such assets that the company designates at inception as assets at fair value through profit and loss.

Loans and receivables are valued at amortised cost using the effective interest method. Assets in this group relate principally to loans to customers.

Loans and receivables that are designated as hedged items are subject to measurement in accordance with the requirements of hedge accounting.

Derivatives
Derivatives are defined as follows:
A "derivative" is a financial instrument or other contract within the scope of IAS 39 with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (sometimes called the 'underlying'),
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors
- it is settled at a future date.

Accounting treatment of derivatives that are not hedging
Derivatives that do not meet the criteria for hedge accounting are treated as available for sale financial instruments. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit and loss.

Accounting treatment of derivatives for hedging
The group uses only fair value hedging, where the items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives that fall within this category are recognised at fair value through profit and loss, while changes in the value of the hedged item that relate to the risk hedged are applied to the book value of the item and are recognised through profit and loss. The value of hedging instruments is classified in the balance sheet together with the item hedged.

Hedge accounting is principally relevant to the interest rate hedging of fixed rate funding and lending. The majority of the bank's interest rate derivatives fall into this category.

Financial liabilities
Subsequent to inception, all financial liabilities are measured at amortised cost using the effective interest method. Liabilities in this category include deposits from customers and subordinated loans as well as liabilities created by the issue of commercial paper and bonds.

Structured products
Storebrand Bank has issued equity index linked bonds. These products principally comprise the issue of a bond and the sale of an equity index option. At the time of issue, the equity index option is measured at fair value since the option is a derivative that is not closely related to the bond issued. The bonds issued are simultaneously measured at amortised cost. No gain is recognised in respect of structured gains at the time of issue ("day 1 gains").

Financial liabilities that are classified as hedged items are measured in accordance with hedge accounting.

NOTES TO THE ACCOUNTS FOR STOREBRAND BANK GROUP

Note 1: Transition to IFRS

Reconciliation of equity between NGAAP and IFRS

NOK MILLION	2004	2003
Equity 31.12. (NGAAP)	1 984.3	1 969.3
Pensions	-90.1	-84.7
Bonus scheme for senior management	0.0	-0.7
Deferred tax/tax asset	25.2	23.9
Reversal of provision for dividend	61.7	0.0
Reversal of group contribution	0.2	0.0
Equity 01.01. / 31.12 (IFRS)	**1 981.3**	**1 907.9**

IAS 39 effects	
Shares	17.5
Bonds and commercial paper	7.5
Loan loss provisions	37.2
Hedging	11.7
Derivatives	4.5
Bond loan issued	-3.9
Structured products	-88.7
Deferred tax	8.9
Equity 01.01.05 (IFRS)	**1 976.0**

Reconciliation of profit and loss between NGAAP and IFRS

NOK MILLIONN	31.12.04
Profit 31.12.04 (NGAAP)	75.3
Pensions	-5.3
Bonus scheme for senior management	0.5
Tax	1.5
Profit 31.12.04 (IFRS)	**72.0**

Note 2: Storebrand Bank consolidated profit and loss account for 2004 and 2003 in accordance with NGAAP

NOK MILLION	2004	2003
Interest and other income on loans to and deposits with credit institutions	24.6	56.7
Interest and other income on loans to and due from customers	931.3	1 575.9
Interest on commercial paper, bonds and other interest-bearing securities	108.4	158.7
Other interest income and related income	107.6	12.6
Total interest income and related income	**1 171.8**	**1 803.9**
Interest and other expenses on debt to credit institutions	-82.0	-159.9
Interest and other expenses on deposits from and due to customers	-221.6	-686.8
Interest and other expenses on securities issued	-344.4	-411.5
Interest and other expenses on subordinated loan capital	-18.4	-30.0
Other interest and related expenses	-78.2	-23.0
Total interest expenses and related expenses	**-744.7**	**-1 311.2**
NET INTEREST AND CREDIT COMMISSION INCOME	**427.1**	**492.7**
Income from shares and other securities with a variable return	2.5	0.6
Income from shareholding in associated companies	5.0	1.7
Income from shareholdings in subsidiaries	0.2	0.0
Total dividends and other income from securities with a variable return	**7.7**	**2.3**
Guarantee commissions receivable	6.8	7.9
Other fees and commissions receivable	84.7	81.2
Total commissions receivable and income from banking services	**91.5**	**89.1**
Guarantee commissions payable	-0.3	-0.2
Other fees and commissions payable	-19.8	-19.0
Total commissions payable and expenses from banking services	**-20.1**	**-19.1**
Net gain/loss on commercial paper. bonds and other interest-earning securities	3.9	7.0
Net gain/loss on shares and other securities with a variable return	1.6	2.2
Net gain/loss on foreign exchange and financial derivatives	15.1	23.1
Total net gain/loss on foreign exchange and securities held as current assets	**20.6**	**32.4**
Other operating income	174.6	214.5
Total other operating income	**174.6**	**214.5**
Salaries	-240.3	-267.9
Pensions	-17.9	-22.3
Social security expenses	-48.1	-62.3
Total staff expenses	-306.3	-352.5
Administration expenses	-97.2	-128.9
Total staff costs and general administration expenses	**-403.5**	**-481.4**
Ordinary depreciation	-16.7	-28.2
Write-downs	-0.1	-9.0
Total depreciation and write-downs of fixed and intangible assets	**-16.8**	**-37.2**
Real estate operating expenses	-0.3	-0.4
Other operating expenses	-160.3	-189.8
Total other operating expenses	**-160.5**	**-190.2**
Losses and provisions on loans	5.5	-170.2
Write-back of losses realised in previous years	0.0	0.2
Losses and provisions on guarantees	1.9	-0.3
Credit losses on commercial paper. bonds and other interest-bearing securities	0.0	-3.5
Total losses and provisions on loans and guarantees etc.	**7.4**	**-173.8**
Write-downs/reversals of write-downs	-4.2	-38.1
Gains/losses	1.5	-0.2
Total write-downs and gain/losses on securities held as fixed assets	**-2.7**	**-38.3**
PRE-TAX OPERATING PROFIT	**125.3**	**-109.0**
Tax on ordinary profit	-50.0	63.1
ORDINARY PROFIT AFTER TAX	**75.3**	**-45.9**

Information on the accounting principles used in 2004 can be found in the 2004 annual report.

Note 3: Remuneration of the Managing Director, senior executives and non-executive officers

	NO. OF SHARES OWNED *)	LOAN NOK 1,000 **)	INTEREST RATE AT 31.12.05	REPAYMT. BASIS ***)
Senior executives				
Per Kumle	628	5 400	2.85 %	SE 2017/2027
Per Kjetil Lilleskare		1 295	2.75 - 3.20%	AN 2010/2033
Anne Grete T. Wardeberg		0		
Tore Hopen	403	4 155	2.75 - 3.20%	SE 2029 / AN 2020
Nina Juel Arstal	200	1 159	2.75 %	AN 2028
Trygve Dahl	982	1 200	2.75 %	SE 2030
Board of directors				
Idar Kreutzer	28 878	6 054	2.75 - 3.20%	AN 2021/2031
Roar Thoresen	628	1 039	2.75 %	AN 2022
Heidi Storruste	278	927	2.75 %	AN 2029
Steinar Wessel-Aas	0	1 400	3.40 %	SE 2019
Ola Mørkved Rinnan	0	0		
Kristine Schei	0	0		
Tone M. Reierselmoen	938	150	2.75 %	AN 2008
Control Committee	0	1 959	3.10 %	AN 2017/2025

*) The summary shows the number of shares owned in Storebrand ASA by the individual, as well as his or her close family and companies where the individual exercises significant influence (cf. Accounting Act 7-26).

**) Loans to senior employees and members of the Board of Directors are granted in part on the normal terms and conditions for loans to employees, i.e. loan to an individual of up to NOK 1.2 million at 80% of normal market interest rate. Loans in excess of NOK 1.2 million are granted on normal commercial terms and conditions.

***) AN = Level payment loan, SE - Instalment loan. Date shown is date of final repayment.

Remuneration:

NOK 000	2005
Managing Director: *)	
Lønn	2 475
Salary	2 475
Bonus (performance-based) **)	3 159
Total remuneration	**5 634**
Other taxable benefits	192
Pension cost ***)	972
Senior executives ****)	6 525
Control Committee	380
Chairman of the Board	0
Members of the Board including the Chairman	563

*) The terms of employment for Per Kumle, Managing Director of Storebrand Bank ASA, provide a guarantee of 24 month's salary following the expiry of the normal notice period. All forms of work-related income from other sources will be deducted from such payments after 18 months. Per Kumle has given notice to resign from employment with Storebrand Bank ASA and upon departure in 2006 will receive payment in accordance with this agreement of NOK 3.7 million.

**) Per Kumle is entitled to a performance-related bonus based on the group's ordinary bonus scheme. Payments under the ordinary bonus scheme are payable in three instalments. The group's value creation finances the overall amount of the bonus, but individual performance determines allocation. Kumle's individual bonus entitlement is credited to a bonus account, and 1/3 of the balance on the bonus account is paid each year. Upon departure, Per Kumle will receive NOK 2.5 million under this arrangement.

***) Pension cost relates to pension benefit accrued over the course of the year. The Managing Director is a member of the Storebrand pension scheme on normal terms. It should be noted that he is in addition entitled to pension rights for salary above 12 G, entitling Kumle also to a paid-up policy for salary above 12 G if employment is terminated before retirement. The discounted present value of his pension entitlements amounts to NOK 2.8 million, made up of NOK 0.4 million in the insured scheme and NOK 2.4 million in the uninsured scheme. These amounts represent the liability of the insured and uninsured scheme calculated on a linear basis using the financial assumption specified in the accounts (cf. Note 9).

****) Relates to salary and bonus paid in 2005. Senior executives are entitled to a performance-related bonus based on Storebrand's ordinary bonus scheme, payable in three instalments. The group's value creation finances the overall amount of the bonus, but individual performance determines allocation. Bonus entitlements are credited to bonus accounts, and 1/3 of the balance on an individual's bonus account is paid each year. The balance outstanding on bonus accounts for all senior executives at 1 January 2005 totalled NOK 0.5 million.

Headcount and personnel information:

	2005	2004
Average number of employees	192	342
Number of employees at 31 December	173	211
Number of employees expressed as full-time equivalent positions	170	207

Note 4: Close associates

Transactions were carried out with Storebrand Livsforsikring AS in 2005 in respect of the distribution of the bank's products. The agreement in this respect is on normal commercial terms. The cost to the bank in 2005 was NOK 24.9 million.

Remuneration paid to the auditor (excluding value added tax):

NOK 000	2005	2004
Statutory audit	1 044	1 161
Other reporting services	61	0
Other non-audit services	28	390

Storebrand Bank ASA changed its auditor in 2004 to Deloitte Statssautoriserte Revisorer AS. Remuneration paid to Deloitte Statsautoriserte Revisorer AS and its collaborating companies for audit and audit related services in 2004 amounted to NOK 408 thousand.

Loans to employees:

NOK MILLION	2005	2004
Loans to employees of Storebrand Bank ASA	162.4	170.8
Loans to employees of the Storebrand group	1 327.2	1 277.0

Note 5: Net income from financial instruments

NOK MILLION	NOTE	2005	2004
Net interest income			
Interest and other income on loans to and deposits with credit institutions		12.0	24.6
Interest and other income on loans to and due from customers		941.3	943.6
Interest on commercial paper, bonds and other interest-bearing securities		68.3	108.4
Other interest income and related income		14.7	47.3
Total interest income and related income		**1 036.4**	**1 123.9**
Interest and other expenses on debt to credit institutions		-41.6	-82.0
Interest and other expenses on deposits from and due to customers		-203.6	-221.6
Interest and other expenses on securities issued		-309.1	-340.1
Interest and other expenses on subordinated loan capital		-31.6	-18.4
Other interest and related expenses		0.0	-17.9
Total interest expenses and related expenses		**-585.8**	**-680.1**
Total net interest income		**450.6**	**443.8**

Net income and gains from financial assets at fair value:	NOTE	2005	2004
Equity investments			
Dividends received from equity investments		0.0	2.5
Net gains/losses on realisation of equity investments		0.0	-1.1
Net change in fair value of equity investments		0.0	0.0
Total equity investments		**0.0**	**1.3**
Bonds, commercial paper and other interest-bearing securities			
Commercial paper and bonds issued by the public sector		0.5	1.2
Total securities issued by the public sector		**0.5**	**1.2**
Commercial paper and bonds issued by others		2.1	2.8
Total securities issued by others		2.1	2.8
Total bonds, commercial paper and other interest-bearing securities		**2.6**	**3.9**
Financial derivatives			
Financial derivatives, trading		26.6	15.1
Total financial derivatives		**26.6**	**15.1**
Net income and gains from financial assets at fair value:		**29.2**	**20.3**

Losses and write-downs on loans and guarantees	NOTE	2005	2004
Losses and write-downs on loans and guarantees	7	34.4	7.4

Figures for 2004 have been restated in accordance with IFRS with the exception of financial instruments (cf. IAS 39).

Note 6: Commissions and fees on banking services

NOK MILLION	2005	2004
Money transfer fees	14.0	19.5
Service charges on deposit accounts	15.2	13.0
Guarantee commissions receivable	3.6	6.8
Fees from securities trading and management	0.0	11.4
Other commission income	11.1	11.5
Total fees and commissions receivable	**43.8**	**62.2**
Money transfer fees	-13.6	-13.6
Fee on securities to Norwegian Registry of Securities	-1.3	-1.1
Other commission expenses	-0.1	-5.4
Total fees and commission payable	**-15.1**	**-20.1**

Note 7: Losses on loans and guarantees

NOK MILLION	2005
Write-downs of loans and guarantees for the period	
Change in specific write-downs for the period [1])	-107.5
Change in the group write-downs for the period	-26.5
Other corrections to write-downs [3])	19.3
Realised losses in period on commitments specifically provided for previously	81.9
Realised losses on commitments not specifically provided for previously	0.9
Recoveries on previously realised losses	-2.5
Write-downs of loans and guarantees for the period	**-34.4**
Analysis of net write-downs by sector:	
International shipping and pipelines	15.6
Services and real estate operations	-3.7
Retail customers	-18.5
Foreign/others [2])	-4.4
Write-downs of groups of loans	-23.5
Total write-downs of lending	**-34.4**

[1]) Of which write-downs of guarantees amounted to NOK 3.9 million in 2005.
[2]) Other' includes changes in respect of applying amortised cost and the effective interest rate method.
[3]) Other corrections to write-downs:

Income recognised to profit in accordance with the effective interest rate method	23.5
Correction to volume and write-down of debt recovery portfolio	-22.7
Sale of Finansbanken AS (Denmark)	12.5
Other changes	6.0
Total other changes	**19.3**

Changes in write-downs of individual loans and groups of loans shown above are based on book amounts as at 1 January 2005 following the change in accounting principles caused by the implementation of IAS 39 as of 1 January 2005.

Note 8: Other non-interest income

NOK MILLION	2005	2004
Income from distribution and management of loan portfolios	0.7	7.7
Income from distribution of mutual fund products	0.0	13.6
Income from distribution of life insurance products	0.0	115.0
Income from distribution of health insurance products	0.0	3.8
Income from distribution of mutual fund insurance products	0.0	19.0
Gain from the sale of Finansbanken AS (Denmark)	16.6	0.0
Income from real estate broking	9.3	0.1
Other non-interest income	11.5	15.9
Total non-interest income	**37.9**	**174.9**

Storebrand Bank ASA distributed and managed loan portfolios for Storebrand Livsforsikring AS and Storebrand Skadeforsikring AS until autumn 2004. The Storebrand Skadeforsikring AS loan portfolio and the major part of the Storebrand Livsforsikring AS portfolio were then purchased by Storebrand Bank ASA and included in the bank's own lending portfolio.
Storebrand Bank ASA distributed products for other group companies until 1 October 2004, when the distribution unit was sold to Storebrand Livsforsikring AS. The bank's 2004 accounts include income from distribution for the first nine months.

Note 9: Pension costs and liabilities

Employees are assured a retirement pension equivalent to 70% of pensionable salary at the time of retirement. The ordinary retirement age is 65. Staff pensions are provided by a group pension scheme, primarily with Storebrand Livsforsikring AS, in accordance with the rules on private occupational pension schemes. Pension payments from the this scheme come into effect from the pension age, which is 67. Pension payments between 65 and 67 and pension payments in respect of salary amounts over 12 times the social security pension scheme base amount (G) are paid directly by the company.

Reconciliation of pension assets and liabilities in the balance sheet:

NOK MILLION	2005	2004
Present value of insured pension liability including employer's social security contributions	75.8	75.5
Pension assets at fair value	-58.3	-51.3
Net pension liability/surplus for the insured schemes	17.5	24.3
Present value of uninsured pension liability including employer's social security contributions	35.9	32.1
Experience adjustments and difference between actual and expected investment return not applied to profit and loss	48.0	42.2
Net pension liabilities in the balance sheet	**101.3**	**98.6**

Net pension cost in the profit and loss account, specified as follows:

NOK MILLION	2005	2004
Pension liability accrued for the year	13.6	21.2
Interest on pension liabilities	4.4	11.2
Expected return on pension assets	-3.0	-9.2
Experience adjustments	-1.5	0.0
Changes to the pension scheme	-1.1	0.0
Effect of discontinuing or reducing pension arrangements	0.0	-1.5
Net pension cost to profit and loss in the period	**12.3**	**21.6**

Net pension costs are included in Note 10 - Operating expenses.

Reconciliation to show the change in net pension liability or net pension assets in the period:

NOK MILLION	2005	2004
Net pension liability at 01.01 including provision for employer's social security contributions	98.6	105.1
Net pension cost recognised in the period	12.3	21.6
Premiums paid	-9.0	-19.2
Pensions paid - uninsured scheme	-0.5	-1.0
Internal transfer of pension liability	0.0	-8.0
Net pension liability at 31.12.	**101.3**	**98.6**

Main assumptions used when calculating net pension liability:

Financial assumptions:	2005	2004
Discount rate	4.7 %	4.7 %
Expected return on pension fund assets in the period	6.0 %	6.0 %
Expected earnings growth	3.0 %	3.0 %
Expected annual increase in social security pensions	3.0 %	3.0 %
Expected annual increase in pensions in payment	2.0 %	2.0 %

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

Note 10: Operating expenses

NOK MILLION	2005	2004
Ordinary wages and salaries	108.7	232.9
Employer's social security contributions	18.0	32.8
Other staff expenses	8.8	15.3
Pension costs *)	12.3	23.2
Total staff expenses	**147.8**	**304.2**
Operation/maintenance of equipment/fixtures and fittings	1.9	64.5
Printing, postage etc.	5.1	9.3
Travel, entertainment, courses, meetings	4.0	7.8
Other sales and publicity costs	5.8	15.6
Total administration expenses	**16.9**	**97.2**
Total staff and general administration expenses	**164.8**	**401.4**
Depreciation	15.9	16.8
Contract personnel	22.7	26.2
Operating expenses on rented premises	68.7	50.3
Inter-company charges for services	59.8	56.1
Other operating expenses	14.3	22.1
Total other operating expenses	**181.5**	**171.5**
Total operating expenses	**346.3**	**572.9**

*) 2004 figures include NOK 1.6 million for Finansbanken AS (Denmark).

Storebrand Bank ASA distributed products for other companies in the Storebrand group until 1 October 2004, when the distribution unit was sold to Storebrand Livsforsikring AS. The consequences of the sale included a reduction in headcount at Storebrand Bank ASA of approximately 250. The bank's 2004 accounts include the cost of the distribution unit for the first nine months.

Note 11: Tax

TAX CHARGE FOR THE YEAR

NOK MILLION	2005	2004
Tax payable for the period		
Change in deferred tax	47,0	48,7
Total tax charge	**47,0**	**48,7**

Reconciliation of expected and actual tax charge

	2005	2004
Ordinary pre-tax profit	241.1	120.7
Expected tax on income at nominal rate	67.5	33.8
Tax effect of:		
Realised shares	-4.6	
Associated companies	-1.8	
Permanent differences	-14.1	25.1
Corrections for previous years	-1.1	
Write-downs of deferred tax assets	1.2	
Deviation in foreign tax		-0.3
Write-back of deferred tax for Finansbanken AS (Denmark)		-5.6
Correction Finansbanken AS (Denmark) 2003		-2.0
Correction Finansbanken Forvaltning 2003		-2.3
Tax charge	**47.0**	**48.7**

ANALYSIS OF THE TAX EFFECT OF TEMPORARY DIFFERENCES AND TAX LOSSES CARRIED FORWARD

NOK MILLION	2005	2004
Tax increasing timing differences		
Securities	2.9	0.3
Pre-paid pensions	-101.3	-98.6
Lending	9.7	
Derivatives	12.1	
Other		4.5
Total tax increasing timing differences	**-76.7**	**-93.9**
Tax reducing timing differences		
Securities		-8.2
Operating assets	-22.2	-67.8
Provisions		-8.6
Fees and commissions	-20.3	
Equity index linked bonds	-359.5	-155.6
Bonds issued	-8.5	
Other	-9.5	-13.3
Total tax reducing timing differences	**-420.0**	**-253.5**
Losses/allowances carried forward	-310.5	-667.7
Net deferred tax/tax assets	-807.1	-1 015.1
Write-down of deferred tax asset	0.1	0.0
Tax asset not capitalised to the balance sheet	4.3	0.0
Net basis for deferred tax and deferred tax asset	-802.7	-1 015.1
Net deferred benefit/liability in the balance sheet	**224.8**	**285.5**
Sale of Finansbanken AS (Denmark)		-21.4
Change to 2005 opening balance / other changes		7.7
Net deferred tax/tax asset at 01.01.2005		**271.8**

Analysis of tax payable and deferred tax applied directly to equity:	2005
Bonds and commercial paper	-2.1
Loan write-downs	-10.4
Hedging	-3.3
Derivatives	-1.3
Bonds issued	1.1
Structured products	24.8
Total	**8.9**

The change is result of the introduction of new accounting principles from 01.01.2005

Deferred tax assets not capitalised to the balance sheet:	2005
Ring Eiendomsmegling AS	1.2
Total deferred tax assets not capitalised to the balance sheet:	**1.2**

Note 12: Minority interests

NOK MILLION	2005	2004
Minority interests at 01.01.	0.8	0.0
Share of profit due to minority interests	0.0	0.0
Increase in the period	2.2	0.8
Minority interests at 31.12.	**3.0**	**0.8**

Minority interests relate to Ring Eiendomsmegling AS in which Storebrand Bank ASA had a 72.3% interest at 31 December 2005.

Note 13: Classification of financial instruments

Classification of financial assets	NOTE	2005		2004
NOK MILLION		BOOK VALUE	FAIR VALUE	BOOK VALUE
Cash and deposits with central banks	14			
Cash and deposits with central banks at amortised cost,				
Loans and receivables		423.9	423.9	531.3
Total cash and deposits with central banks		423.9	423.9	531.3
Net loans to and deposits with credit institutions	15			
Loans to and deposits with credit institutions at amortised cost,				
Loans and receivables		41.7	41.7	179.2
Total loans to and deposits with credit institutions		41.7	41.7	179.2
Equity instruments				
Financial assets at fair value, FVO *)		8.8	8.8	82.5
Total equity investments		8.8	8.8	82.5
Bonds and other fixed income securities	16			
Commercial paper and bonds at fair value, FVO *)		1 703.1	1 703.1	2 032.6
Total bonds and other fixed income securities		1 703.1	1 703.1	2 032.6
Derivatives	17			
Financial derivatives at fair value, Trading		515.0	515.0	377.8
Total derivatives		515.0	515.0	377.8
Net lending to customers				
Lending to customers at fair value, FVO *)	18	252.8	252.8	
Lending to customers at amortised cost, Loans and receivables	18	26 504.8	26 504.8	
Total lending before general and specific loan loss provisions		26 757.7	26 757.7	24 046.8
- Write-downs of individual loans	19	-389.6	-389.6	-379.0
- Write-downs of groups of loans	19	-89.2	-89.2	-194.3
Total net lending to customers		26 278.8	26 278.8	23 473.5
Financial assets summarised by classification				
Financial assets at fair value, FVO *)		1 964.7	1 964.7	2 115.1
Financial assets at fair value, Trading		515.0	515.0	377.8
Financial assets at amortised cost, Hold to maturity		0.0	0.0	0.0
Financial assets at amortised cost, Loans and receivables		26 491.5	26 491.5	24 184.0
Total financial assets		**28 971.3**	**28 971.3**	**26 676.9**

Classification of financial liabilities	NOTE	2005		2004
NOK MILLION		BOOK VALUE	FAIR VALUE	BOOK VALUE
Liabilities to credit institutions	25			
Deposits from and due to credit institutions at amortised cost		1 464.6	1 464.4	2 151.8
Total liabilities to credit institutions		1 464.6	1 464.4	2 151.8
Deposits from and due to customers	26			
Deposits from and due to customers at amortised cost		11 187.0	11 187.0	11 463.0
Total deposits from and due to customers		11 187.0	11 187.0	11 463.0
Other financial liabilities				
Derivatives at fair value, Trading	17	452.3	452.3	375.7
Commercial paper and bonds issued at amortised cost	27	13 657.2	13 625.2	10 233.6
Total financial liabilities		14 109.5	14 077.5	10 609.3
Subordinated loan capital	27			
Subordinated loan capital at amortised cost		658.9	683.5	652.7
Total subordinated loan capital		658.9	683.5	652.7
Total financial liabilities		**27 420.0**	**27 412.5**	**24 876.8**
Financial liabilities summarised by classification				
Financial liabilities at fair value, FVO *)		0.0	0.0	0.0
Financial liabilities at fair value, Trading		452.3	452.3	375.7
Financial liabilities at amortised cost, Hold to maturity		0.0	0.0	0.0
Financial liabilities at amortised cost, Loans and receivables		26 967.7	26 960.2	24 501.1
Total financial liabilities		**27 420.0**	**27 412.5**	**24 876.8**

*) FVO = Fair Value Option

Fair value excludes accrued interest, i.e. clean value. Fair value for loans and deposits on floating rate terms is equivalent to book value. The bank's asset items are valued at observable market prices where available. Other asset items are valued at an amount equivalent to the discounted present value of the investment. The discount rates used take into account the market interest rate for investments equivalent to the investment being valued as at 31 December 2005.
Fair value of liabilities is calculated as a present value of the deposits. In the same way as for valuing financial assets, the discount rates used reflect the bank's actual funding costs for equivalent deposits at 31 December 2005.

Note 14: Cash and deposits with central banks

NOK MILLION	2005
Cash	2.0
Deposits with central banks at amortised cost, Loans and receivables	421.9
Total cash and deposits with central banks	**423.9**

Note 15: Loans to and deposits with credit institutions

NOK MILLION	2005
Total loans to and deposits with credit institutions without fixed maturity at amortised cost *)	33.7
Total loans to and deposits with credit institutions with fixed maturity at amortised cost **)	8.0
Total loans to and deposits with credit institutions at amortised cost	**41.7**

*) Relates to current accounts held with other banks, principally foreign banks.
**) Relates to one loan that matures in April 2006. Effective interest rate is 3.07%.

Note 16: Bonds and other fixed income securities

NOK MILLION	COMMERCIAL PAPER	BONDS	TOTAL
Commercial paper and bonds, book value	941.8	761.3	1 703.1
Of which listed	941.8	761.3	1 703.1
Nominal value	950.0	757.7	1 707.5
Analysis by sector of issuer:			
Public sector	941.8	36.4	978.2
Financial institutions	0.0	724.9	724.9
Total	941.8	761.3	1 703.1
Modified duration	0.36	0.15	0.27
Average effective yield	1.89 %	2.51 %	2.22 %

All securities are denominated in NOK.
The average yield is calculated on the basis of monthly averages.

Note 17: Financial derivatives

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 amounts such as nominal principal, nominal volume, etc. Nominal volume is calculated differently for different classes of derivatives, and gives an indication of the size of the position and risk the derivative creates. Gross nominal volume principally indicates the size of the exposure, whilst net nominal volume gives an indication of the risk exposure. However nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivatives.
In contrast to gross nominal volume, net nominal volume also takes into account the direction of the instruments' market risk exposure by differentiating between long (asset) positions and short (liability) positions. An asset position in an equity derivative produces a gain in value if the share price increases. For interest rate derivatives, an asset position produces a gain if interest rates fall, as is the case for bonds. An asset position in a currency derivative produces a gain if the currency strengthens against the NOK. Average gross nominal volume is based on daily calculations of gross nominal volume.

	NOMINAL VOLUME			FAIR VALUE		FAIR VALUE - HEDGING	
NOK MILLION	GROSS	AVERAGE	NET	ASSET	LIABILITY	ASSET	LIABILITY
Equity options	5 336.0	5 610.0	176.6	417.4	404.9	0.0	0.0
Total equity derivatives	**5 336.0**	**5 610.0**	**176.6**	**417.4**	**404.9**	**0.0**	**0.0**
Interest rate swaps	8 836.0	6 917.0	6 881.0	35.5	29.2	17.1	4.3
Total interest rate derivatives	**8 836.0**	**6 917.0**	**6 881.0**	**35.5**	**29.2**	**17.1**	**4.3**
Forward foreign exchange contracts	4 294.0	6 644.0	2 410.0	62.1	18.1	0.0	0.0
Total currency derivatives	**4 294.0**	**6 644.0**	**2 410.0**	**62.1**	**18.1**	**0.0**	**0.0**
Total derivatives	**18 466.0**	**19 171.0**	**9 467.6**	**515.0**	**452.3**	**17.1**	**4.3**

Note 18: Analysis of loan portfolio

NOK MILLION	2005 NOK	2005 %	2004 NOK	2004 %
Sector and industry classification:				
Agriculture, forestry, fishing etc.	0.0	0.00	3.5	0.01
Oil and gas	0.2	0.00	0.5	0.00
Industry and mining	42.5	0.16	54.1	0.23
Water and power supply, building and construction	82.3	0.31	84.5	0.35
Wholesale/retail trade, hotels and restaurants	64.2	0.24	130.3	0.54
International shipping and pipelines	130.4	0.49	142.5	0.59
Other transportation and communications	15.3	0.06	84.3	0.35
Services and real estate operations	8 490.0	31.73	6 029.0	25.07
Other service industries	53.7	0.20	200.7	0.83
Retail customers	17 504.5	65.42	16 026.5	66.65
Other	11.7	0.04	11.8	0.05
Foreign	362.9	1.36	1 279.1	5.32
Total	**26 757.7**	**100.00**	**24 046.8**	**100.00**
Geographic distribution:				
Eastern Norway	22 365.9	83.59	19 165.2	79.70
Western Norway	2 102.5	7.86	2 036.0	8.47
Southern Norway	479.9	1.79	382.4	1.59
Mid-Norway	997.2	3.73	788.8	3.28
Northern Norway	449.3	1.68	395.2	1.64
Foreign	362.9	1.36	1 279.1	5.32
Total	**26 757.7**	**100.00**	**24 046.8**	**100.00**

Non-performing and loss-exposed commitments:

	NON-PERFORMING AND LOSS-EXPOSED COMMITMENTS	OF WHICH LOSS-EXPOSED LOANS WITH IDENTIFIED IMPAIRMENT	WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PERFORMING AND LOSS-EXPOSED COMMITMENTS	IINDIVIDUAL WRITE-DOWNS AS % OF LOSS-EXPOSED LOANS
Water and power supply, building and construction	21.9	21.9	14.6	7.3	66.7 %
Wholesale/retail trade, hotels and restaurants	6.6	6.6	6.1	0.5	92.4 %
International shipping and pipelines	104.6	104.6	93.9	10.7	89.8 %
Services and real estate operations	204.0	197.8	92.0	112.0	46.5 %
Retail customers	411.7	305.0	177.8	233.9	58.3 %
Other	5.2	5.2	5.2	0.0	100.0 %
Portion of write-downs of non-performing loans without identified impairment				-11.8	
Total	**754.0**	**641.1**	**389.6**	**352.6**	**60.8 %**

Write-downs of groups of loans totalled NOK 89.2 million at 31.12.2005.

Note 19: Write-downs of loans and guarantees

NOK MILLION	2005
Write-downs of individual loans NGAAP 31.12.04	379.0
IAS 39 effect on opening balance of individual write-downs	122.0
Write-downs of individual loans 01.01.05	501.0
Losses realised in the period on individual loans previously written down	-81.9
Write-downs of individual loans for the period *)	66.8
Reversals of write-downs of individual loans for the period	-103.4
Other corrections to write-downs **)	7.1
Write-downs of individual loans at 31.12.05	**389.6**
Write-downs of groups of loans and guarantees NGAAP 31.12.04	194.3
IAS 39 effect on opening balance of grouped write-downs	-78.6
Write-downs of groups of loans and guarantees etc. 01.01.05	115.7
Grouped write-downs for the period	-26.5
Write-downs of groups of loans and guarantees etc. 31.12.05	**89.2**
Total write-downs	**478.8**

*) Provisions for losses on guarantees amounted to NOK 3.9 million in 2005.
**) Of corrections to write-downs:

Corrections to holding of/write-downs to debt recovery portfolio	22.7
Sale of Finansbanken AS (Denmark)	-12.5
Other corrections	-3.1
	7.1

Note 20: Analysis of guarantees issued

	2005		2004	
NOK MILLION	NOK	%	NOK	%
Sector and industry classification:				
Financial aid agencies	0.0	0.0	147.7	22.3
Industry and mining	0.7	0.3	1.4	0.2
Water and power supply, building and construction	8.1	3.4	4.4	0.7
Wholesale/retail trade, hotels and restaurants	1.4	0.6	1.8	0.3
International shipping and pipelines	0.5	0.2	25.8	3.9
Other transportation and communications	1.1	0.5	1.2	0.2
Services and real estate operations	193.3	81.6	243.7	36.7
Other service industries	1.9	0.8	0.4	0.1
Retail customers	30.0	12.7	21.5	3.2
Other	0.0	0.0	16.7	2.5
Foreign	0.0	0.0	198.5	29.9
Total	**237.1**	**100.0**	**663.2**	**100.0**
Geographic distribution:				
Eastern Norway	224.9	94.9	454.0	68.5
Western Norway	0.1	0.0	5.5	0.8
Southern Norway	0.0	0.0	1.7	0.3
Mid-Norway	12.1	5.1	3.4	0.5
Northern Norway	0.0	0.0	0.0	0.0
Foreign	0.0	0.0	198.5	29.9
Total	**237.1**	**100.0**	**663.2**	**100.0**
Analysis of guarantee liabilites:				
Loan guarantees	0.0	0.0	118.5	17.9
Payment guarantees	115.8	48.8	272.4	41.1
Performance guarantees	108.4	45.7	109.4	16.5
Commercial Bank's Guarantee Fund	0.0	0.0	147.7	22.3
Other guarantee liability	12.9	5.4	15.2	2.3
Total	**237.1**	**100.0**	**663.2**	**100.0**

Note 21: Companies accounted for by the equity method

NOK MILLION	OWNERSHIP	ACQUISITION COST	BOOK VALUE AT 01.01	ADDITIONS/ DISPOSALS	SHARE OF PROFIT	BOOK VALUE AT 31.12
Bertel O. Steen Finans AS	50 %	5.0	7.9	-6.0	6.4	8.3
Seilduksgaten 25/31 AS	50 %	30.0	30.0	0.0	0.0	30.0
Total		**35.0**	**37.9**	**-6.0**	**6.4**	**38.3**

Storebrand Bank ASA has a 50% ownership share in Bertel O. Steen Finans AS.
Share of profit is 20%. Dividend of NOK 6.0 mill. received in 2005.

Note 22: Intangible assets and fixed assets

			2005			2004
NOK MILLION	VEHICLES	FIXTURES AND FITTINGS	REAL ESTATE*)	INTANGIBLE ASSETS	TOTAL	TOTAL
Book value at 01.01.	0.7	6.8	5.4	17.1	30.0	37.1
Additions	0.1	0.3	0.2	21.8	22.4	15.7
Disposals		-0.2	0.0	-0.4	-0.6	-3.3
Tangible fixed assets classified as held to maturity			0.0		0.0	0.0
Depreciation	-0.2	-2.6	-0.5	-12.4	-15.6	-16.7
Write-downs in the period			0.0		0.0	0.0
Reversals of write-downs in the period			0.0		0.0	0.0
Book value at 31.12.	**0.6**	**4.3**	**5.2**	**26.0**	**36.1**	**32.8**
Opening acquisition cost	1.2	53.4	6.6	36.8	98.0	273.3
Closing acquisition cost	0.9	12.1	6.8	53.2	73.1	281.9
Opening accumulated depreciation and write-downs	0.5	46.6	1.2	19.7	68.0	236.2
Closing accumulated depreciation and write-downs	0.3	7.8	1.6	27.2	36.9	249.1

For each class of fixed assets:					
Method for measuring cost price	Acquisition cost	Acquisition cost	Acquisition cost	Acquisition cost	Acquisition cost
Depreciation method	linear	linear	linear	linear	linear
Depreciation period and economic life	5 year	4 year	15 year	3 year	3-15 year

*) Holiday properties valued by the cost method.

Storebrand Bank AS rents premises from Storebrand Livsforsikring on normal commercial terms.

Note 23: Other assets

NOK MILLION	2005	2004
Interest accrued on lending	80.6	71.6
Interest accrued on bonds and commercial paper	4.1	11.3
Interest accrued on interest rate swaps	36.8	24.0
Other accrued interest	17.2	9.9
Prepaid costs	4.3	14.2
Other assets	42.4	55.7
Total other assets	**185.4**	**186.7**

Note 24: Hedge accounting

The bank uses fair value hedging to hedge interest rate risk. The risk hedged does not include the credit spread. When calculating the effectiveness of hedging, credit spread is assumed constant. The items hedged are three fixed-rate bond loans, a fixed-rate subordinated bond loan, zero-coupon bond loans (structured deposits) and a fixed-rate commercial loan. Hedging effectiveness is monitored at the individual item level for the bond loans, subordinated bond loan and the commercial loan, but at the portfolio level for the zero-coupon bond loans. Each portfolio comprises swaps and hedged items with maturities in the same half-year period.

The bank uses interest rate swaps to hedge the fair value of the items hedged. As a general rule, a number of interest rate swaps are used to hedge each item or portfolio of items hedged.

		2005	
	CONTRACT/	FAIR VALUE	
NOK MILLION	NOMINAL VALUE	ASSETS	LIABILITIES
Interest-rate swaps	3 166.0	17.1	4.3
Total interest rate derivatives	3 166.0	17.1	4.3
Total derivatives	**3 166.0**	**17.1**	**4.3**

	CONTRACT/	HEDGE VALUE	
NOK MILLION	NOMINAL VALUE	ASSETS	LIABILITIES
Underlying items	3 159.1	142.9	-2 964
Hedging effectiveness - prospective		81 %	91 %
Hedging effectiveness - retrospective		87 %	95 %

Gain/losses on fair value hedging:

NOK MILLION	2005 GAIN / LOSS
On hedging instruments	-57.9
On items hedged	61.1

Prospective hedging effectiveness shows the relationship between changes in the hedged value of the interest rate hedging instrument and the item hedged in the event of a 2-percentage point interest rate shock. Retrospective hedging effectiveness shows the relationship between changes in the hedged value of the interest rate hedging instrument and the item hedged in the previous quarter. Hedging is documented at the individual item level for assets and at the portfolio level for liabilities.

Note 25: Liabilities to credit institutions

NOK MILLION	2005
Total liabilities to credit institutions without fixed maturity at amortised cost.	**76.5**
NOK 350 million, maturity 22.12.2012. NIBOR +0.10 , interest rate 2.62%	350.0
EUR 30 million, maturity 22.12.2010. EURIBOR +0.20 , interest rate 2.64%	239.6
EUR 100 million, maturity 14.04.2010. EURIBOR +0.30 , interest rate 2.76%	798.5
Total liabilities to credit institutions with fixed maturity at amortised cost	**1 388.1**
Total liabilities to credit institutions at amortised cost	**1 464.6**

Note 26: Analysis of Customer Deposits

NOK MILLION	2005 NOK	2005 %	2004 NOK	2004 %
Call loans and deposits from customers	10 857.4	97.1	10 838.9	94.6
Term loans and deposits from customers	329.6	2.9	624.0	5.4
Total	**11 187.0**	**100.0**	**11 463.0**	**100.0**
Sector and industry classification:				
Central government	0.0	0.0	9.6	0.1
County and municipal authorities	6.8	0.1	7.5	0.1
Agriculture, forestry, fishing etc.	3.1	0.0	9.8	0.1
Oil and gas	0.4	0.0	7.4	0.1
Industry and mining	54.1	0.5	63.0	0.5
Water and power supply, building and construction	45.7	0.4	36.0	0.3
Wholesale/retail trade, hotels and restaurants	206.9	1.8	267.8	2.3
International shipping and pipelines	37.8	0.3	57.5	0.5
Other transportation and communications	35.6	0.3	52.2	0.5
Services and real estate operations	3 330.2	29.8	2 413.7	21.1
Other service industries	318.3	2.8	337.4	2.9
Retail customers	6 380.8	57.0	6 715.4	58.6
Other	485.2	4.3	358.2	3.1
Foreign	282.0	2.5	1 127.4	9.8
Total	**11 187.0**	**100.0**	**11 463.0**	**100.0**
Geographic distribution:				
Eastern Norway	8 919.4	79.7	8 225.0	71.8
Western Norway	1 140.4	10.2	1 279.1	11.2
Southern Norway	192.2	1.7	209.3	1.8
Mid-Norway	337.2	3.0	330.7	2.9
Northern Norway	315.8	2.8	291.5	2.5
Foreign	282.0	2.5	1 127.4	9.8
Total	**11 187.0**	**100.0**	**11 463.0**	**100.0**

Note 27: Securities issued and subordinated loan capital

Securities issued:

NOK MILLION	2005 NOMINAL VALUE	2005 BOOK VALUE
Bonds issued:		
EUR FRN call August 2007 EURIBOR +0.25	1 597.0	1 595.0
NOK FRN April 2001-April 2006 NIBOR +0.15	122.0	122.0
NOK FRN April 2001-April 2006 NIBOR +0.21	392.5	392.3
NOK FRN June 2003 - June 2006 NIBOR +0.45	269.0	268.5
NOK Fixed rate September 2003 - September 2006, 4.85%	214.3	215.0
NOK FRN juni 2004 - December 2007 NIBOR +0.25	438.0	437.8
NOK Fixed rate June 2004 - December 2007, 4.1%	990.5	991.5
NOK FRN June 2005 - June 2008 NIBOR +0.12	1 063.0	1 060.8
NOK FRN December 2003 - December 2008 NIBOR +0.45	774.9	776.9
NOK FRN January 2005 - January 2010 NIBOR +0.19	435.0	434.6
NOK Fixed rate November 2005 - November 2010, 4.25%	300.0	299.5
Total bonds issued	6 596.2	6 593.9
Other bonds issued (equity linked index bonds + hedge fund linked bonds) *)	2 721.0	2 598.1
Total bonds issued	9 317.3	9 191.9
Short-term debt issued	4 465.0	4 465.2
Total securities issued	**13 782.3**	**13 657.2**

Average interest rate on other bonds is 3.565%. Average interest rate on short-term debt is 2.21%, whilst average dureation is 10.6 months.
Average interest rate is the arithmetic monthly average.

*) 47 loans have been issued. Nominal value of he 5 largest loans total NOK 980.5 million.
A total of NOK 1,424 million mature in 2006. The final maturity is in December 2009.

Subordinated loan capital:

NOK MILLION	2005 NOMINAL VALUE	BOOK VALUE
Tier 1 hybrid capital		
Subordinated perpetual bond 2004, NIBOR + 1.50%, call 2014	168.0	166.4
Subordinated perpetual bond 2004, NIBOR + 5.9%, call 2015	107.0	108.1
Subordinated loan capital with conversion rights		
Perpetual subordinated loan 1995, 8.5% coupon	9.3	9.3
Other subordinated loan capital		
Subordinated loan 2002-2012, NIBOR +2.0%, call 2007	100.0	100.0
Subordinated loan 2003-2013, NIBOR +2.25 %, call 2008	100.0	100.0
Subordinated loan 2005-2015, NIBOR +0.70 %, call 2010	175.0	175.0
Total	**659.3**	**658.9**

NOK MILLION	2005	2004
Subordinated loan capital included in capital adequacy calculation	659.7	652.7
Profit/loss		
Subordinated loan capital in foreign currency	0.0	60.4
Subordinated loan capital in foreign currency, book value	0.0	60.4
Interest expense		
Subordinated loan interest charged in the accounts	30.4	18.4

Note 28: Other debt

NOK MILLION	2005	2004
Payable to Storebrand group companies	19.2	13.2
Money transfers	63.3	48.5
Accrued expenses and prepaid income	119.6	177.5
Other debt	15.2	28.0
Total other debt	**217.3**	**267.1**

Note 29: Off balance sheet liabilities and contingent liabilities

NOK MILLION	2005	2004
Guarantees	237.1	663.2
Undrawn credit limits	1 285.7	1 001.5
Total contingent liabilities	**1 522.8**	**1 664.7**

Collateral and security pledged:

NOK MILLION	2005	2004
Book value of bonds pledged as security for the bank's D-loan facility with Norges Bank	1 703.1	1 982.1
Book value of bonds pledged as security for the bank's facility with Danmarks Nationalbank	0.0	2.6
Total	**1 703.1**	**1 984.7**

Collateral pledged as security relates to the bank's loan facility with Norges Bank (the Norwegian central bank).
It is a statutory requirement that such borrowing is fully secured secured and/or matched by the bank's deposits with Norges Bank.

Note 30: Capital Adequacy

SPECIFICATION OF CAPITAL BASE

NOK MILLION	2005	2004
Equity	1 497.6	1 984.3
Tier 1 hybrid capital	229.2	273.0
Intangible assets	-198.9	-259.4
Over-funding of pension commitements	0.0	-7.8
Core capital	1 528.0	1 990.1
Subordinated loan capital less own holdings	430.5	379.8
Net capital base (A)	1 958.5	2 369.9
Asset base for calculation (B)	18 741.5	17 172.0
Capital ratio (A/B)	**10.45 %**	**13.80 %**
Excess primary capital NOK million	459.1	1 012.2
Core capital ratio	**8.15 %**	**11.59 %**

SPECIFICATION OF ASSET BASE FOR CALCULATION

NOK MILLION	2005	2004
Total assets, other portfolio	18 858.8	17 167.4
Total off-balance sheet items, other portfolio	355.6	453.2
Foreign exchange risk and trading portfolio	9.9	124.6
Deduction for loss provisions, revaluation account	-482.8	-573.3
Basis of calculation	**18 741.5**	**17 172.0**

Capital ratio is based on NGAAP as IFRS regulation are not finalised.

Note 31: Risk management

Storebrand Bank's risk management addresses the areas of credit risk, market risk, liquidity risk and operational risk. The risk management models and limits are designed and developed with the objective of improving the bank's commercial management. These solutions used are built upon the requirements of Basle II.

Credit risk/counterparty risk
Storebrand Bank ASA implemented a new decision support model for retail lending in 2005 in connection with the implementation of a new credit appraisal system. At the same time, the loan administration system was converted to EDB Fellesdata AS. The bank is evaluating a new credit risk classification system for implementation in 2006. These new credit approval models form part of the bank's program of work to meet the new Basle II requirements, and will give the bank better decision support models and better quality risk reporting and management in the credit area. The bank's counterparty risk (i.e. its credit exposure to other financial institutions) is regulated on the basis of the counterparties' credit ratings and the amounts involved.

Market risk
Storebrand Bank manages its exposure to interest rate risk so that the net interest rate exposure of both assets and liabilities is as small as possible. Interest-rate hedging is structured so that it has little accounting impact. All instruments with an interest rate fixing period in excess of six months are subject to a specific hedging policy. The bank's total economic interest rate risk is calculated on the basis of a stress test using a two-percentage point interest rate shock. At the close of 2005, the economic interest rate risk calculated on this basis was NOK 18.2 million, equivalent to 0.77% of primary capital, while the equivalent accounting effect was 1.28% of primary capital. Storebrand Bank discontinued its foreign exchange trading activities in August 2005, and has since minimised the foreign exchange risk associated with investments, lending and funding in foreign currency. At the start of the year, the customer foreign exchange desk was permitted to take a maximum overall currency position of NOK 50 million. The current policy is for foreign exchange positions to be matched as soon as the overall position is sufficiently large for matching to be commercially viable, and positions are subject to fixed limits. Aggregate currency exposure at the close of 2005 was NOK 3 million, equivalent to 0.13% of the bank's primary capital. Storebrand Bank’s exposure to market risk is therefore minimal in relation to the bank's total activities.

Liquidity
The bank's policy is to ensure that it is able to meet all financial commitments as they fall due for payment without this requiring any significant deviation from its normal commercial and capital budgets. Liquidity management shall ensure that sufficient funding is available to avoid liquidity problems in situations such as:

- Uncertainty among investors over the bank's customer lending and/or financial condition;
- Uncertainty in respect of the bank's owner/other group companies;
- Unplanned reductions in deposits;
- Moderate but unplanned growth in lending;
- Uncertainty among investors over the banking sector in general, including concerns over losses or financial crime.

The bank pays particular attention to maintaining a diversified funding structure in terms of both sources of funding and maturities, maintaining uncommitted and committed credit lines to meet its liquidity requirements and holding liquid assets in excess of the minimum levels required by the authorities. For high-level control of liquidity, Storebrand Bank uses monitors liquidity gap and the proportion of long-term funding for liquidity management. Liquidity gap measures the surplus of liquidity over the next 90 days relative to the statutory minimum liquidity requirements taking into account deposit withdrawals and all funding maturities. Customer deposits withdrawals are calculated on the basis of an abnormally high withdrawal rate of 25% annually. The long-term funding ratio monitors the relationship between (Funding>1 year (incl. backstops>1 year) + all deposits) and (Assets– (liquidity buffer>6 %)).
The bank introduced its own limit for the long-term funding ratio in December 2005.
At the close of 2005, the bank's liquidity gap was NOK +570 million and the long-term funding ratio was 88.6%.

Operational risk
Storebrand Bank's policies for corporate governance (internal control) stipulate that operational risk management is an integral part of management responsibility, with reporting of risk exposure playing an integral role in the bank's ability to achieve the objectives set in its objectives-based management model.

Storebrand Bank has in addition implemented quality assurance of operational risk management through an annual review of its internal controls and procedures. The bank's internal controls and procedures for evaluating, monitoring and reporting risk exposure satisfy the requirements of the Norwegian authorities in this respect.

In respect of the Basle II capital adequacy requirements for operational risk, Storebrand Bank has elected to use the standardised method. The relevant parts of the bank have started work on implementing the new requirements.

During the course of 2005, Storebrand Bank implemented a new risk evaluation policy in accordance with the group's risk management policy.

Note 32: Credit exposure

NOK MILLION

CLASS OF FINANCIAL INSTRUMENT	MAXIMUM CREDUT EXOISYRE AT 31.12.05
Net loans to and due from customers	27 797.6
Investment portfolio	1 703.1
Equity options	417.4
Interest-rate swaps	60.5
Forward foreign exchange contracts	62.2
Total	**30 040.8**

Credit exposure analysed by credit rating

Interest-bearing securities held short-term

	AAA		AA		A		BBB	
DEBITORKATEGORI	ACQUISITION COST	FAIR VALUE	ACQUISITION COST	FAIR VALUE	ACQUISITION COST	FAIR VALUE	ACQUISITION COST	FAIR VALUE
Public sector	977.0	978.2						
Financial institutions					724.3	724.9		
Other issuers								
Total	**977.0**	**978.2**	**0.0**	**0.0**	**724.3**	**724.9**	**0.0**	**0.0**

Credit exposure for lending activities
In order to identify the credit risk in its lending portfolio, Storebrand Bank classifies all corporate customers and selected retail customers (including private investors etc). Classification is carried out both when first establishing a credit relationship and whenever changes are made. All corporate customer classifications are also reviewed annually and/or whenever circumstances indicate the need for such review. Customer classification thus provides a picture of the credit risk at any time. Retail customers that are not classified individually are subject to the overall limits for loan to value and debt service (as defined by the bank's credit policy for the segment) that apply to this portfolio. The loan to value ratio is almost entirely below 80%, with a significant proportion of the portfolio below 60%. This portfolio is deemed to have low credit risk.
Security for the lending portfolio takes the form, on the whole, of charges over investment/commercial property for the commercial lending portfolio and residential mortgages for the retail portfolio.

Risk classification for lending to corporate customers takes the form of three scores, each from 1 to 5, where 1 represents the best score. The first score is for the quality of the borrower/financial condition (debt service capacity). The second score is for the quality of the collateral (loan to value ratio). The third score is for commercial factors (internal/external risk). The analysis shown below is based on the scores for financial condition and collateral, giving a matrix of 25 risk groups. In addition, some credit relationships are still awaiting classification. The analysis shown here is somewhat simplified, with a breakdown into four risk levels.

In addition to the risk classification, the model specifies the bank's portfolio of non-performing/loss-exposed loans.

Total commitments and credit exposure analysed by segment.

RISK GROUP	LENDING	UNDRAWN CREDIT FACILITIES	GUARANTEES	TOTAL COMMITMENT	WRITE-DOWNS OF INDIVIDUAL LOANS AND GUARANTEES	WRITE-DOWNS OF GROUPS OF LOANS AND GUARANTEES	NET CREDIT EXPOSURE
Low risk	24 492.0	1 125.6	210.9	25 828.5	-	6.1	25 822.4
Moderate risk	1 050.3	47.8	14.7	1 112.8	-	25.7	1 087.1
High risk	230.9	6.0	3.2	240.1	-	44.3	195.9
Unclassified	233.3	103.3	-	336.6	-	1.4	335.2
Non-performing/loss-exposed	751.2	3.0	8.3	762.4	393.6	11.8	357.0
Total	**26 757.7**	**1 285.7**	**237.1**	**28 280.4**	**393.6**	**89.2**	**27 797.6**

Total commitments and credit exposure analysed by segment.

CREDIT EXPOSURE	CORPORATE	RETAIL	TOTAL
Lending	9 845.0	16 161.4	26 006.5
Undrawn credit facilities	1 031.5	251.2	1 282.7
Guarantees	227.7	1.1	228.8
Non-performing/loss-exposed	638.4	124.0	762.4
Total commitments	11 742.6	16 537.8	28 280.4
Write-downs of individual loans and guarantees	346.5	47.1	393.6
Write-downs of groups of loans and guarantees	79.7	9.5	89.2
Net credit exposure	11 320.6	16 481.3	27 797.6

Loans subject to individual write-downs

NOK MILLION	BOOK VALUE BEFORE WRITE-DOWN	WRITE-DOWN PROVISIONS
Customer groups:		
Retail customers	411.7	177.8
Other	342.3	211.8
Total	**754.0**	**389.6**

Non-performing loans

NOK MILLION	31.12.05	31.12.04	31.12.03	31.12.02
Non-performing loans without identified impairment	112.9	55.7	364.4	933.8
Non-performing and loss-exposed loans with identified impairment	641.1	853.8	1 352.6	1 427.6
Gross non-performing loans	**754.0**	**909.5**	**1 717.0**	**2 361.4**
Specific write-downs	389.6	378.9	527.9	504.0
Net non-performing loans	**364.4**	**530.6**	**1 189.1**	**1 857.4**

In addition to the figures shown in the table, a provision of NOK 3.9 million has been made against NOK 8.3 million of non-performing and loss-exposed guarantees.

The category non-performing loans without identified impairment includes commitments with missed payments/defaults over 90 days.

As at 31.12.05, the bank had taken possession of collateral amounting to NOK 97 million, but after write-downs etc. this is booked at fair value of NOK 56 million. This includes NOK 36 million of financial assets. Collateral taken into possession is disposed of/realised in accordance with agreed strategies.

Note 33: Liquidity Risk

ANALYSIS OF BALANCE SHEET ITEMS BY REMAINING MATURITY

NOK MILLION		< 1 MONTH	> 1 MONTH < 3 MONTHS	> 3 MONTHS < 1 YEAR	> 1 YEAR < 5 YEARS	> 5 YEARS	NO FIXED MATURITY *)	TOTAL
Assets								
Cash and deposits with	NOK	0.0	0.0	0.0	0.0	0.0	423.7	423.7
central banks	foreign currency	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Loans to and receivables from	NOK	0.0	8.0	0.0	0.0	0.0	0.0	8.0
credit institutions	foreign currency	33.6	0.0	0.0	0.0	0.0	0.0	33.6
Loans to and receivables from	NOK	1 299.9	174.0	1 930.0	2 873.9	20 052.0	-446.5	25 883.4
customers	foreign currency	429.3	0.0	0.0	0.0	0.0	-33.9	395.4
Bonds and commercial paper	NOK	0.0	547.6	429.2	726.2	0.0	0.0	1 703.1
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derivatives	NOK	0.0	18.0	181.2	283.5	0.0	0.0	482.7
	foreign currency	0.0	0.0	0.0	0.0	32.3	0.0	32.3
Other assets	NOK	0.0	0.0	0.0	0.0	0.0	488.7	488.7
	foreign currency	0.0	0.0	0.0	0.0	0.0	4.8	4.8
Total assets		**1 762.9**	**747.6**	**2 540.5**	**3 883.6**	**20 084.3**	**437.0**	**29 455.9**
	NOK	1 299.9	729.6	2 359.2	3 600.1	20 052.0	465.9	28 989.6
	foreign currency	463.0	0.0	0.0	0.0	0.0	-28.9	434.1
Liabilities and equity								
Debt to credit institutions	NOK	75.7	0.0	0.0	0.0	350.0	0.0	425.7
	foreign currency	0.9	0.0	0.0	1 038.1	0.0	0.0	1 038.9
Deposits from and debt to	NOK	10 881.8	53.6	37.0	15.0	9.5	0.0	10 996.9
customers	foreign currency	150.1	40.0	0.0	0.0	0.0	0.0	190.1
Securities issued	NOK	100.0	1 305.1	5 116.2	5 547.1	0.0	-8.2	12 060.2
	foreign currency	0.0	0.0	0.0	1 597.0	0.0	0.0	1 597.0
Derivatives	NOK	0.0	17.5	134.7	275.0	0.0	0.0	427.1
	foreign currency	0.0	0.0	0.0	0.0	25.2	0.0	25.2
Other debt	NOK	0.0	0.0	0.0	0.0	0.0	315.1	315.1
	foreign currency	0.0	0.0	0.0	0.0	0.0	8.2	8.2
Subordinated loan capital	NOK	0.0	0.0	0.0	0.0	658.9	0.0	658.9
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity	NOK	0.0	0.0	0.0	0.0	0.0	1 712.5	1 712.5
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total liabilities and equity		**11 208.5**	**1 416.2**	**5 287.8**	**8 472.2**	**1 043.6**	**2 027.6**	**29 455.9**
	NOK	11 057.5	1 376.2	5 287.8	5 837.1	1 018.4	2 019.4	26 596.5
	foreign currency	151.0	40.0	0.0	2 635.1	25.2	8.2	2 859.4

*) Loans to and receivables from customers with no fixed maturity mainly represent loan loss provisions.

Note 34: Market risk

Interest rate risk

NOK MILLION		< 1 MONTH	> 1 MONTH < 3 MONTHS	> 3 MONTHS <1 YEAR	> 1 YEAR < 5 YEARS	> 5 YEARS	NO FIXED INTEREST RATE PERIOD *)	TOTAL
Assets								
Cash and deposits with central banks	NOK	421.9	0.0	0.0	0.0	0.0	1.8	423.7
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Loans to and receivables from credit institutions	NOK	8.0	0.0	0.0	0.0	0.0	0.0	8.0
	foreign currency	0.0	0.0	0.0	0.0	0.0	33.6	33.6
Loans to and receivables from customers	NOK	0.0	25 135.7	491.4	629.9	72.9	-446.5	25 883.4
	foreign currency	0.0	429.3	0.0	0.0	0.0	-33.9	395.4
Bonds and commercial paper	NOK	269.2	1 039.7	394.2	0.0	0.0	0.0	1 703.1
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derivatives	NOK	0.0	18.0	181.2	283.5	0.0	0.0	482.7
	foreign currency	0.0	0.0	0.0	0.0	32.3	0.0	32.3
Other assets	NOK	0.0	0.0	0.0	0.0	0.0	488.7	488.7
	foreign currency	0.0	0.0	0.0	0.0	0.0	4.8	4.8
Total assets		**699.1**	**26 622.7**	**1 066.8**	**913.4**	**105.2**	**48.7**	**29 455.9**
	NOK	699.1	26 193.4	1 066.8	913.4	72.9	44.0	28 989.6
	foreign currency	0.0	429.3	0.0	0.0	0.0	4.7	434.0
Liabilities and equity								
Debt to credit institutions	NOK	75.6	350.0	0.0	0.0	0.0	0.0	425.6
	foreign currency	0.9	1 038.1	0.0	0.0	0.0	0.0	1 038.9
Deposits from and due to customers	NOK	10 881.8	63.1	52.0	0.0	0.0	0.0	10 996.9
	foreign currency	150.1	40.0	0.0	0.0	0.0	0.0	190.1
Securities issued	NOK	1 129.1	4 570.5	4 852.1	1 516.7	0.0	-8.2	12 060.1
	foreign currency	0.0	1 597.0	0.0	0.0	0.0	0.0	1 597.0
Derivatives	NOK	0.0	17.5	134.7	275.0	0.0	0.0	427.1
	foreign currency	0.0	0.0	0.0	0.0	25.2	0.0	25.2
Other liabilities	NOK	0.0	0.0	0.0	0.0	0.0	315.3	315.3
	foreign currency	0.0	0.0	0.0	0.0	0.0	8.2	8.2
Subordinated loan capital	NOK	442.8	100.0	106.8	0.0	9.3	0.0	658.9
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity	NOK	0.0	0.0	0.0	0.0	0.0	1 712.5	1 712.5
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total liabilities and equity		**12 680.3**	**7 776.1**	**5 145.5**	**1 791.7**	**34.5**	**2 027.8**	**29 455.9**
	NOK	12 529.3	5 083.6	5 010.9	1 516.7	9.3	2 019.6	26 596.5
	foreign currency	151.0	2 675.1	0.0	0.0	0.0	8.2	2 834.2
Net to next interest rate change		**-11 981.2**	**18 846.6**	**-4 078.7**	**-878.3**	**70.7**	**-1 979.1**	**0.0**
on balance sheet items	NOK	-11 830.2	21 109.8	-3 944.0	-603.3	63.6	-1 975.6	2 393.1
	foreign currency	-151.0	-2 245.8	0.0	0.0	0.0	-3.5	-2 400.3
Net nominal value		**-28.4**	**2 798.5**	**2 527.5**	**2 014.5**	**132.8**	**0.0**	**7 444.8**
of financial derivatives	NOK	-5.3	375.0	2 541.4	2 014.5	132.8	0.0	5 058.3
	foreign currency	-23.1	2 423.5	-13.9	0.0	0.0	0.0	2 386.5

*) Loans to and receivables from customers with no fixed maturity mainly represent loan loss provisions.

Foreign currency exposure

Financial assets and liabilities denominated in foreign currency

	BALANCE SHEET ITEMS		FORWARD	NET POSITION	
BELØP I MILLIONER	BALANCE SHEET ASSETS	BALANCE SHEET LIABILITIES	CONTRACTS - NET SALES	IN CURRENCY	IN NOK
CHF	22.6	0.0	-22.8	-0.2	-1.1
DKK	0.5	0.0	0.0	0.5	0.5
EUR	6.3	344.3	337.8	-0.2	-1.9
GBP	0.8	0.8	0.0	0.0	-0.2
JPY	510.7	0.0	-501.9	8.9	0.5
SEK	111.6	14.6	-98.0	-1.0	-0.8
USD	19.3	10.2	-8.6	0.4	3.0
Total					**-0.1**

Storebrand Bank ASA manages its net balance sheet currency exposure through forward foreign exchange contracts, therefore no breakdown is provided of forward sales and forward purchases by asset and liability.

Currency exposure includes total future interest rate income and interest rate expense. Book figures for assets and liabilities only include accrued interest, and this causes differences between the currency balances in this Note and in Notes 33 and 34.

In the event of a 10% adverse change in exchange rates, the market value of the bank's currency positions (aggregate currency position) would change by approximately NOK 3 million net .

Note 35: Profit and loss and balance sheet items by segment

NOK MILLION	CORPORATE	RETAIL	OTHER	TOTAL
Profit and loss items:				
Net interest income	209.1	171.3	70.2	450.6
Fee and commission income from banking services	5.8	27.2	10.7	43.8
Fee and commission expenses for banking services	0.0	-0.2	-14.8	-15.1
Net fee and commission income from banking services	5.8	27.0	-4.1	28.8
Other non-interest income	10.4	1.4	32.6	44.4
Gains/losses on financial assets	0.0	0.0	29.2	29.2
Losses on loans and guarantees	37.3	-3.4	0.5	34.4
Operating costs	-32.6	-57.8	-255.9	-346.3
Profit before tax	**230.1**	**138.5**	**-127.6**	**241.1**
Tax	0.0	0.0	-47.0	-47.0
Profit for the year	**230.1**	**138.5**	**-174.6**	**194.1**
Balance sheet items:				
Cash and deposits with central banks	0.0	0.0	423.9	423.9
Loans to and deposits with credit institutions	0.0	0.0	41.7	41.7
Gross lending	10 473.2	16 285.0	-0.5	26 757.7
Lending write-downs	-422.6	-56.6	0.3	-478.9
Net lending to customers	**10 050.6**	**16 228.4**	**-0.2**	**26 278.8**
Other assets	31.6	49.1	2 630.9	2 711.6
Total assets	**10 082.1**	**16 277.5**	**3 096.3**	**29 455.9**
Deposits from and due to customers	4 360.5	6 826.4	0.1	11 187.0
Other liabilities	0.0	0.0	16 556.5	16 556.5
Equity	0.0	0.0	1 712.5	1 712.5
Total equity and liabilities	**4 360.5**	**6 826.4**	**18 269.1**	**29 455.9**

In the bank's strategic work, the lending portfolio is divided into two main groups, corporate lending and retail lending. Customers in these two segments are subject to different criteria for pricing (risk), collateral and credit approval. Different products are offered to the two groups, and sales/distribution takes place through different channels. It will normally be the case that a selected number of private individuals are included in the corporate lending segment where for reasons of complexity and credit standing they do not naturally belong to the retail lending segment.

KEY FIGURES STOREBRAND BANK ASA

NOK MILLION	31.12.05		31.12.04	
Profit and Loss account: *(as % of average total assets)*				
Interest income	1 036.4	3.72 %	1 076.7	4.24 %
Interest expense	-586.4	-2.11 %	-647.6	-2.55 %
Net interest income	**450.0**	**1.62 %**	**429.1**	**1.69 %**
Total dividends and other income from securities with a variable return	6.8	0.02 %	5.7	0.02 %
Commission income	43.8	0.16 %	45.5	0.18 %
Commission expenses	-15.1	-0.05 %	-16.0	-0.06 %
Net gain/loss on foreign exchange and securities held as current assets	29.4	0.11 %	9.3	0.04 %
Other operating income	12.0	0.04 %	172.6	0.68 %
Total non-interest income	**77.0**	**0.28 %**	**217.1**	**0.86 %**
Staff costs and general administration expenses	-158.0	-0.57 %	-358.9	-1.41 %
Depreciation of fixed and intangible assets	-15.8	-0.06 %	-15.7	-0.06 %
Other operating expenses	-161.2	-0.58 %	-143.1	-0.56 %
Total non-interst expenses	**-335.1**	**-1.20 %**	**-517.7**	**-2.04 %**
Operating profit before losses and other items	**191.9**	**0.69 %**	**128.5**	**0.51 %**
Loan losses and provisions	34.0	0.12 %	3.7	0.01 %
Profit/losses from other financial assets	42.7	0.15 %	-4.5	-0.02 %
Profit before tax	**268.6**	**0.96 %**	**127.7**	**0.50 %**
Tax	-46.1	-0.17 %	-61.3	-0.24 %
Profit for the year	**222.4**	**0.80 %**	**66.4**	**0.26 %**
Main balance sheet items:				
Total assets		29 486.8		26 511.0
Average total assets		27 842.2		25 367.6
Total lending to customers		26 759.1		23 167.9
Equity		1 489.9		1 862.4
Other key figures:				
Non-interest income as % of total income		14.61 %		33.59 %
Loan losses and provisions as % of average total lending		-0.14 %		-0.02 %
Costs as % of operating income		63.59 %		80.11 %
Return on equity after tax [1])		12.19 %		3.33 %
Capital adequacy:				
Primary capital		1 958.5		2 384.7
Capital ratio		10.45 %		14.55 %
Core capital ratio		8.15 %		12.23 %

Definitions:
[1]) Annualised profit after tax as % of average equity

PROFIT AND LOSS ACCOUNT STOREBRAND BANK ASA

NOK MILLION	NOTE	PARENT BANK 31.12.05	PARENT BANK 31.12.04
Interest and other income on loans to and deposits with credit institutions		12.0	23.6
Interest and other income on loans to and due from customers		941.3	900.6
Interest on commercial paper, bonds and other interest-bearing securities	68,3	106.9	
Other interest income		14.7	45.5
Total interest income		**1 036.4**	**1 076.7**
Interest and other expenses on debt to credit institutions		-41.6	-78.9
Interest and other expenses on deposits from and due to customers		-204.2	-209.7
Interest and other expenses on securities issued		-309.1	-322.6
Interest and other expenses on subordinated loan capital		-31.6	-18.4
Other interest expenses		0.0	-17.9
Total interest expenses		**-586.4**	**-647.6**
NET INTEREST INCOME		**450.0**	**429.1**
Income from shares and other securities with a variable return		0.0	0.2
Income from shareholdings in associated companies	18	6.4	5.0
Income from shareholdings in subsidiaries		0.3	0.5
Total dividends and other income from securities with a variable return		**6.8**	**5.7**
Guarantee commissions receivable		3.6	4.9
Other fees and commissions receivable		40.2	40.5
Total commissions receivable and income from banking services	3	**43.8**	**45.5**
Guarantee commissions payable		-	-
Other fees and commissions payable		-15.1	-16.0
Total commissions payable and expenses from banking services	3	**-15.1**	**-16.0**
Net gain/loss on commercial paper, bonds and other interest-bearing securities		2.8	-3.0
Net gain/loss on shares and other securities with a variable return		-	-
Net gain/loss on foreign exchange and financial derivatives		26.6	12.3
Total net gain/loss on foreign exchange and securities held as current assets		**29.4**	**9.3**
Other operating income	5	**12.0**	**172.6**
Total other operating income		12.0	172.6
Salaries		-105.9	-205.5
Pensions	6	-12.3	-21.6
Social security expenses		-26.1	-45.2
Total staff costs		-144.3	-272.3
Administration expenses		-10.7	-86.6
Total staff costs and general administration expenses	7	**-155.1**	**-358.9**
Ordinary depreciation		-15.6	-15.6
Write -downs		-0.2	-0.1
Total depreciation and write-downs of fixed and intangible assets	7	**-15.8**	**-15.7**

NOK MILLION	NOTE	PARENT BANK 31.12.05	31.12.04
Real estate operating expenses		-0.3	-0.3
Other operating expenses		-163.9	-142.9
Total other operating expenses	7	**-164.2**	**-143.1**
Losses and provisions on loans		37.9	1.8
Losses and provisions on guarantees		-4.0	1.9
Total losses and provisions on loans and guarantees	4	**34.0**	**3.7**
Write-downs		-0.2	-4.2
Gains/losses		42.9	-0.3
Total write-downs and gain/losses on securities held as fixed assets		**42.7**	**-4.5**
PROFIT BEFORE TAX		**268.6**	**127.7**
Tax on ordinary profit	8	-46.1	-61.3
PROFIT FOR THE YEAR		**222.4**	**66.4**
Transfers and allocations:			
Other equity			-4.7
Provision for dividend payment		-222.4	-61.7
TOTAL TRANSFERS AND ALLOCATIONS		**-222.4**	**-66.4**

BALANCE SHEET STOREBRAND BANK ASA

NOK MILLION	NOTE	PARENT BANK 31.12.05	31.12.04
ASSETS			
Cash and deposits with central banks	9	**423.9**	**490.7**
Call loans to and deposits with credit institutions		33.7	164.5
Term loans to and deposits with credit institutions		8.0	0.3
Total loans to and receivables from credit institutions	10	**41.7**	**164.8**
Overdraft and current accounts		680.4	659.4
Real estate development loans		1 280.1	877.0
Instalment loans		24 798.6	21 649.2
Total lending before write-downs of individual and groups of loans	15	26 759.1	23 185.5
- Write-downs of individual loans	16	-389.6	-366.5
- Write-downs of groups of loans	16	-89.2	-194.3
Total net lending to and due from customers		**26 280.3**	**22 624.7**
Assets repossessed	11	**56.5**	**88.2**
Commercial paper and bonds issued by public authorities		978.2	721.4
Total securities issued by public authorities		978.2	721.4
Commercial paper and bonds issued by others		724.9	1 261.6
Total securities issued by others		724.9	1 261.6
Total commercial paper, bonds and interest-bearing fixed return securities	13	**1 703.1**	**1 983.1**
Shares, other equity investments and primary capital certificates		3.6	3.0
Total shares, other equity inv. and other sec. with a variable return	12	**3.6**	**3.0**
Shareholdings in associated companies		8.3	7.9
Total shareholdings in associated companies	18	**8.3**	**7.9**
Shareholdings in financial companies		23.6	230.8
Shareholdings in other group companies		11.1	9.3
Total shareholdings in group companies	12	**34.7**	**240.0**
Deferred tax assets	8	224.7	277.9
Other intangible assets	19	26.0	17.1
Total intangible assets		**250.7**	**295.0**
Machinery, equipment and vehicles		4.8	7.3
Buildings and other real estate		5.2	5.4
Total fixed assets	19	**9.9**	**12.7**
Financial derivatives	14	515.0	471.7
Other assets		16.2	4.8
Total other assets		**531.2**	**476.5**
Accrued income		138.7	116.8
Other prepaid expenses		4.3	7.4
Total prepaid expenses		**4.3**	**7.4**
Total prepaid expenses and accrued income		**143.0**	**124.2**
TOTAL ASSETS		**29 486.8**	**26 511.0**

NOK MILLION	NOTE	PARENT BANK 31.12.05	31.12.04
LIABILITIES AND EQUITY			
Call loans and deposits from credit institutions		76.5	2.3
Term loans and deposits from credit institutions		1 388.1	2 099.7
Total debt to credit institutions	21	**1 464.6**	**2 102.0**
Call loans and deposits from customers		10 890.9	10 363.1
Term loans and deposits from customers		329.6	372.0
Total deposits from and due to customers	22	**11 220.5**	**10 735.1**
Commercial paper and other short-term funding		4 520.2	4 283.4
- Own unamortised commercial paper		-55.0	-0.1
Bond debt		11 046.5	7 284.9
- Own unamortised bonds		-1 854.5	-1 238.0
Total securities issued	23	**13 657.2**	**10 330.1**
Finansielle derivatives	14	452.3	428.2
Other debt	24	318.8	126.4
Total other debt		**771.1**	**554.6**
Total accrued expenses and prepaid income		**119.4**	**176.3**
Pension commitments	6	101.3	98.6
Total provision for accrued commitments and expenses		**105.3**	**98.6**
Perpetual subordinated loan capital		283.9	282.4
Other subordinated loan capital		375.0	369.5
Total subordinated loan capital	23	**658.9**	**651.8**
TOTAL LIABILITIES		**27 996.9**	**24 648.6**
Share capital		916.6	1 315.9
Total pain-in share capital		**916.6**	**1 315.9**
Other reserves		573.3	546.5
Total accrued reserves		**573.3**	**546.5**
TOTAL EQUITY		**1 489.9**	**1 862.4**
TOTAL LIABILITIES AND EQUITY		**29 486.8**	**26 511.0**

Oslo, 14 February 2006

Translation - not to be signed

The Board of Directors of Storebrand Bank ASA

Idar Kreutzer
Chairman

Stein Wessel-Aas
Deputy Chairman

Ola Mørkved Rinnan
Board Member

Tone Reierselmoen
Board Member

Kristine Schei
Board Member

Per Kumle
Board Member/Managing Director

Roar Thoresen
Board Member

Heidi Storruste
Board Member

CASH FLOW STATEMENT STOREBRAND BANK ASA

NOK MILLION	PARENT BANK 31.12.05	31.12.04
Cash flow from operational activities		
Interest, commissions and fees received from customers	1 073.5	1 512.2
Interest, commissions and fees paid to customers	-579.2	-729.7
Net receipts/payments - lending to customers	-3 592.3	-1 624.9
Net receipts/payments - loans to and claims on other financial institutions	125.3	98.3
Net receipts/payments - deposits from banking customers	485.4	-910.5
Net receipts/payments - deposits from Norges Bank and other financial institutions	-637.5	-986.1
Net receipts/payments - securities in the trading portfolio:		
Shares and other equity investments	198.4	-3.6
Bonds and other fixed-income securities	282.9	49.2
Financial derivatives and other financial instruments	45.7	0.0
Payments to third parties for goods and services	-79.8	-306.0
Payments to employees, pensioners, employment taxes etc.	-141.6	-267.0
Receipts of dividend from associated companies	6.0	3.0
Net cash flow from operational activities	**-2 813.2**	**-3 165.1**
Cash flow from investment activities		
Net receipts from sales of subsidiaries	250.1	0.0
Net receipts/payments on sales/purchases of fixed assets etc.	9.7	19.4
Net cash flow from investment activities	**259.8**	**19.4**
Cash flow from financing activities		
Net receipts from issue of commercial paper/short-term loans	182.2	2 913.9
Net receipts from subordinated loan capital	4.1	0.0
Interest payments on subordinated loans	-22.3	231.7
Net receipts from issue of bond loans and other long-term funding	2 783.6	466.4
Payments on redemption of share capital	-399.3	0.0
Dividend/group contribution payments	-61.7	0.0
Net cash flow from financing activities	**2 486.6**	**3 612.0**
Net cash flow for the period	**-66.8**	**466.3**
Net movement in cash and cash equivalent assets	-66.8	466.3
Cash and cash equivalent assets at the start of the period	490.7	24.4
Cash and cash equivalent assets at the end of the period	**423.9**	**490.7**

ACCOUNTING PRINCIPLES 2005 FOR PARENT BANK

The accounting principles used for the preparation of the unconsolidated accounts of Storebrand Bank ASA are described below. The principles are applied consistently to similar transactions and to other events under similar circumstances.

The accounts of Storebrand ASA have been prepared in accordance with the Accounting Act, Norwegian generally accepted accounting practice and the Norwegian regulations for the annual accounts of banks and finance companies.

USE OF ESTIMATES IN PREPARING THE ANNUAL ACCOUNTS

The preparation of the accounts has involved the use of estimates and assumptions that have an effect on assets, liabilities, revenue, costs, the notes to the accounts and information on potential liabilities. The final values realised may differ from these estimates.

CHANGES TO ACCOUNTING PRINCIPLES

With effect from and including the 2005 financial year, Storebrand Bank ASA prepares its consolidated accounts in accordance with the EU approved International Financial Reporting Standards (IFRS). In order to reduce the differences between the accounting principles used for the unconsolidated accounts, Storebrand Bank ASA has made the following changes to the accounting principles used in its unconsolidated accounts:

1. Pension costs are accounted for in accordance with the new Norwegian accounting standard for pensions NRS 6A. This allows the use of IAS 19 – as in the consolidated accounts. The effect of implementing IAS 19 was applied directly to equity as at 1 January 2004, and the accounting figures presented for 2004 are therefore comparable with the 2005 accounts.

2. Financial derivatives are measured at fair value. Financial instruments that were previously measured at amortised cost that are hedged against interest rate risk by using financial derivatives are measured at fair value with effect from 1 January 2004.

3. A new accounting principle has been applied to the accounting treatment of structured products – equity index linked bonds – as described below. Under the former treatment, a gain was recognised when such products were issued. The new principle does not recognise any gain at the time of issue. The effect of implementing this change was applied directly to equity at 1 January 2004.

   The total effect on equity at 1 January 2004 of the changes described above amounted to NOK 119 million after tax. Further information can be found in the note to the accounts in respect of equity.

4. A new accounting principle has been applied to the accounting treatment of losses on lending as described below. This change in accounting principle is required by new Norwegian regulations on the accounting treatment of losses on loans and guarantees. The new principle has been applied with effect from 1 January 2004, and its implementation caused a reduction in post-tax equity of NOK 29 million after tax. There is no requirement to produce comparable figures for 2004 in respect of this change in accounting treatment.

ASSETS AND LIABILITIES IN FOREIGN CURRENCY

All receivables and liabilities denominated in foreign currency are translated to Norwegian kroner (NOK) at the mid-market exchange rate on the balance sheet date. Income and costs denominated in foreign currency are translated to NOK using the exchange rate at the time of the transaction.

SEGMENT REPORTING

The group is organised into two business areas, corporate banking and retail banking. Business areas are the company's primary reporting segments. Financial information in respect of these segments is presented in note 32.

TANGIBLE FIXED ASSETS

The group's tangible fixed assets comprise equipment, fixtures and fittings, vehicles and IT systems used by the group for its own activities.

Equipment, fixtures and fittings, vehicles and IT systems are valued at acquisition cost reduced by accumulated depreciation and any write-downs.

Straight-line depreciation is applied over the following periods:

Equipment, fixtures and fittings	4 years
Vehicles	5 years
IT systems	3-6 years

The depreciation period and the method of depreciation are reviewed annually to ensure that the method and period used correspond with the commercial reality for the asset in question. This also applies to the disposal value.

Consideration is given to writing down the value of an asset if there are indications of a fall in its value.

INTANGIBLE ASSETS
The group's intangible assets largely relate to customised software, both developed in-house and purchased. This is valued at acquisition cost reduced by accumulated depreciation and any write-downs. The depreciation period and the method of depreciation are reviewed annually. New intangible assets are only capitalised if it can be demonstrated that it is likely that the group will gain future commercial benefit that is directly applicable to the asset in question. In addition, it must be possible to estimate the cost price of the asset reliably. The value of an intangible asset is tested for impairment if there are indications of a fall in its value, otherwise intangible assets are subject to write-downs and reversals of write-downs in the manner described for tangible fixed assets.

PENSION LIABILITIES FOR OWN EMPLOYEES
With effect from the 2005 financial year, the company has used the Norwegian standard for pensions accounting NRS 6A, which permits the use of IAS 19 (International Financial Reporting Standards) 'Employee Benefits' in place of NRS 6 'Pension Costs'. This has caused the pension liabilities arising in respect of own employees to be calculated using new parameters. The difference between the book value of pension liabilities at 1 January 2004 and the new actuarial calculation of liabilities on 1 January 2004 has been applied directly to equity.

The net pension cost for the period is made up of the sum of pension entitlement accrued in the period, interest cost on the calculated pension liability and the expected return on pension assets. Pension costs and pension liabilities for defined benefit pension schemes are calculated using a linear accrual of entitlement to pension and expected final salary, based on assumptions for discount rate, future salary increases, pensions and benefits from the national insurance fund, the future return on pension assets and actuarial assumptions on mortality, early leavers etc. The discount rate is equivalent to the risk-free interest rate taking into account the average remaining period for accrual of pension entitlement. Where a scheme is funded, the pension assets are valued at fair value and deducted to show the net liability in the balance sheet.

The effect of differences between assumptions and actual experience (experience adjustments) and changes in assumptions is amortised over the remaining period for accrual of pensions entitlement to the extent that it exceeds 10% of the higher of either the pension liability or pension assets (corridor approach).

The effect of changes to the pension scheme is charged to the profit and loss account as incurred, unless the change is conditional on future accrual of pension entitlement. If this is the case, the effect is allocated on a linear basis of the period until the entitlement is fully earned. Employment taxes payable by the employer are included as part of the pension liability, and are included both in the balance sheet value of pension liabilities and in experience adjustments.

The comparable figures shown for 2004 in the accounts and the notes to the accounts in respect of pensions have been restated to reflect the application of NRS 6A in 2004, as well as the reversal of experience adjustments as at 1 January 2004.

TAX
The tax charge in the profit and loss account consists of tax payable for the accounting year and changes in deferred tax. Deferred tax and deferred tax assets are calculated on the basis of differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded in the balance sheet to the extent it is considered likely that the group will have sufficient taxable profit in the future to make use of the tax asset.

DIVIDENDS
A dividend payment proposed by the company's Board is recognised as a liability. Similarly, dividend due from subsidiaries is recognised as income once the dividend is proposed by the board of the company question.

Financial instruments

GENERAL PRINCIPLES AND DEFINITIONS
Recognition and derecognition
Financial assets and liabilities are included in the balance sheet from such time as Storebrand Bank becomes party to the instrument's contractual terms and conditions. Normal purchases and sales of financial instruments are booked on the transaction date. When a financial asset or a financial liability is first recognised in the accounts, it is valued at fair value plus, in the case of a financial asset or a financial liability that is not a financial asset or

a financial liability at fair value through profit and loss, transaction costs directly related to the acquisition or issue of the financial asset or the financial liability.

Financial assets are derecognised when the contractual right to the cash flow from the financial asset expires, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, the risk and reward associated with ownership of the asset is transferred.

DEFINITION OF AMORTISED COST

Subsequent to inception, loans and receivables as well as financial liabilities not at fair value through profit and loss, are valued at amortised cost using the effective interest method. The calculation of the effective interest rate involves estimating all cash flows and all contractual terms of the financial instruments (for example early repayment, call options and equivalent options). The calculation includes all fees and margins paid or received between the parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

DEFINITION OF FAIR VALUE

"Fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For financial assets that are listed on a stock exchange or another regulated market place, fair value is determined as the bid price on the last trading day up to and including the balance sheet date, and in the case of an asset that is to be acquired or a liability that is held, the offer price.

If a market for a financial instrument is not active, fair value is determined by using valuation techniques. Such valuation techniques make use of recent arm's length market transactions between knowledgeable and willing parties where available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and options pricing models. If a valuation technique is in common use by participants in the market and this technique has proved to provide reliable estimates of prices actually achieved in market transactions, this technique is used.

The fair value of loans recognised at amortised cost is estimated on the basis of the current market rate of interest on similar lending. Write-downs of loans are taken into account both in the amortised cost and when estimating fair value. When estimating the fair value of a loan, consideration is also given to the development of the associated credit risk in general.

IMPAIRMENT OF FINANCIAL ASSETS

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

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

Storebrand Bank makes use of both individual loan write-downs and write-downs of groups of loans. This approach is in accordance with the Norwegian regulations on the accounting treatment of losses on loans and guarantees.

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

An impaired lending commitment is recognised as a realised loss in the case of bankruptcy, a legally binding composition with creditors, failure to receive a court order for attachment of property, a legally binding judgement, or if the bank has terminated legal collection procedures or has otherwise renounced the commitment or its share of the commitment. Realised losses are deducted from gross lending in the balance sheet.
The bank judges a lending commitment to be in default if a contractual payment is not received and 90 days have elapsed from the due date, or where an account is overdrawn without authorisation and the situation is not rectified within 90 days. Commitments where bankruptcy/insolvency or debt settlement proceedings have started are also considered to be in default.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Financial assets are classified into one of the following categories:
- available for sale,
- at fair value through profit or loss in accordance with the fair value option (FVO),
- loans and receivables.

Available for sale

A financial asset is classified as available for sale if it is:

– *acquired or incurred principally for the purpose of selling or repurchasing it in the near term, is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking,*

or

– *is a derivative (except for a derivative that is designated as an effective hedging instrument).*

With the exception of derivatives, only a limited proportion of Storebrand Bank's financial assets fall into this category.

Available for sale financial assets are measured at fair value at the balance sheet date. Changes in fair value are recognised to profit and loss.

LOANS AND RECEIVABLES

"Loans and receivables" are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of such assets that the company intends to sell immediately or in the short term that are classified as available for sale and such assets that the company designates at inception as assets at fair value through profit and loss.

Loans and receivables are valued at amortised cost using the effective interest method. Assets in this group relate principally to loans.

Loans and receivables that are designated as hedged items are subject to measurement in accordance with the requirements of hedge accounting.

DERIVATIVES

Derivatives are defined as follows:

A "derivative" is a financial instrument or other contract within the scope of IAS 39 with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (sometimes called the 'underlying'),
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors
- it is settled at a future date.

ACCOUNTING TREATMENT OF DERIVATIVES

All derivative contracts entered into by Storebrand Bank are for the purpose of hedging assets or liabilities.
Derivatives that hedge items which, pursuant to the normal measurement rules, are accounted for at fair value, are included in the category financial instruments available for sale. The fair value of derivatives is classified as an asset or a liability and changes in fair value are recognised through profit and loss.

ACCOUNTING TREATMENT OF DERIVATIVES FOR HEDGING.

The group uses only fair value hedging where the items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives that fall within this category are recognised at fair value through profit and loss, while changes in the value of the hedged item that relate to the risk hedged are applied to the book value of the item and are recognised through profit and loss. The value of hedging instruments is classified in the balance sheet together with the item hedged.

Hedge accounting is principally relevant to the interest rate hedging of fixed rate funding and lending. The majority of the bank's interest rate derivatives fall into this category.

FINANCIAL LIABILITIES

Subsequent to inception, all financial liabilities are measured at amortised cost using the effective interest method. Liabilities in this category include deposits from customers, subordinated loan capital and liabilities created by of the issue of commercial paper and bonds.

Structured products – synthetic financial instruments
Storebrand Bank has issued equity index linked bonds. These products principally comprise the issue of a bond and the sale of an equity index option. At the time of issue, the equity index option is measured at fair value since the option is a derivative that is not closely related to the bond issue. The bonds issued are simultaneously measured at amortised cost. No gain is recognised in respect of structured gains at the time of issue ("day 1 gains").

Financial liabilities that are classified as hedged items are measured in accordance with hedge accounting.

NEW RECONCILIATION 2004 (NGAAP)

Profit and Loss Account

NOK MILLION	ORIGINAL 2004	RECLASSI-FICATION	MEASUREMENT EQUITY EFFECT	NEW FIGURES FOR 2004	REFERENCE
Total interest income	1 124.6	-47.9	0.0	1 076.7	1)
Total interest expense	-729.7	64.6	17.5	-647.6	2)
NET INTEREST INCOME	**395.0**	**16.7**	**17.5**	**429.1**	
Total dividends and other income from securities with variable return	5.7	0.0	0.0	5.7	
Total commissions receivable and income from banking services	74.8	-29.3	0.0	45.5	3)
Total commissions payable and expenses from banking services	-16.0	0.0	0.0	-16.0	
Total net gain/loss on foreign exchange and securities held as current assest	14.9	0.0	-5.6	9.3	4)
Total other operating income	172.6	0.0	0.0	172.6	
Total staff costs and general administration expenses	-360.3	6.7	-5.3	-358.9	5)
Total depreciation and write-downs of fixed and intangible assets	-15.7	0.0	0.0	-15.7	
Total other operating expenses	-149.0	5.9	0.0	-143.1	6)
Total losses and provisions on loans and guarantees	3.7	0.0	0.0	3.7	
Total write-downs and gain/losses on securities held as fixed assets	-4.5	0.0	0.0	-4.5	
PROFIT BEFORE TAX	**121.1**	**0.0**	**6.6**	**127.7**	
Tax on ordinary profit	-59.5	0.0	-1.8	-61.3	7)
PROFIT FOR THE YEAR	**61.7**	**0.0**	**4.7**	**66.4**	

1) Reclassification of lending fees from total commissions receivable and income from banking services due to change in accounting principles, and netting of interest on interest rate swaps against total interest expense.

2) Reclassification represents netting of interest on interest rate swaps against total interest income. Sales costs and commission income from sale of structured products reclassified from operating costs and commission income respectively. Measurement/equity effect refers to interest on structured products due to change in accounting principles.

3) Reclassification of commission income from structured products to total interest expense, and reclassification of lending fees to total interest income.

4) Measurement/equity effect represents change in value of investment portfolio valued at fair value following change in accounting principles.

5) Reclassification of sales costs for structured products to total interest expense. Measurement/equity effect represents increased pension costs due to application of new accounting principles for calculation of pension commitments.

6) Reclassification of sales costs for structured products to total interest expense.

7) Tax calculated on changes which affect profit for the year.

Balance Sheet

Assets

NOK MILLION	ORIGINAL 2004	RECLASSI-FICATION	MEASUREMENT EQUITY EFFECT	NEW FIGURES FOR 2004	REFERENCE
Cash and deposits with central banks	490.7			490.7	
Total loans to and receivable from credit institutions	164.8	0.0	0.0	164.8	
Total net lending to and due from customers	22 607.1	0.0	17.6	22 624.7	1)
Assets repossessed	88.2			88.2	
Total short-term debt instruments, bonds and interest-bearing fixed-return securities	1 982.1	0.0	1.0	1 983.1	2)
Total shares, other equity investments and other securities with a variable return	3.0	0.0	0.0	3.0	
Total shareholdings in associated companies	7.9	0.0	0.0	7.9	
Total shareholdings in group companies	240.0	0.0	0.0	240.0	
Total intangible assets	237.1	16.7	41.2	295.0	3)
Total fixed assets	29.4	-16.7	0.0	12.7	4)
Total other assets	357.9	110.5	8.1	476.5	5)
Total prepaid expenses and accrued income	141.6	-17.4	0.0	124.2	6)
TOTAL ASSETS	**26 350.0**	**93.1**	**67.9**	**26 511.0**	

Liabilites and equity

NOK MILLION	ORIGINAL 2004	RECLASSI-FICATION	MEASUREMENT EQUITY EFFECT	NEW FIGURES FOR 2004	REFERENCE
Total debt to credit institutions	2 102.0	0.0	0.0	2 102.0	
Total deposits from and due to customers	10 735.1	0.0	0.0	10 735.1	
Total securities issued	10 233.6	0.0	96.6	10 330.1	7)
Total other debt	483.5	74.5	-3.3	554.6	8)
Total accrued expenses and prepaid income	146.8	29.5		176.3	
Total provisions for accrued commitments and expenses	19.4	-10.9	90.1	98.6	9)
Total subordinated loan capital	652.7	0.0	-0.9	651.8	10)
TOTAL LIABILITIES	**24 373.1**	**93.1**	**182.4**	**24 648.6**	
TOTAL EQUITY	**1 976.9**	**0.0**	**-114.5**	**1 862.4**	11)
TOTAL LIABILITIES AND EQUITY	**26 350.0**	**93.1**	**67.9**	**26 511.0**	

1) Measurement/equity effect applies to net hedging effect on fixed rate lending due to application of hedge accounting.

2) Measurement/equity effect due to application of fair value to securities portfolio following change in accounting principles.

3) Reclassification of intangible asset from operating assets. Measurement/equity effect due to change in deferred tax assets/liabilities caused by changes to equity as at 1 January 2004, as well as change in tax due to change in profit for the year in 2004.

4) Reclassification of operating assets to intangible assets.

5) Reclassification and gross accounting of FX derivatives to total prepaid expenses and accrued income, total other debt and total accrued expenses and prepaid income. Measurement/equity effect due to application of derivatives to balance sheet following change in accounting principles.

6) Reclassification and gross accounting of FX derivatives to total other assets, total other debt, and total accrued expenses and prepaid income. Also includes reclassification of pension asset to total provision for accrued commitments and expenses.

7) Measurement/equity effect applies to net hedging effects from bonds and structured bonds following change to hedge accounting. A change in accounting principles also means that commission income and sales costs for structured bonds are now accrued over the life of the bond.

8) Reclassification and gross accounting of FX derivatives to total other assets, total prepaid expenses and accrued income and total accrued income and prepaid expenses.

9) Measurement/equity effect due to application of new accounting principles for calculation of pension commitments.

10) Measurement/equity effect due to net hedging effect on perpetual subordinated debt following application of hedge accounting.

11) Equity effect represents total effect on equity of all changes in accounting principles for the year.

NOTES TO THE ACCOUNTS FOR STOREBRAND BANK ASA

Note 1: Remuneration of the Managing Director, senior executives and non-executive officers

	NO. OF SHARES OWNED *)	LOAN NOK 1,000 **)	INTEREST RATE AT 31.12.05	REPAYMT.-BASIS ***)
Senior executives				
Per Kumle	628	5 400	2.85 %	SE 2017/2027
Per Kjetil Lilleskare	0	1 295	2.75 - 3.20%	AN 2010/2033
Anne Grete T. Wardeberg	0	0		
Tore Hopen	403	4 155	2.75 - 3.20%	SE 2029 / AN 2020
Nina Juel Arstal	200	1 159	2.75 %	AN 2028
Trygve Dahl	982	1 200	2.75 %	SE 2030
Board of directors				
Idar Kreutzer	28 878	6 054	2.75 - 3.20%	AN 2021/2031
Roar Thoresen	628	1 039	2.75 %	AN 2022
Heidi Storruste	278	927	2.75 %	AN 2029
Steinar Wessel-Aas	0	1 400	3.40 %	SE 2019
Ola Mørkved Rinnan	0	0		
Kristine Schei	0	0		
Tone M. Reierselmoen	938	150	2.75 %	AN 2008
Control Committee	0	1 959	3.10 %	AN 2017/2025

*) The summary shows the number of shares owned in Storebrand ASA by the individual, as well as his or her close family and companies where the individual exercises significant influence (cf. Accounting Act 7-26).

**) Loans to senior employees and members of the Board of Directors are granted in part on the normal terms and conditions for loans to employees, i.e. loan to an individual of up to NOK 1.2 million at 80% of normal market interest rate. Loans in excess of NOK 1.2 million are granted on normal commercial terms and conditions.

***) AN = Level payment loan, SE - Instalment loan. Date shown is date of final repayment.

Remuneration:

NOK 000	2005
Managing Director: *)	
Salary	2 475
Bonus (performance-based) **)	3 159
Total remuneration	**5 634**
Other taxable benefits	192
Pension cost ***)	972
Senior executives ****)	6 525
Control Committee	380
Chairman of the Board	0
Members of the Board including the Chairman	563

*) The terms of employment for Per Kumle, Managing Director of Storebrand Bank ASA, provide a guarantee of 24 month's salary following the expiry of the normal notice period. All forms of work-related income from other sources will be deducted from such payments after 18 months. Per Kumle has given notice to resign from employment with Storebrand Bank ASA and upon departure in 2006 will receive payment in accordance with this agreement of NOK 3.7 million.

**) Per Kumle is entitled to a performance-related bonus based on the group's ordinary bonus scheme. Payments under the ordinary bonus scheme are payable in three instalments. The group's value creation finances the overall amount of the bonus, but individual performance determines allocation. Kumle's individual bonus entitlement is credited to a bonus account, and 1/3 of the balance on the bonus account is paid each year. Upon departure, Per Kumle will receive NOK 2.5 million under this arrangement.

***) Pension cost relates to pension benefit accrued over the course of the year. The Managing Director is a member of the Storebrand pension scheme on normal terms. It should be noted that he is in addition entitled to pension rights for salary above 12 G, entitling Kumle also to a paid-up policy for salary above 12 G if employment is terminated before retirement. The discounted present value of his pension entitlements amounts to NOK 2.8 million, made up of NOK 0.4 million in the insured scheme and NOK 2.4 million in the uninsured scheme. These amounts represent the liability of the insured and uninsured scheme calculated on a linear basis using the financial assumption specified in the accounts (cf. Note 6).

****) Relates to salary and bonus paid in 2005. Senior executives are entitled to a performance-related bonus based on Storebrand's ordinary bonus scheme, payable in three instalments. The group's value creation finances the overall amount of the bonus, but individual performance determines allocation. Bonus entitlements are credited to bonus accounts, and 1/3 of the balance on an individual's bonus account is paid each year. The balance outstanding on bonus accounts for all senior executives at 1 January 2005 totalled

Headcount and personnel information

	2005	2004
Average number of employees	169	299
Number of employees at 31 December	167	171
Number of employees expressed as full-time equivalent positions	164	169

Note 2: Close associates

Transactions were carried out with Storebrand Livsforsikring AS in 2005 in respect of the distribution of the bank's products. The agreement in this respect is on normal commercial terms. The cost to the bank in 2005 was NOK 24.9 million.

Remuneration paid to the auditor (excluding value added tax):

NOK 000	2005	2004
Statutory audit	1 044	1 161
Other reporting services	61	0
Tax advice		
Other non-audit services	28	390

Storebrand Bank ASA changed its auditor in 2004 to Deloitte Statssautoriserte Revisorer AS. Remuneration paid to Deloitte Statsautoriserte Revisorer AS and its collaborating companies for audit and audit related services in 2004 amounted to NOK 408 thousand

Loans to employees:

NOK MILLION	2005	2004
Loans to employees of Storebrand Bank ASA	162.4	170.8
Loans to employees of the Storebrand group	1 327.2	1 277.0

Note 3: Commissions and fees on banking services

NOK MILLION	2005	2004
Other fees and commissions receivable		
Money transfer fees	14.0	19.4
Service charges on deposit accounts	15.2	13.0
Guarantee commissions receivable	3.6	4.9
Fees from securities trading and management	0.0	0.0
Other commission income	11.1	8.2
Total fees and commissions receivable	**43.8**	**45.5**
Other fees and commissions payable		
Money transfer fees	-13.6	-13.6
Fee on securities to Norwegian Registry of Securities	-1.3	-1.1
Other commission expenses	-0.1	-1.3
Total fees and commission payable	**-15.1**	**-16.0**

Note 4: Losses on loans and guarantees

NOK MILLION	2005
Write-downs of loans and guarantees for the period	
Change in specific write-downs for the period [1]	-95.0
Change in the group write-downs for the period	-26.5
Other corrections to write-downs [3]	6.8
Realised losses in period on commitments specifically provided for previously	81.9
Realised losses on commitments not specifically provided for previously	0.9
Recoveries on previously realised losses	-2.0
Write-downs of loans and guarantees for the period	**-34.0**

Analysis of net write-downs by sector:	
International shipping and pipelines	15.6
Services and real estate operations	-3.7
Retail customers	-18.0
Foreign/others [2]	-4.4
Write-downs of groups of loans	-23.5
Total write-downs of lending	**-34.0**

[1] Of which write-downs of guarantees amounted to NOK 3.9 million in 2005.
[2] Other includes changes in respect of applying amortised cost and the effective interest rate method.
[3] Other corrections to write-downs:

Income recognised to profit in accordance with the effective interest rate method	23.5
Correction to volume and write-down of debt recovery portfolio	-22.7
Other changes	6.0
Total other corrections	6.8

Changes in write-downs of individual loans and groups of loans shown above are based on book amounts as at 1 January 2005 following the change in accounting principles caused by changes in the accounting regulation regarding losses.

Breakdown of interest accrued but not applied to profit and loss for the period:

NOK MILLION	2005	2004
Interest income accrued but not applied to P&L as at 01.01	147.7	123.4
Interest income applied to P&L from previous periods	-11.7	-16
Interest income accrued, but not applied to P&L on loans no longer in the balance sheet	-34.7	-25.1
Interest income accrued but not applied to P&L on loans identified as impaired	21.4	10.7
Interest income accrued but not applied to P&L on lending portfolio as at 31.12.	**122.6**	**93.0**

1 January 2005 figures adjusted by NOK 54.7 million in respect of debt collection agency portfolio.

Note 5: Other non-interest income

NOK MILLION	2005	2004
Income from distribution and management of loan portfolios	0.6	7.7
Income from distribution of mutual fund products	0.0	13.6
Income from distribution of life insurance products	0.0	115.0
Income from distribution of health insurance products	0.0	3.8
Income from distribution of mutual fund insurance products	0.0	19.0
Other non-interest income	11.4	13.6
Total non-interest income	**12.0**	**172.6**

Storebrand Bank ASA distributed and managed loan portfolios for Storebrand Livsforsikring AS and Storebrand Skadeforsikring AS until autumn 2004. The Storebrand Skadeforsikring AS loan portfolio and the major part of the Storebrand Livsforsikring AS portfolio were then purchased by Storebrand Bank ASA and included in the bank's own lending portfolio.
Storebrand Bank ASA distributed products for other group companies until 1 October 2004, when the distribution unit was sold to Storebrand Livsforsikring AS. The bank's 2004 accounts include income from distribution for the first nine months.

Note 6: Pension costs and liabilities

Employees are assured a retirement pension equivalent to 70% of pensionable salary at the time of retirement. The ordinary retirement age is 65. Staff pensions are provided by a group pension scheme, primarily with Storebrand Livsforsikring AS, in accordance with the rules on private occupational pension schemes. Pension payments from the this scheme come into effect from the pension age, which is 67. Pension payments between 65 and 67 and pension payments in respect of salary amounts over 12 times the social security pension scheme base amount (G) are paid directly by the company.

Reconciliation of pension assets and liabilities in the balance sheet:

NOK MILLION	2005	2004
Present value of insured pension liability including employer's social security contributions	75.8	75.5
Pension assets at fair value	-58.3	-51.3
Net pension liability/surplus for the insured schemes	17.5	24.3
Present value of uninsured pension liability including employer's social security contributions	35.9	32.1
Experience adjustments and difference between actual and expected investment return not applied to profit and loss	48.0	42.2
Net pension liabilities in the balance sheet	**101.3**	**98.6**

Net pension cost in the profit and loss account, specified as follows:

NOK MILLION	2005	2004
Pension liability accrued for the year	13.6	21.2
Interest on pension liabilities	4.4	11.2
Expected return on pension assets	-3.0	-9.2
Experience adjustments	-1.5	0.0
Changes to the pension scheme	-1.1	0.0
Effect of discontinuing or reducing pension arrangements	0.0	-1.5
Net pension cost to profit and loss in the period	**12.3**	**21.6**

Net pension costs are included in Note 7 - Operating expenses.

Reconciliation to show the change in net pension liability or net pension assets in the period:

NOK MILLION	2005	2004
Net pension liability at 01.01 including provision for employer's social security contributions	98.6	105.1
Net pension cost recognised in the period	12.3	21.6
Premiums paid	-9.0	-19.2
Pensions paid - uninsured scheme	-0.5	-1.0
Internal transfer of pension liability	0.0	-8.0
Net pension liability at 31.12.	**101.3**	**98.6**

Main assumptions used when calculating net pension liability:

FINANCIAL ASSUMPTIONS:	2005	2004
Discount rate	4.7 %	4.7 %
Expected return on pension fund assets in the period	6.0 %	6.0 %
Expected earnings growth	3.0 %	3.0 %
Expected annual increase in social security pensions	3.0 %	3.0 %
Expected annual increase in pensions in payment	2.0 %	2.0 %

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

Note 7: Operating expenses

NOK MILLION	2005	2004
Ordinary wages and salaries	105.9	205.5
Employer's social security contributions	17.6	30.0
Other staff expenses	8.5	15.2
Pension costs	12.3	21.6
Total staff expenses	144.3	272.3
Operation/maintenance of equipment/fixtures and fittings	1.8	64.1
Printing, postage etc.	4.2	8.6
Travel, entertainment, courses, meetings	3.8	6.6
Other sales and publicity costs	0.8	7.4
Total administration expenses	10.7	86.6
Total staff and general administration expenses	**155.1**	**358.9**
Depreciation	**15.8**	**15.7**
Contract personnel	22.2	25.5
Operating expenses on rented premises	68.2	44.0
Inter-company charges for services	59.8	56.1
Other operating expenses	13.9	17.5
Total other operating expenses	**164.2**	**143.1**
Total operating expenses	**335.1**	**517.6**

Storebrand Bank ASA distributed products for other companies in the Storebrand group until 1 October 2004, when the distribution unit was sold to Storebrand Livsforsikring AS. The consequences of the sale included a reduction in headcount at Storebrand Bank ASA of approximately 250. The bank's 2004 accounts include the cost of the distribution unit for the first nine months.

Note 8: Tax

TAX CHARGE FOR THE YEAR

NOK MILLION	2005	2004
Tax payable for the period	0.0	0.0
Change in deferred tax	46.1	61.3
Total tax charge	**46.1**	**61.3**

Reconciliation of expected and actual tax charge

	2005	2004
Ordinary pre-tax profit	268.6	127.7
Expected tax on income at nominal rate	75.2	35.8
Tax effect of:		
Realised shares	-12.0	0.0
Associated companies	-1.8	0.0
Permanent differences	-14.1	25.6
Corrections for previous years	-1.1	0.0
Tax charge	**46.1**	**61.3**

ANALYSIS OF THE TAX EFFECT OF TEMPORARY DIFFERENCES AND TAX LOSSES CARRIED FORWARD

NOK MILLION	2005	2004
Tax increasing timing differences		
Securities	2.9	0.3
Pre-paid pensions	-101.3	-98.6
Lending	9.7	9.7
Derivatives	12.1	12.1
Other		13.9
Total tax increasing timing differences	**-76.7**	**-62.6**
Tax reducing timing differences		
Securities		0.0
Operating assets	-22.2	-33.8
Provisions		-8.2
Fees and commissions	-20.3	
Equity index linked bonds	-359.5	-243.3
Bonds issued	-8.5	-8.5
Other	-9.5	-13.3
Total tax reducing timing differences	**-420.0**	**-307.1**
Losses/allowances carried forward	-306.2	-622.5
Net deferred tax/tax assets	-802.8	-992.2
Net deferred benefit/liability in the balance sheet	**224.7**	**277.9**
Change to 2005 opening balance / other changes		-7.1
Net deferred tax/tax asset at 01.01.2005		**270.8**

ANALYSIS OF TAX PAYABLE AND DEFERRED TAX APPLIED DIRECTLY TO EQUITY:

NOK MILLION	2005	2004
Bonds and commercial paper	0.0	-2.1
Loan write-downs	-10.4	0.0
Hedging	0.0	-3.3
Derivatives	0.0	-1.3
Bonds issued	0.0	1.1
Structured products	0.0	24.8
Total	**-10.4**	**19.3**

The change is result of the introduction of new accounting principles from 01.01.2005.

Note 9: Cash and deposits with central banks

NOK MILLION	2005	2004
Cash	2.0	2.1
Deposits with central banks at amortised cost, Loans and receivables	421.9	488.6
Total cash and claims on central banks	**423.9**	**490.7**

Note 10: Loans to and deposits with credit institutions

NOK MILLION	2005	2004
Total loans to and deposits with credit institutions without fixed maturity *)	33.7	164.5
Total loans to and deposits with credit institutions with fixed maturity **)	8.0	0.3
Total loans to and deposits with credit institutions at amortised cost	**41.7**	**164.8**

*) Relates to current accounts held with other banks, principally foreign banks.
**) Relates to one loan that matures in April 2006. Effective interest rate is 3.07%.

Note 11: Assets repossessed

Company

NOK MILLION	REGISTERED OFFICE	OWNERSHIP/ VOTING	SHARE CAPITAL (NOK 1,000)	BOOK VALUE 31.12.05	BOOK VALUE 31.12.04
Filipstad Tomteselskap AS	Oslo	100.00%	100	9.6	10.3
Filipstad Eiendom AS	Oslo	100.00%	500	2.6	17.4
Neskollen Eiendom AS	Oslo	100.00%	990	9.0	20.5
Kragerø Golfpark	Kragerø	25.00%	306	1.9	4.4
Virtual Garden AS	Oslo	12.60%	119	3.3	3.3
Seilduksgaten 25/31 AS	Oslo	50.00%	4 500	30.0	30.0
Investra ASA	Oslo	0.00%	19 236	0.0	1.4
Others				0.1	0.9
Total assets repossessed				**56.5**	**88.2**

Note 12: Investments in subsidiaries and holdings of securities with variable yield

Investments in subsidiaries

NOK MILLION	REGISTERED OFFICE	OWNERSHIP	VOTING	SHARE CAPITAL	COST PRICE	BOOK VALUE
Skipsinvest I AS	Oslo	100.0%	100.0%	0.1	0.1	0.1
Storebrand Finans AS	Oslo	100.0%	100.0%	20.1	95.9	23.5
Ring Eiendomsmegling AS	Oslo	72.3%	72.3%	15.0	15.3	11.1
Total investments in subsidiaries					**111.3**	**34.7**

Holdings of securities with variable yield

NOK MILLION	SHARE CAPITAL (NOK 1,000)	OWNERSHIP	COST PRICE	BOOK VALUE	MARKET VALUE
NOS ASA	15 948	1.4%	1.4	2.1	3.4
Storebrand Institusjonelle Investor AS	1 300	7.7%	1.0	1.0	1.0
Others			0.7	0.5	0.5
Total holdings of securities with variable yield			**3.1**	**3.6**	**4.9**

Note 13: Bonds and other fixed income securities

Obligasjoner og andre verdipairer med fast avkastning

NOK MILLION	COMMERCIAL PAPER	BONDS	TOTAL
Commercial paper and bonds, book value	941.8	761.3	1 703.1
Of which listed	941.8	761.3	1 703.1
Nominal value	950.0	757.7	1 707.5
Analysis by sector of issuer:			
Public sector	941.8	36.4	978.2
Financial institutions	0.0	724.9	724.9
Total	**941.8**	**761.3**	**1 703.1**
Modified duration	0.36	0.15	0.27
Average effective yield	**1.89 %**	**2.51 %**	**2.22 %**

All securities are denominated in NOK.
The average yield is calculated on the basis of monthly averages.

Note 14: Financial derivatives

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 amounts such as nominal principal, nominal volume, etc. Nominal volume is calculated differently for different classes of derivatives, and gives an indication of the size of the position and risk the derivative creates. Gross nominal volume principally indicates the size of the exposure, whilst net nominal volume gives an indication of the risk exposure. However nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivatives.
In contrast to gross nominal volume, net nominal volume also takes into account the direction of the instruments' market risk exposure by differentiating between long (asset) positions and short (liability) positions.
An asset position in an equity derivative produces a gain in value if the share price increases. For interest rate derivatives, an asset position produces a gain if interest rates fall, as is the case for bonds. An asset position in a currency derivative produces a gain if the currency strengthens against the NOK.
Average gross nominal volume is based on daily calculations of gross nominal volume.

	NOMINAL VOLUME			FAIR VALUE		FAIR VALUE - HEDGING	
NOK MILLION	GROSS	AVERAGE	NET	ASSET	LIABILITY	ASSET	LIABILITY
Equity options	5 336.0	5 610.0	176.6	417.4	404.9	0.0	0.0
Total equity derivatives	**5 336.0**	**5 610.0**	**176.6**	**417.4**	**404.9**	**0.0**	**0.0**
Interest rate swaps	8 836.0	6 917.0	6 881.0	35.5	29.2	17.1	4.3
Total interest rate derivatives	**8 836.0**	**6 917.0**	**6 881.0**	**35.5**	**29.2**	**17.1**	**4.3**
Forward foreign exchange contracts	4 294.0	6 644.0	2 410.0	62.1	18.1	0.0	0.0
Total currency derivatives	**4 294.0**	**6 644.0**	**2 410.0**	**62.1**	**18.1**	**0.0**	**0.0**
Total derivatives	**18 466.0**	**19 171.0**	**9 467.6**	**515.0**	**452.3**	**17.1**	**4.3**

Fair value of derivatives (assets and liabilities) also include value of hedging derivatives which are booked with the underlying hedging objects in the balance sheet. This represents NOK 17.1 million and NOK 4.3 million respectively. Remaining amounts are booked as derivatives assets and liabilities.

Note 15: Analysis of loan portfolio

NOK MILLION	2005 NOK	%	2004 NOK	%
Sector and industry classification:				
Agriculture, forestry, fishing etc.	0.0	0.00	3.5	0.01
Oil and gas	0.2	0.00	0.5	0.00
Industry and mining	42.5	0.16	54.1	0.23
Water and power supply, building and construction	82.3	0.31	84.5	0.36
Wholesale/retail trade, hotels and restaurants	64.2	0.24	130.3	0.56
International shipping and pipelines	130.4	0.49	142.5	0.61
Other transportation and communications	15.3	0.06	84.3	0.36
Services and real estate operations	8 490.0	31.73	6 050.8	26.10
Other service industries	53.7	0.20	200.7	0.87
Retail customers	17 505.9	65.42	16 026.5	69.12
Other	11.7	0.04	11.8	0.05
Foreign	362.9	1.36	396.0	1.71
Total	**26 759.1**	**100.00**	**23 185.5**	**100.00**
Geographic distribution:				
Eastern Norway	22 367.3	83.59	19 187.0	82.75
Western Norway	2 102.5	7.86	2 036.0	8.78
Southern Norway	479.9	1.79	382.4	1.65
Mid-Norway	997.2	3.73	788.8	3.40
Northern Norway	449.3	1.68	395.2	1.70
Foreign	362.9	1.36	396.0	1.71
Total	**26 759.1**	**100.00**	**23 185.5**	**100.00**

Non-performing and loss-exposed commitments:

	NON-PERFORMING AND LOSS-EXPOSED COMMITMENTS	OF WHICH LOSS-EXPOSED LOANS WITH IDENTIFIED IMPAIRMENT	WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PERFORMING AND LOSS-EXPOSED COMMITMENTS	IINDIVIDUAL WRITE-DOWNS AS % OF LOSS-EXPOSED LOANS
Water and power supply, building and construction	21.9	21.9	14.6	7.3	66.7 %
Wholesale/retail trade, hotels and restaurants	6.6	6.6	6.1	0.5	92.4 %
International shipping and pipelines	104.6	104.6	93.9	10.7	89.8 %
Services and real estate operations	204.0	197.8	92.0	112.0	46.5 %
Retail customers	411.7	305.0	177.8	233.9	58.3 %
Other	5.2	5.2	5.2	0.0	100.0 %
Portion of write-downs of non-performing loans without identified impairment				-11.8	
Total	**754.0**	**641.1**	**389.6**	**352.6**	**60.8 %**

Write-downs of groups of loans totalled NOK 89.2 million at 31.12.2005.

Note 16: Write-downs of loans and guarantees

NOK MILLION	2005
Write-downs of individual loans NGAAP 31.12.04	366.5
IAS 39 effect on opening balance of individual write-downs	122.0
Write-downs of individual loans 01.01.05	488.5
Losses realised in the period on individual loans previously written down	-81.9
Write-downs of individual loans for the period *)	66.8
Reversals of write-downs of individual loans for the period	-103.4
Other corrections to write-downs **)	19.6
Write-downs of individual loans at 31.12.05	**389.6**
Write-downs of groups of loans and guarantees NGAAP 31.12.04	194.3
IAS 39 effect on opening balance of grouped write-downs	-78.6
Write-downs of groups of loans and guarantees etc. 01.01.05	115.7
Grouped write-downs for the period	-26.5
Write-downs of groups of loans and guarantees etc. 31.12.05	**89.2**

*) Provisions for losses on guarantees amounted to NOK 3.9 million in 2005.
**) Of corrections to write-downs:

Corrections to holding of/write-downs to debt recovery portfolio	22.7
Other corrections	-3.1
	19.6

Note 17: Analysis of guarantees issued

	2005		2004	
NOK MILLION	NOK	%	NOK	%
Sector and industry classification:				
Financial aid agencies	0.0	0.0	147.7	29.9
Industry and mining	0.7	0.3	1.4	0.3
Water and power supply. building and construction	8.1	3.4	4.4	0.9
Wholesale/retail trade, hotels and restaurants	1.4	0.6	1.8	0.4
International shipping and pipelines	0.5	0.2	25.8	5.2
Other transportation and communications	1.1	0.5	1.2	0.2
Services and real estate operations	193.3	81.6	243.7	49.4
Other service industries	1.9	0.8	0.4	0.1
Retail customers	30.0	12.7	21.5	4.4
Other	0.0	0.0	16.7	3.4
Foreign	0.0	0.0	28.7	5.8
Total	**237.1**	**100.0**	**493.4**	**100.0**
Geographic distribution:				
Eastern Norway	224.9	94.9	454.0	92.0
Western Norway	0.1	0.0	5.5	1.1
Southern Norway	0.0	0.0	1.7	0.3
Mid-Norway	12.1	5.1	3.4	0.7
Northern Norway	0.0	0.0	0.0	0.0
Foreign	0.0	0.0	28.7	5.8
Total	**237.1**	**100.0**	**493.4**	**100.0**
Analysis of guarantee liabilites:				
Loan guarantees	0.0	0.0	0.0	0.0
Payment guarantees	115.8	48.8	222.2	45.0
Performance guarantees	108.4	45.7	108.3	21.9
Commercial Bank's Guarantee Fund	0.0	0.0	147.7	29.9
Other guarantee liability	12.9	5.4	15.2	3.1
Total	**237.1**	**100.0**	**493.4**	**100.0**

Note 18: Companies accounted for by the equity method

NOK MILLION	OWNERSHIP	ACQUISITION COST	BOOK VALUE AT 01.01	ADDITIONS/ DISPOSALS	SHARE OF PROFIT	BOOK VALUE AT 31.12
Bertel O. Steen Finans AS	50 %	5.0	7.9	-6.0	6.4	8.3
Total		**5.0**	**7.9**	**-6.0**	**6.4**	**8.3**

Storebrand Bank ASA has a 50% ownership share in Bertel O. Steen Finans AS.
Share of profit is 20%. Dividend of NOK 6.0 mill. received in 2005.

Main figures for Bertil O. Steen Finans AS

NOK MILLION	2005	2004
Total assets	52.8	61.2
Total liabilities	44.9	53.2
Total income	52.4	49.3
Pre-tax operating profit	35.3	44.3

Note 19: Intangible assets and fixed assets

			2005			2004
NOK MILLION	VEHICLES	FIXTURES AND FITTINGS	REAL ESTATE*)	INTANGIBLE ASSETS	TOTAL	TOTAL
Book value at 01.01.	0.7	6.8	5.4	17.1	30.0	37.1
Additions	0.1	0.3	0.2	21.8	22.4	15.7
Disposals		-0.2	0.0	-0.4	-0.6	-3.3
Tangible fixed assets classified as held to maturity			0.0		0.0	0.0
Depreciation	-0.2	-2.6	-0.5	-12.4	-15.6	-16.7
Write-downs in the period			0.0		0.0	0.0
Reversals of write-downs in the period			0.0		0.0	0.0
Book value at 31.12.	**0.6**	**4.3**	**5.2**	**26.0**	**36.1**	**32.8**
Opening acquisition cost	1.2	53.4	6.6	36.8	98.0	273.3
Closing acquisition cost	0.9	12.1	6.8	53.2	73.1	281.9
Opening accumulated depreciation and write-downs	0.5	46.6	1.2	19.7	68.0	236.2
Closing accumulated depreciation and write-downs	0.3	7.8	1.6	27.2	36.9	249.1

For each class of fixed assets:					
Method for measuring cost price	Acquisition cost	Acquisition cost	Acquisition cost	Acquisition cost	Acquisition cost
Depreciation method	linear	linear	linear	linear	linear
Depreciation period and economic life	5 year	4 year	15 year	3 year	3-15 year

*) Holiday properties valued by the cost method.

Storebrand Bank AS rents premises from Storebrand Livsforsikring on normal commercial terms.

Note 20: Hedge accounting

The bank uses fair value hedging to hedge interest rate risk. The risk hedged does not include the credit spread. When calculating the effectiveness of hedging, credit spread is assumed constant. The items hedged are three fixed-rate bond loans, a fixed-rate subordinated bond loan, zero-coupon bond loans (structured deposits) and a fixed-rate commercial loan. Hedging effectiveness is monitored at the individual item level for the bond loans, subordinated bond loan and the commercial loan, but at the portfolio level for the zero-coupon bond loans. Each portfolio comprises swaps and hedged items with maturities in the same half-year period.

The bank uses interest rate swaps to hedge the fair value of the items hedged. As a general rule, a number of interest rate swaps are used to hedge each item or portfolio of items hedged.

		2005	
	CONTRACT/		FAIR VALUE
NOK MILLION	NOMINAL VALUE	ASSETS	LIABILITIES
Interest-rate swaps	3 166.0	17.1	4.3
Total interest rate derivatives	3 166.0	17.1	4.3
Total derivatives	**3 166.0**	**17.1**	**4.3**

	CONTRACT/		HEDGE VALUE
	NOMINAL VALUE	ASSETS	LIABILITIES
Underlying items	3 159.1	142.9	-2 964.0
Hedging effectiveness - prospective		81 %	91 %
Hedging effectiveness - retrospective		87 %	95 %

Gain/losses on fair value hedging

NOK MILLION	2005 GAIN / LOSS
On hedging instruments	-57.9
On items hedged	61.1

Note 21: Liabilities to credit institutions

NOK MILLION	2005	2004
Total liabilities to credit institutions without fixed maturity	**76,5**	**2,3**
NOK 350 million, maturity 22.12.2012, NIBOR +0.10, interest rate 2.62%	350.0	
USD 10 million, maturity 29.09.2005, LIBOR +1.30		60.4
EUR 30 million, maturity 22.12.2010, EURIBOR +0.20, interest rate 2.64%	239.6	
EUR 132,5 million, maturity April 2005, LIBOR + 0.40		411.9
EUR 50 million, maturity 05.03.2005, LIBOR + 0.32		1 091.6
EUR 10 million, maturity April 2005, LIBOR + 0.28		82.4
USD 70 million, maturity April 2005, LIBOR + 0.235		422.7
EUR 100 million, maturity 14.04.2010, EURIBOR +0.30, interest rate 2.76%	798.5	
Other loans		30.7
Total liabilities to credit institutions with fixed maturity	**1 388.1**	**2 099.7**
Total liabilities to credit institutions	**1 464.6**	**2 102.0**

Note 22: Analysis of Customer Deposits

	2005		2004	
NOK MILLION	NOK	%	NOK	%
Sector and industry classification:				
Central government	0.0	0.0	9.6	0.1
County and municipal authorities	6.8	0.1	7.5	0.1
Agriculture, forestry, fishing etc.	3.1	0.0	9.8	0.1
Oil and gas	0.4	0.0	7.4	0.1
Industry and mining	54.1	0.5	63.0	0.6
Water and power supply, building and construction	45.7	0.4	36.0	0.3
Wholesale/retail trade, hotels and restaurants	206.9	1.8	267.8	2.5
International shipping and pipelines	37.8	0.3	57.5	0.5
Other transportation and communications	35.6	0.3	52.2	0.5
Services and real estate operations	3 363.6	30.0	2 426.4	22.6
Other service industries	318.3	2.8	370.4	3.5
Retail customers	6 380.8	56.9	6 715.4	62.6
Other	485.2	4.3	358.2	3.3
Foreign	282.0	2.5	353.8	3.3
Total	**11 220.5**	**100.0**	**10 735.1**	**100.0**
Geographic distribution:				
Eastern Norway	8 952.9	79.8	8 270.7	77.0
Western Norway	1 140.4	10.2	1 279.1	11.9
Southern Norway	192.2	1.7	209.3	1.9
Mid-Norway	337.2	3.0	330.7	3.1
Northern Norway	315.8	2.8	291.5	2.7
Foreign	282.0	2.5	353.8	3.3
Total	**11 220.5**	**100.0**	**10 735.1**	**100.0**

Note 23: Securities issued and subordinated loan capital

Securities issued:

	2005		2004	
NOK MILLION	NOMINAL VALUE	BOOK VALUE	NOMINAL VALUE	BOOK VALUE
Bonds issued:				
EUR FRN call August 2005 EURIBOR +0.375, 2.5%	0.0	0.0	906.2	906.2
EUR FRN call August 2007 EURIBOR +0.25	1 597.0	1 597.0	0.0	0.0
NOK FRN April 2001-April 2006 NIBOR +0.15	138.0	138.0	138.0	138.0
NOK FRN April 2001-April 2006 NIBOR +0.21	894.0	893.9	894.0	893.5
NOK FRN June 2003 - June 2006 NIBOR +0.45	510.0	509.8	510.0	509.3
NOK Fixed rate September 2003 - September 2006, 4.85%	565.3	563.2	565.3	565.9
NOK FRN juni 2004 - December 2007 NIBOR +0.25	441.0	440.8	441.0	440.7
NOK Fixed rate June 2004 - December 2007, 4.1%	1 000.0	1 001.3	509.5	507.9
NOK FRN June 2005 - June 2008 NIBOR +0.12	1 063.0	1 062.3	0.0	0.0
NOK FRN December 2003 - December 2008 NIBOR +0.45	874.0	876.7	624.0	623.8
NOK FRN January 2005 - January 2010 NIBOR +0.19	525.0	525.2	0.0	0.0
NOK Fixed rate November 2005 - November 2010, 4.25%	300.0	297.9	0.0	0.0
Total bonds issued	7 907.3	7 905.8	4 588.0	4 585.3
Other bonds issued (equity index linked bonds + hedge fund linked bonds) *)	3 282.2	3 131.2	2 901.6	2 708.4
Total bonds issued	11 189.5	11 037.0	7 489.6	7 293.7
Bonds repurchased	1 311.1	1 311.9	918.8	918.7
Other bonds repurchased (equity index linked bonds + hedge fund linked bonds)	561.1	542.6	349.2	319.3
Total bonds repurchased	1 872.2	1 854.6	1 268.0	1 238.0
Premium/discount to par		9.5		8.8
Net bonds issued	**9 317.3**	**9 172.9**	**6 221.6**	**6 046.9**

NOK MILLION	2005 NOMINAL VALUE	2005 BOOK VALUE	2004 NOMINAL VALUE	2004 BOOK VALUE
Commercial paper issued	4 520.0	4 520.2	4 283.0	4 283.4
Commercial paper repurchased	55.0	55.0	0.0	0.1
Commercial paper issued	**4 465.0**	**4 465.2**	**4 283.0**	**4 283.3**

Average interest rate on other bonds is 3.565%.
Average interest rate on commercial paper is 2.21%, whilst average duration is 10.6 months.
Average interest rate is the arithmetic monthly average.

*) 47 loans have been issued. Nominal value of he 5 largest loans total NOK 980.5 million.
A total of NOK 1,424 million mature in 2006. The final maturity is in December 2009.

Subordinated loan capital:

NOK MILLION	2005 NOMINAL VALUE	2005 BOOK VALUE	2004 NOMINAL VALUE	2004 BOOK VALUE
Tier 1 hybrid capital				
Subordinated perpetual bond 2004, NIBOR + 1.50%, call 2014	168.0	166.4	168.0	166.3
Subordinated perpetual bond 2004, NIBOR + 5.9%, call 2014	107.0	108.1	107.0	105.8
Subordinated loan capital with conversion rights	9.3	9.3	9.3	9.3
Perpetual subordinated loan 1995, 8.5% coupon				
	0.0	0.0	60.4	60.4
Other subordinated loan capital	0.0	0.0	110.0	110.0
Subordinated loan 2002-2012, NIBOR +2.0%, call 2007	100.0	100.0	100.0	100.0
Subordinated loan 2003-2013, NIBOR +2.25 %, call 2008	100.0	100.0	100.0	100.0
Subordinated loan 2005-2015, NIBOR +0.70 %, call 2010	175.0	175.0	0.0	0.0
Total	**659.3**	**658.9**	**654.7**	**651.8**

NOK MILLION	2005	2004
Subordinated loan capital included in capital adequacy calculation	659.7	652.7
Profit/loss		
Subordinated loan capital in foreign currency	0	60.4
Subordinated loan capital in foreign currency, book value	0	60.4
Interest expense		
Subordinated loan interest charged in the accounts	30.4	18.4

Note 24: Other debt

NOK MILLION	2005	2004
Payable to Storebrand group companies	19.2	13.2
Money transfers	63.3	48.5
Provision for dividend payment	222.4	61.7
Other debt	13.9	3.0
Total other debt	**318.8**	**126.4**

Note 25: Off balance sheet liabilities and contingent liabilities

NOK MILLION	2005	2004
Guarantees	237.1	493.4
Undrawn credit limits	1 285.7	1 001.5
Total contingent liabilities	**1 522.8**	**1 494.9**

Collateral and security pledged:

NOK MILLION	2005	2004
Book value of bonds pledged as security for the bank's D-loan facility with Norges Bank	1 703.1	1 982.1
Total	**1 703.1**	**1 982.1**

Collateral pledged as security relates to the bank's loan facility with Norges Bank (the Norwegian central bank).
It is a statutory requirement that such borrowing is fully secured secured and/or matched by the bank's deposits with Norges Bank.

Note 26: Capital Adequacy

SPECIFICATION OF CAPITAL BASE

NOK MILLION	2005	2004
Equity	1 489.9	1 976.9
Tier 1 hybrid capital	227.8	273.0
Intangible assets	-198.9	-237.1
Over-funding of pension commitements	0.0	-7.8
Core capital	1 518.8	2 005.0
Subordinated loan capital less own holdings	431.9	379.8
Net capital base (A)	1 950.7	2 384.7
Asset base for calculation (B)	18 772.1	16 389.2
Capital ratio (A/B)	**10.39 %**	**14.55 %**
Excess primary capital NOK million	448.9	1 073.6
Core capital ratio	**8.09 %**	**12.23 %**

SPECIFICATION OF ASSET BASE FOR CALCULATION

NOK MILLION	2005	2004
Total assets, other portfolio	18 889.4	16 573.2
Total off-balance sheet items, other portfolio	355.6	344.0
Foreign exchange risk and trading portfolio	9.9	32.7
Deduction for loss provisions, revaluation account	-482.8	-560.8
Basis of calculation	**18 772.1**	**16 389.2**

Note 27: Risk management

Storebrand Bank's risk management addresses the areas of credit risk, market risk, liquidity risk and operational risk. The risk management models and limits are designed and developed with the objective of improving the bank's commercial management. These solutions used are built upon the requirements of Basle II.

Credit risk/counterparty risk
Storebrand Bank ASA implemented a new decision support model for retail lending in 2005 in connection with the implementation of a new credit appraisal system. At the same time, the loan administration system was converted to EDB Fellesdata AS. The bank is evaluating a new credit risk classification system for implementation in 2006. These new credit approval models form part of the bank's program of work to meet the new Basle II requirements, and will give the bank better decision support models and better quality risk reporting and management in the credit area. The bank's counterparty risk (i.e. its credit exposure to other financial institutions) is regulated on the basis of the counterparties' credit ratings and the amounts involved.

Market risk
Storebrand Bank manages its exposure to interest rate risk so that the net interest rate exposure of both assets and liabilities is as small as possible. Interest-rate hedging is structured so that it has little accounting impact. All instruments with an interest rate fixing period in excess of six months are subject to a specific hedging policy. The bank's total economic interest rate risk is calculated on the basis of a stress test using a two-percentage point interest rate shock. At the close of 2005, the economic interest rate risk calculated on this basis was NOK 18.2 million, equivalent to 0.77% of primary capital, while the equivalent accounting effect was 1.28% of primary capital. Storebrand Bank discontinued its foreign exchange trading activities in August 2005, and has since minimised the foreign exchange risk associated with investments, lending and funding in foreign currency. At the start of the year, the customer foreign exchange desk was permitted to take a maximum overall currency position of NOK 50 million. The current policy is for foreign exchange positions to be matched as soon as the overall position is sufficiently large for matching to be commercially viable, and positions are subject to fixed limits. Aggregate currency exposure at the close of 2005 was NOK 3 million, equivalent to 0.13% of the bank's primary capital. Storebrand Bank's exposure to market risk is therefore minimal in relation to the bank's total activities.

Liquidity
The bank's policy is to ensure that it is able to meet all financial commitments as they fall due for payment without this requiring any significant deviation from its normal commercial and capital budgets. Liquidity management shall ensure that sufficient funding is available to avoid liquidity problems in situations such as:

- Uncertainty among investors over the bank's customer lending and/or financial condition;
- Uncertainty in respect of the bank's owner/other group companies;
- Unplanned reductions in deposits;
- Moderate but unplanned growth in lending;
- Uncertainty among investors over the banking sector in general, including concerns over losses or financial crime.

The bank pays particular attention to maintaining a diversified funding structure in terms of both sources of funding and maturities, maintaining uncommitted and committed credit lines to meet its liquidity requirements and holding liquid assets in excess of the minimum levels required by the authorities. For high-level control of liquidity, Storebrand Bank uses monitors liquidity gap and the proportion of long-term funding for liquidity management. Liquidity gap measures the surplus of liquidity over the next 90 days relative to the statutory minimum liquidity requirements taking into account deposit withdrawals and all funding maturities. Customer deposit withdrawals are calculated on the basis of an abnormally high withdrawal rate of 25% annually. The long-term funding ratio monitors the relationship between (Funding >1 year (incl. backstops >1 year) + all deposits) and (Assets– (liquidity buffer >6 %)). The bank introduced its own limit for the long-term funding ratio in December 2005.

At the close of 2005, the bank's liquidity gap was NOK +570 million and the long-term funding ratio was 88.6%.

Operational risk
Storebrand Bank's policies for corporate governance (internal control) stipulate that operational risk management is an integral part of management responsibility, with reporting of risk exposure playing an integral role in the bank's ability to achieve the objectives set in its objectives-based management model.

Storebrand Bank has in addition implemented quality assurance of operational risk management through an annual review of its internal controls and procedures. The bank's internal controls and procedures for evaluating, monitoring and reporting risk exposure satisfy the requirements of the Norwegian authorities in this respect.

In respect of the Basle II capital adequacy requirements for operational risk, Storebrand Bank has elected to use the standardised method. The relevant parts of the bank have started work on implementing the new requirements.

During the course of 2005, Storebrand Bank implemented a new risk evaluation policy in accordance with the group's risk management policy.

Note 28: Credit exposure

NOK MILLION

CLASS OF FINANCIAL INSTRUMENT	MAXIMUM CREDIT EXPOSURE AT 31.12.05
Net loans to and due from customers	27 797.6
Investment portfolio	1 703.1
Equity options	417.4
Interest-rate swaps	60.5
Forward foreign exchange contracts	62.2
Total	**30 040.8**

Credit exposure analysed by credit rating

	AAA		AA		A		BBB	
DEBITORKATEGORI	ACQUISITION COST	FAIR VALUE	ACQUISITION COST	FAIR VALUE	ACQUISITION COST	FAIR VALUE	ACQUISITION COST	FAIR VALUE
Public sector	977.0	978.2						
Financial institutions					724.3	724.9		
Other issuers								
Total	**977.0**	**978.2**	**0.0**	**0.0**	**724.3**	**724.9**	**0.0**	**0.0**

Credit exposure for lending activities

n order to identify the credit risk in its lending portfolio, Storebrand Bank classifies all corporate customers and selected retail customers (including private investors etc). Classification is carried out both when first establishing a credit relationship and whenever changes are made. All corporate customer classifications are also reviewed annually and/or whenever circumstances indicate the need for such review. Customer classification thus provides a picture of the credit risk at any time. Retail customers that are not classified individually are subject to the overall limits for loan to value and debt service (as defined by the bank's credit policy for the segment) that apply to this portfolio. The loan to value ratio is almost entirely below 80%, with a significant proportion of the portfolio below 60%. This portfolio is deemed to have low credit risk.

Security for the lending portfolio takes the form, on the whole, of charges over investment/commercial property for the commercial lending portfolio and residential mortgages for the retail portfolio.

Risk classification for lending to corporate customers takes the form of three scores, each from 1 to 5, where 1 represents the best score. The first score is for the quality of the borrower/financial condition (debt service capacity). The second score is for the quality of the collateral (loan to value ratio). The third score is for commercial factors (internal/external risk). The analysis shown below is based on the scores for financial condition and collateral, giving a matrix of 25 risk groups. In addition, some credit relationships are still awaiting classification. The analysis shown here is somewhat simplified, with a breakdown into four risk levels.

In addition to the risk classification, the model specifies the bank's portfolio of non-performing/loss-exposed loans.

Loans to and due from customers

RISIKOGRUPPE	LENDING	UNDRAWN CREDIT FACILITIES	GUARANTEES	TOTAL COMMITMENT	WRITE-DOWNS OF INDIVIDUAL LOANS AND GUARANTEES	WRITE-DOWNS OF GROUPS OF LOANS AND GUARANTEES	NET CREDIT EXPOSURE
Low risk	24 492.0	1 125.6	210.9	25 828.5	-	6.1	25 822.4
Moderate risk	1 050.3	47.8	14.7	1 112.8	-	25.7	1 087.1
High risk	230.9	6.0	3.2	240.1	-	44.3	195.9
Unclassified	233.3	103.3	-	336.6	-	1.4	335.2
Non-performing/loss-exposed	751.2	3.0	8.3	762.4	393.6	11.8	357.0
Total	**26 757.7**	**1 285.7**	**237.1**	**28 280.4**	**393.6**	**89.2**	**27 797.6**

Total commitments and credit exposure analysed by segment.

CREDIT EXPOSURE	CORPORATE	RETAIL	TOTAL
Lending	9 845.0	16 161.4	26 006.5
Undrawn credit facilities	1 031.5	251.2	1 282.7
Guarantees	227.7	1.1	228.8
Non-performing/loss-exposed	638.4	124.0	762.4
Total commitments	**11 742.6**	**16 537.8**	**28 280.4**
Write-downs of individual loans and guarantees	346.5	47.1	393.6
Write-downs of groups of loans and guarantees	79.7	9.5	89.2
Net credit exposure	**11 320.6**	**16 481.3**	**27 797.6**

Loans subject to individual write-downs

NOK MILLION	BOOK VALUE BEFORE WRITE-DOWN	WRITE-DOWN PROVISION
Customer groups:		
Retail customers	411.7	177.8
Other	342.3	211.8
Total	**754.0**	**389.6**

Non-performing loans

NOK MILLION	31.12.05	31.12.04	31.12.03	31.12.02
Non-performing loans without identified impairment	112.9	55.7	364.4	933.8
Non-performing and loss-exposed loans with identified impairment	641.1	853.8	1 352.6	1 427.6
Gross non-performing loans	**754.0**	**909.5**	**1 717.0**	**2 361.4**
Specific write-downs	389.6	378.9	527.9	504.0
Net non-performing loans	**364.4**	**530.6**	**1 189.1**	**1 857.4**

In addition to the figures shown in the table, a provision of NOK 3.9 million has been made against NOK 8.3 million of non-performing and loss-exposed guarantees.

The category non-performing loans without identified impairment includes commitments with missed payments/defaults over 90 days.

As at 31.12.05, the bank had taken possession of collateral amounting to NOK 97 million, but after write-downs etc. this is booked at fair value of NOK 56 million. This includes NOK 36 million of financial assets. Collateral taken into possession is disposed of/realised in accordance with agreed strategies.

Note 29: Liquidity Risk

ANALYSIS OF BALANCE SHEET ITEMS BY REMAINING MATURITY

NOK MILLION		< 1 MONTH	> 1 MONTH < 3 MONTHS	> 3 MONTHS < 1 YEAR	> 1 YEAR < 5 YEARS	> 5 YEARS	NO FIXED MATURITY *)	TOTAL
Assets								
Cash and deposits with	NOK	0.0	0.0	0.0	0.0	0.0	423.7	423.7
central banks	foreign currency	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Loans to and receivables from	NOK	0.0	8.0	0.0	0.0	0.0	0.0	8.0
credit institutions	foreign currency	33.6	0.0	0.0	0.0	0.0	0.0	33.6
Loans to and receivables from	NOK	1 299.9	174.0	1 930.0	2 873.9	20 052.0	-445.0	25 884.8
customers	foreign currency	429.3	0.0	0.0	0.0	0.0	-33.9	395.4
Bonds and commercial paper	NOK	0.0	547.6	429.2	726.2	0.0	0.0	1 703.1
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derivatives	NOK	0.0	18.0	181.2	283.5	32.3	0.0	515.0
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	NOK	0.0	0.0	0.0	0.0	0.0	518.1	518.1
	foreign currency	0.0	0.0	0.0	0.0	0.0	4.8	4.8
Total assets		**1 762.9**	**739.6**	**2 540.5**	**3 883.6**	**20 092.3**	**467.9**	**29 486.8**
	NOK	1 299.9	721.6	2 359.2	3 600.1	20 060.0	496.8	29 052.7
	foreign currency	463.0	0.0	0.0	0.0	0.0	-28.9	434.1
Liabilities and equity								
Debt to credit institutions	NOK	75.6	0.0	0.0	0.0	350.0	0.0	425.6
	foreign currency	0.9	0.0	0.0	1 038.1	0.0	0.0	1 038.9
Deposits from and debt to	NOK	10 915.3	53.6	37.0	15.0	9.5	0.0	11 030.4
customers	foreign currency	150.1	40.0	0.0	0.0	0.0	0.0	190.1
Securities issued	NOK	100.0	1 305.1	5 116.2	5 547.1	0.0	-8.2	12 060.2
	foreign currency	0.0	0.0	0.0	1 597.0	0.0	0.0	1 597.0
Derivatives	NOK	0.0	17.5	134.7	275.0	25.2	0.0	452.3
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt	NOK	0.0	222.4	0.0	0.0	0.0	312.8	535.2
	foreign currency	0.0	0.0	0.0	0.0	0.0	8.2	8.2
Subordinated loan capital	NOK	0.0	0.0	0.0	0.0	658.9	0.0	658.9
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity	NOK	0.0	0.0	0.0	0.0	0.0	1 489.9	1 489.9
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total liabilities and equity		**11 241.9**	**1 638.6**	**5 287.9**	**8 472.2**	**1 043.6**	**1 802.7**	**29 486.8**
	NOK	11 090.9	1 598.6	5 287.9	5 837.1	1 043.6	1 794.5	26 652.6
	foreign currency	151.0	40.0	0.0	2 635.1	0.0	8.2	2 834.2

*) Loans to and receivables from customers with no fixed maturity mainly represent loan loss provisions.

Note 30: Market risk

Interest rate risk

NOK MILLION		< 1 MONTH	> 1 MONTH < 3 MONTHS	> 3 MONTHS < 1 YEAR	> 1 YEAR < 5 YEARS	> 5 YEARS	NO FIXED MATURITY *)	TOTAL
Assets								
Cash and deposits with central banks	NOK	421.9	0.0	0.0	0.0	0.0	1.8	423.7
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Loans to and receivables from credit institutions	NOK	8.0	0.0	0.0	0.0	0.0	0.0	8.0
	foreign currency	0.0	0.0	0.0	0.0	0.0	33.6	33.6
Loans to and receivables from customers	NOK	0.0	25 135.7	491.4	629.9	72.9	-445.0	25 884.9
	foreign currency	0.0	429.3	0.0	0.0	0.0	-33.9	395.4
Bonds and commercial paper	NOK	269.2	1 039.7	394.2	0.0	0.0	0.0	1 703.1
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derivatives	NOK	0.0	0.0	0.0	0.0	0.0	515.0	515.0
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	NOK	0.0	0.0	0.0	0.0	0.0	518.1	518.1
	foreign currency	0.0	0.0	0.0	0.0	0.0	4.8	4.8
Total assets		**699.1**	**26 604.7**	**885.6**	**629.9**	**72.9**	**594.6**	**29 486.8**
	NOK	699.1	26 175.4	885.6	629.9	72.9	589.9	29 052.8
	foreign currency	0.0	429.3	0.0	0.0	0.0	4.7	434.0
Liabilities and equity								
Debt to credit institutions	NOK	75.6	350.0	0.0	0.0	0.0	0.0	425.6
	foreign currency	0.9	1 038.1	0.0	0.0	0.0	0.0	1 038.9
Deposits from and due to customers	NOK	10 915.3	63.1	52.0	0.0	0.0	0.0	11 030.4
	foreign currency	150.1	40.0	0.0	0.0	0.0	0.0	190.1
Securities issued	NOK	1 129.1	4 570.5	4 852.1	1 516.7	0.0	-8.2	12 060.2
	foreign currency	0.0	1 597.0	0.0	0.0	0.0	0.0	1 597.0
Derivatives	NOK	0.0	0.0	0.0	0.0	0.0	452.3	452.3
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	NOK	0.0	222.4	0.0	0.0	0.0	312.8	535.2
	foreign currency	0.0	0.0	0.0	0.0	0.0	8.2	8.2
Subordinated loan capital	NOK	442.8	100.0	106.8	0.0	9.3	0.0	658.9
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity	NOK	0.0	0.0	0.0	0.0	0.0	1 489.9	1 489.9
	foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total liabilities and equity		**12 713.8**	**7 981.1**	**5 010.9**	**1 516.7**	**9.3**	**2 255.0**	**29 486.8**
	NOK	12 562.8	5 306.0	5 010.9	1 516.7	9.3	2 246.8	26 652.5
	foreign currency	151.0	2 675.1	0.0	0.0	0.0	8.2	2 834.2
Net to next interest rate change		**-12 014.7**	**18 623.6**	**-4 125.3**	**-886.8**	**63.6**	**-1 660.4**	**0.0**
on balance sheet items	NOK	-11 863.7	20 869.4	-4 125.3	-886.8	63.6	-1 656.9	2 400.2
	foreign currency	-151.0	-2 245.8	0.0	0.0	0.0	-3.5	-2 400.2
Net nominal value		**-28.4**	**2 798.5**	**2 527.5**	**2 014.5**	**132.8**	**0.0**	**7 444.8**
of financial derivatives	NOK	-5.3	375.0	2 541.4	2 014.5	132.8	0.0	5 058.3
	foreign currency	-23.1	2 423.5	-13.9	0.0	0.0	0.0	2 386.5

*) Loans to and receivables from customers with no fixed maturity mainly represent loan loss provisions.

Foreign currency exposure

Financial assets and liabilities denominated in foreign currency

	BALANCE SHEET ITEMS		FORWARD	NET POSITION	
BELØP I MILLIONER	BALANCE SHEET ASSETS	BALANCE SHEET LIABILITIES	CONTRACTS - NET SALES	IN CURRENCY	IN NOK
CHF	22.6	0.0	-22.8	-0.2	-1.1
DKK	0.5	0.0	0.0	0.5	0.5
EUR	6.3	344.3	337.8	-0.2	-1.9
GBP	0.8	0.8	0.0	0.0	-0.2
JPY	510.7	0.0	-501.9	8.9	0.5
SEK	111.6	14.6	-98.0	-1.0	-0.8
USD	19.3	10.2	-8.6	0.4	3.0
Total					**-0.1**

Storebrand Bank ASA manages its net balance sheet currency exposure through forward foreign exchange contracts, therefore no breakdown is provided of forward sales and forward purchases by asset and liability.

Currency exposure includes total future interest rate income and interest rate expense. Book figures for assets and liabilities only include accrued interest, and this causes differences between the currency balances in this Note and in Notes 33 and 34.

In the event of a 10% adverse change in exchange rates, the market value of the bank's currency positions (aggregate currency position) would change by approximately NOK 3 million net .

Note 31: Changes in equity

NOK MILLION	PAID IN EQUITY	OTHER EQUITY	TOTAL EQUITY
Equity 31.12.03	**2 030.4**	**-53.5**	**1 976.9**
Change in accounting principles:			
Pensions and deferred tax on pensions		-61.0	-61.0
Structured products		-106.1	-106.1
Bonds and commercial paper		6.6	6.6
Hedging		10.7	10.7
Derivatives		8.1	8.1
Deferred tax		19.3	19.3
Other changes		3.3	3.3
Equity 01.01.04	**2 030.4**	**-172.7**	**1 857.7**
Transfer of share premium reserve to other equity	-714.5	714.5	0.0
Profit for the year		66.4	66.4
Provision for dividend payment		-61.7	-61.7
Equity 31.12.04	**1 315.9**	**546.5**	**1 862.4**
Change in principles:			
Provision for loan losses		37.2	37.2
Deferred tax		-10.4	-10.4
Profit for the year		222.4	222.4
Provision for dividend payment		-222.4	-222.4
Reduction in equity	-399.3		-399.3
Equity 31.12.05	**916.6**	**573.3**	**1 489.9**

Note 32: Profit and loss and balance sheet items by segment

NOK MILLION	CORPORATE	RETAIL	OTHER	TOTAL
Profit and loss items:				
Net interest income	209.1	171.3	69.7	450.0
Net fee and commission income from banking services	5.8	27.0	-4.1	28.8
Other non-interest income	10.4	1.4	36.4	48.2
Gains/losses on financial assets	-32.6	-57.8	-244.7	-335.1
Losses on loans and guarantees	37.3	-3.4	0.0	34.0
Operating costs	0.0	0.0	42.7	42.7
Profit before tax	**230.1**	**138.5**	**-100.1**	**268.6**
Tax	0.0	0.0	-46.1	-46.1
Profit for the year	**230.1**	**138.5**	**-146.2**	**222.4**
Balance sheet items:				
Cash and deposits with central banks	0.0	0.0	423.9	423.9
Loans to and deposits with credit institutions	0.0	0.0	41.7	41.7
Gross lending	10 474.6	16 285.0	-0.5	26 759.1
Lending write-downs	-422.6	-56.6	0.3	-478.9
Net lending to customers	**10 052.0**	**16 228.4**	**-0.2**	**26 280.3**
Other assets	31.6	49.1	2 660.4	2 741.0
Total assets	**10 083.6**	**16 277.5**	**3 125.8**	**29 486.8**
Deposits from and due to customers	4 394.0	6 826.4	0.1	11 220.5
Other liabilities	0.0	0.0	16 776.4	16 776.4
Equity	0.0	0.0	1 489.9	1 489.9
Total equity and liabilities	**4 394.0**	**6 826.4**	**18 266.4**	**29 486.8**

In the bank's strategic work, the lending portfolio is divided into two main groups, corporate lending and retail lending. Customers in these two segments are subject to different criteria for pricing (risk), collateral and credit approval. Different products are offered to the two groups, and sales/distribution takes place through different channels. It will normally be the case that a selected number of private individuals are included in the corporate lending segment where for reasons of complexity and credit standing they do not naturally belong to the retail lending segment.

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand Bank ASA

AUDITOR'S REPORT FOR 2005

We have audited the annual financial statements of Storebrand Bank ASA as of 31 December 2005, showing a profit of NOK 222,4 million for the parent company and a profit of NOK 194,1 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 annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The group accounts comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The rules of the Norwegian accounting act and good accounting practice in Norway have been applied to produce the parent company's financial statements. International Financial Reporting Standards as adopted by the EU have been applied to produce 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.

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

In our opinion,

- the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company as of 31 December 2005, and the results of its operations and its cash flows for the year then ended, in accordance with good accounting practice in Norway
- the group accounts are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Group as of 31 December 2005, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- 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 bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and comply with the law and regulations.

Oslo, 14 February 2006
Deloitte

Ingebret G. Hisdal (signed)
State Authorised Public Accountant (Norway)

CONTROL COMMITTEE'S STATEMENT 2005

The Control Committee of Storebrand Bank ASA has reviewed the Board of Directors' proposed Annual Report and Accounts for 2005 for Storebrand Bank ASA and the Storebrand Bank Group. With reference to the auditor's report of 14 February 2006 the Control Committee recommends that the Annual Report and Accounts proposed be adopted as the Annual Report and Accounts of Storebrand Bank ASA and the Storebrand Bank Group for 2005.

Oslo, 27 February 2006

Translation – not to be signed

Finn Myhre
Chairman of the Control Committee

BOARD OF REPRESENTATIVES' STATEMENT 2005

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

The Board of Representatives raises no objections to the Board's proposal regarding the allocation of the result for the year of Storebrand Bank ASA.

Oslo, 28 February 2006

Translation – not to be signed

Svein Ullring
Chairman of the Board of Representatives

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