

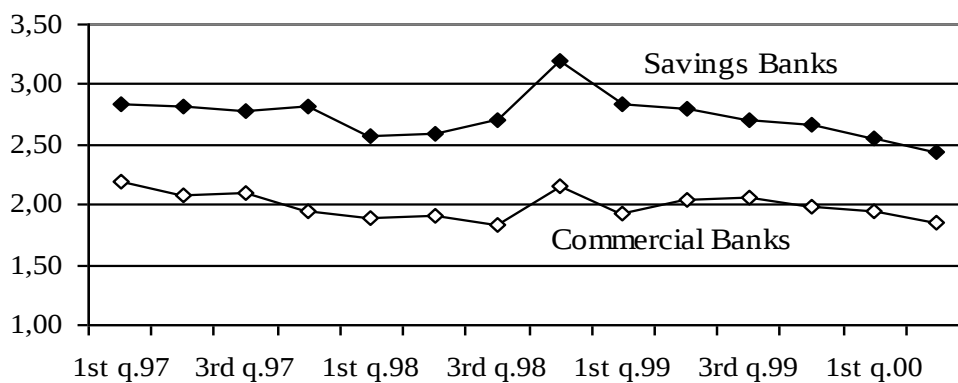
FINANCIAL INSTITUTIONS IN NORWAY

MAIN FIGURES

1. half 2000

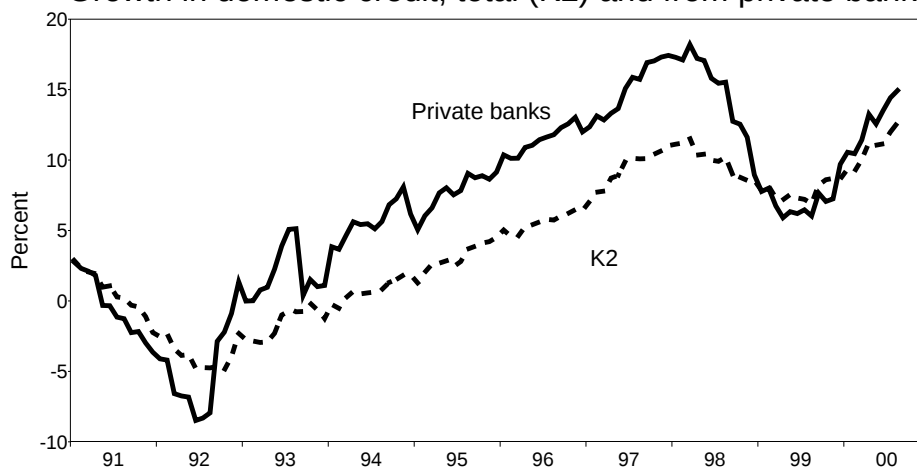
Preliminary figures

Net interest income as percentage of average total assets, quarterly *
Commercial Banks and 30 largest Savings Banks



* annualized percentage

Growth in domestic credit; total (K2) and from private banks



Source: Norges Bank

NORWEGIAN FINANCIAL INSTITUTIONS

MAIN FIGURES 1st half 2000

The banking sector recorded health results, but interest margins under pressure

Both savings and commercial banks showed increased profits in the first half of 2000. The savings banks profits reached a historically high level due to realization of their share holdings in Fellesdata AS (an IT-solutions provider).

Strong competition contributed to a reduction in net interest income relative to average total assets. Net gains on foreign exchange and financial instruments were reduced in both savings and commercial banks, while other income slightly increased. Aggregate net loan losses were minor, but some banks recorded relatively high losses.

The banks lending growth continued to increase in the first half of 2000, and this partly explains a decrease in tier 1 capital ratios.

*** Commercial Banks**

The twelve commercial banks showed pre-tax operating profit of NOK 4.0 billion, 4 percent higher than in the same period last year. Relative to average total assets (ATA) profit was down from 1.19 to 1.16 percent.

Net interest income increased by NOK 0.2 billion to NOK 6.6 billion. This represented a decrease of 0.08 percentage points to 1.90 percent relative to ATA.

Other income (excl. net gains from foreign exchange and financial instruments) increased by 12.5 percent from the previous year, or from 0.83 to 0.87 percent of ATA.

Net gains on foreign exchange and financial instruments decreased by 27 percent to NOK 0.9 billion. Interest bearing securities were the main contributor to the reduction in net gains, while foreign exchange and derivatives showed higher gains than in the first half of 1999. In nominal terms operating costs were virtually unchanged, but fell from 1.96 to 1.82 of average total assets. The cost/income-ratio (income excl. net gains on financial items) was reduced from 69.7 percent to 65.7 percent.

The commercial banks' total net loss on loans and guarantees was NOK 221 million, an increase of NOK 53 million. Net losses were 0.06 percent of ATA.

Growth in gross lending has been increasing since the summer of 1999, and reached 12.3 percent at the end of the first half of 2000 (adjusted for portfolio transfers). This was up 1.9 percentage points compared to the end of the previous quarter.

The high lending growth has contributed to a deterioration of the banks' solvency. The tier 1 capital ratio at the end of the first half this year was 7.4 percent, down 0.6 percentage points from one year before.

*** Savings Banks**

The **30 largest savings banks** recorded an aggregate pre-tax operating profit of NOK 4.6 billion, or 2.11 percent of average total assets. This constitutes an increase of NOK 1.7 billion from last year, or 0.44 percentage points relative to ATA. An important explanation of these strong results was the banks' realization of their holdings in Fellesdata AS, with net gains of about NOK 1.9 billion. The banks' profit prior to "Net gains on long-term securities" was slightly lower in nominal terms and substantially lower relative to ATA than in the first half

of 1999 (down from 1.52 to 1.21 percent). Net interest income increased by 9.7 percent to NOK 5.4 billion. Relative to average total assets net interest income declined from 2.82 to 2.49 percent.

Other income (excl. net gains from foreign exchange and financial instruments) increased by 17 percent, but was reduced relative to ATA.

Net gains from foreign exchange and financial instruments were down from NOK 389 million to NOK 142 million.

Operating costs increased by NOK 0.4 billion, to NOK 4.1 billion. Relative to ATA operating costs fell from 2.09 to 1.88 percent. The cost/income-ratio was virtually unchanged at 59 percent.

The 30 largest savings banks recorded net losses on loans and guarantees of NOK 355 million, up from NOK 290 million in the first half of 1999. Relative to ATA aggregate losses equalled 0.16 percent, but several banks had losses in excess of 0.40 percent.

Gross lending increased by 14.5 percent over the last 12 months (adjusted for portfolio transfers).

The banks aggregate tier 1 capital ratio was 9.1 percent. This was 0.2 percentage points lower than at the end of the first half of 1999. The reduction over the last six months was 0.8 percentage points.

*** Mortgage companies**

The mortgage companies' pre-tax profit in the first six months of 2000 was NOK 531 million. This was 6.5 percent lower than in the previous year, and a reduction relative to average total assets from 0.78 percent to 0.65 percent.

The reduction in profit was mainly caused by a drop in net interest income from 0.85 to 0.78 percent of ATA. Net gains on foreign exchange and financial instruments also dropped, from NOK 51 million in the first half of 1999 to a *loss* of NOK 8 million so far this year.

On aggregate the mortgage companies had marginally *negative* net losses on loans.

Gross lending grew by 8,3 percent (adjusted for portfolio transfers). The tier 1 capital ratio was 12.6 percent, down 0.5 percentage points since the first half of 1999.

*** Finance companies**

The finance companies pre-tax operating profit was NOK 553 million, up NOK 80 million from the previous year. Relative to average total assets the profit was down from 2.55 to 2.27 percent.

Net interest income, relative to ATA, fell from 4.29 to 3.75 percent. Net loan losses were in nominal terms unchanged from last year, but were reduced from 0.36 to 0.27 percent relative to ATA.

Gross lending increased by 11.7 percent over the last 12 months (adjusted for portfolio transfers.)

Aggregate tier 1 capital ratio for the finance companies was 9.7 percent at the end of first half year, a reduction of 2.2 percentage points since 12 months back. An increase in the risk-weighted volume due to portfolio transfers counts for a large part of the reduction.

Continued weak results in non-life insurance

Lower return on the insurance companies' financial assets contributed to a weakening in profits relative to the year before. With claims incurred remaining high in the non-life companies, this led to a substantial deterioration in the profits. The development in the second quarter relative to the first quarter might signal a slight improvement in the technical results.

*** Non-life insurance**

The non-life insurance companies recorded pre-tax profits of NOK 817 million in the first half of the year, down by 50 percent from the same period in 1999. The main reason being lower profits from financial assets due to securities markets developments. Earned premiums (net of reinsurance) were up 2.9 percent, while claims incurred increased by 4.9 percent. The combined ratio (the sum of the claims- and cost-ratios) rose from 114.6 to 115.2.

Pre-tax profit on ordinary activities of the **three largest non-life groups**, (representing close to 80 percent of the Norwegian companies in terms of gross premiums) was NOK 133 million in the first half of this year. This was down from NOK 928 million in the same period last year. Profit relative to earned premiums was 2.2 percent, down from 15.1 percent.

The claims ratio rose from 87.9 to 88.4 while the cost ratio was reduced from 27.8 to 27.4, leaving the combined ratio virtually unchanged at 115.8. Technical results improved from NOK –531 million to NOK –204 million. The reduction in profit on ordinary activities thus stems from the development in net financial items, which fell 46 percent to NOK 1.1 billion. The three groups had an improvement in the claims ratio from the first to the second quarter (from 94.9 to 81.4), more than normal seasonal variation. Technical results are still weak.

The three largest non-life insurance groups' total assets increased by 5 percent over the last 12 months to NOK 38.2 billion. Investment in equities accounted for 19.6 percent of total assets, almost unchanged from the previous year. Investment in interest bearing securities (held for short term) rose from 25.2 percent of total assets to 34.1 percent.

*** Life insurance**

The *value adjusted profit* for the life insurance companies was reduced from NOK 14.2 billion in the first half of 1999 to NOK 2.2 billion in the first half of this year, a reduction from 8.8 to 1.2 percent relative to average total assets. The decrease in profits was caused by securities markets developments.

Total premiums due rose by 8.1 percent to NOK 16.1 billion, while claims incurred rose 25.9 percent to NOK 13.6 billion. Net financial income was reduced by 44 percent to NOK 10.5 billion. The life insurance companies recorded a total profit of NOK 9.8 billion in the first half of 2000, an increase of 14.7 percent when compared to the same period in 1999.

The life insurance companies have continuously increased their investment in equities, and at the end of the first half these assets accounted for NOK 125 billion, or 33.7 percent of total assets.

This was an increase of 6.2 percentage points from one year back. The share of foreign equities in the life insurance companies' equity portfolio was up 7 percentage points, to 67 percent, since the end of the first half of 1999. Interest bearing securities (held for short term) accounted for 28 percent of total assets, a reduction of 5 percentage points since the first half of last year.

The life insurance companies are in compliance with the capital adequacy requirements, though the buffer capital is slightly reduced since the end of 1999. Total buffer capital was down to NOK 38 billion, from NOK 45.4 billion six months earlier, mainly due to a reduction in the market value adjustment reserves caused by increased realization (selling) of shares.

The six unit-linked companies show aggregate premiums of NOK 2.6 billion, up from NOK 0.8 billion one year back. The companies recorded a total loss of NOK 3 million. Total assets were increased by NOK 5.8 billion to NOK 8.7 billion. Investments in shares and units of equity funds accounted for 79 percent of total assets.

Preliminary figures

COMMERCIAL BANKS

12 banks. Branches of foreign banks are not included

PROFIT AND LOSS ACCOUNT	1.half 2000		1.half 1999		1999	
	NOK million	% of ATA *	NOK million	% of ATA *	NOK million	% of ATA *
Interest income	23 119	6,61	23 133	7,10	41 515	7,05
Interest expenses	16 484	4,71	16 676	5,12	29 966	5,09
Net interest income	6 635	1,90	6 457	1,98	11 549	1,96
Dividends and similar income	645	0,18	673	0,21	1 017	0,17
Commissions and fees receivable on banking services	2 563	0,73	2 237	0,69	3 787	0,64
Commissions and fees payable on banking services	487	0,14	519	0,16	814	0,14
Net gain on foreign exchange and financial instruments	900	0,26	1 238	0,38	2 041	0,35
Other operating income	333	0,10	323	0,10	605	0,10
Personnel and administration expenses	5 011	1,43	4 875	1,50	8 106	1,38
Other operating expenses	978	0,28	1 123	0,34	2 264	0,38
Depreciation and writedowns	374	0,11	393	0,12	764	0,13
Operating result before provisions and losses	4 225	1,21	4 018	1,23	7 051	1,20
Loss on loans and guarantees	221	0,06	168	0,05	269	0,05
Net gains on financial fixed assets	42	0,01	39	0,01	54	0,01
Pre-tax operating profit	4 046	1,16	3 889	1,19	6 836	1,16

* ATA = Average Total Assets

BALANCE SHEET	30.06.2000	increase (%)	30.06.1999	increase (%)
	NOK million	(12 months)	NOK million	(12 months)
Total assets	711 475	11,3	639 302	4,9
Gross lending to customers	514 819	13,2	454 615	0,6
<i>Gr. lending to customers, adjusted for portfolio transfers</i>		12,3		
Deposits from customers	355 550	9,7	324 171	5,4
<i>Deposits from customers, adjusted for portfolio transfers</i>		9,8		
Certificates and bonds (debt)	147 712	3,4	142 794	2,1
Loan loss provisions	8 867	-0,8	8 937	1,3

SAVINGS BANKS

30 largest savings banks

PROFIT AND LOSS ACCOUNT	1.half 2000		1.half 1999		1999	
	NOK million	% of ATA *	NOK million	% of ATA *	NOK million	% of ATA *
Interest income	15 176	6,97	14 298	8,15	28 688	7,65
Interest expenses	9 749	4,48	9 353	5,33	18 372	4,90
Net interest income	5 427	2,49	4 945	2,82	10 316	2,75
Dividends and similar income	325	0,15	266	0,15	893	0,24
Commissions and fees receivable on banking services	1 502	0,69	1 263	0,72	2 666	0,71
Commissions and fees payable on banking services	420	0,19	363	0,21	774	0,21
Net gain on foreign exchange and financial instruments	142	0,07	389	0,22	887	0,24
Other operating income	93	0,04	116	0,07	182	0,05
Personnel and administration expenses	3 171	1,46	2 781	1,58	6 062	1,62
Other operating expenses	669	0,31	646	0,37	1 218	0,32
Depreciation and writedowns	245	0,11	233	0,13	470	0,13
Operating result before provisions and losses	2 984	1,37	2 956	1,68	6 419	1,71
Loss on loans and guarantees	355	0,16	290	0,17	804	0,21
Net gains on financial fixed assets	1 972	0,91	269	0,15	357,888	0,10
Pre-tax operating profit	4 601	2,11	2 935	1,67	5 973	1,59

* ATA = Average Total Assets

BALANCE SHEET	30.06.2000	increase (%)	30.06.1999	increase (%)
	NOK million	(12 months)	NOK million	(12 months)
Total assets	449 052	17,7	381 367	17,2
Gross lending to customers	365 344	16,0	314 986	13,5
<i>Gr. lending to customers, adjusted for portfolio transfers</i>		14,5		
Deposits from customers	253 769	12,1	226 292	15,2
<i>Deposits from customers, adjusted for portfolio transfers</i>		12,0		
Certificates and bonds (debt)	67 366	21,1	55 651	0,2
Loan loss provisions	5 707	11,1	5 136	5,7

MORTGAGE COMPANIES

9 mortgage companies

PROFIT AND LOSS ACCOUNT	1.half 2000		1.half 1999		1999	
	NOK million	% of ATA *	NOK million	% of ATA *	NOK million	% of ATA *
Interest income	5 314	6,47	4 556	6,30	9 251	6,12
Interest expenses	4 674	5,69	3 938	5,45	8 012	5,30
Net interest income	640	0,78	618	0,85	1 239	0,82
Dividends and similar income	20	0,03	20	0,03	30	0,02
Commissions and fees receivable on banking services	1	0,00	3	0,00	5	0,00
Commissions and fees payable on banking services	4	0,01	5	0,01	10	0,01
Net gain on foreign exchange and financial instruments	-8	-0,01	51	0,07	52	0,04
Other operating income	5	0,01	6	0,01	10	0,01
Personnel and administration expenses	110	0,13	104	0,14	225	0,15
Other operating expenses	14	0,02	15	0,02	37	0,02
Depreciation and writedowns	6	0,01	5	0,01	10	0,01
Operating result before provisions and losses	526	0,64	568	0,78	1 054	0,70
Loss on loans and guarantees	-5	-0,01	0	0,00	-3	0,00
Pre-tax operating profit	531	0,65	568	0,78	1 057	0,70

* ATA = Average Total Assets

BALANCE SHEET	30.06.2000 NOK million	increase (%) (12 months)	30.06.1999 NOK million
Total assets	166 062	10,4	150 356
Gross lending to customers	106 984	3,2	103 626
<i>Gr. lending to customers, adjusted for portfolio transfers</i>	<i>112 184</i>	<i>8,3</i>	<i>103 626</i>
Certificates and bonds (debt)	119 445	9,1	109 437
Loan loss provisions	222	-6,3	237

FINANCE COMPANIES

23 finance companies

PROFIT AND LOSS ACCOUNT	1.half 2000		1.half 1999		1999	
	NOK million	% of ATA *	NOK million	% of ATA *	NOK million	% of ATA *
Interest income	2 141	8,77	1 878	10,14	3 843	9,58
Interest expenses	1 226	5,02	1 083	5,85	2 167	5,40
Net interest income	915	3,75	795	4,29	1 676	4,18
Dividends and similar income	0	0,00	0	0,00	0	0,00
Commissions and fees receivable on banking services	467	1,91	358	1,93	569	1,42
Commissions and fees payable on banking services	83	0,34	55	0,30	122	0,31
Net gain on foreign exchange and financial instruments	25	0,10	-2	-0,01	8	0,02
Other operating income	79	0,33	86	0,46	372	0,93
Personnel and administration expenses	622	2,55	440	2,37	809	2,02
Other operating expenses	118	0,49	181	0,98	535	1,34
Depreciation and writedowns	43	0,17	21	0,11	50	0,12
Operating result before provisions and losses	620	2,54	540	2,91	1 108	2,76
Loss on loans and guarantees	67	0,27	67	0,36	144	0,36
Pre-tax operating profit	553	2,27	473	2,55	964	2,40

* ATA = Average Total Assets

BALANCE SHEET	30.06.2000 NOK million	increase (%) (12 months)	30.06.1999 NOK million
Total assets	49 968	31,6	37 960
Gross lending to customers	48 602	30,4	37 259
<i>Gr. lending to customers, adjusted for portfolio transfers</i>	<i>41 602</i>	<i>11,7</i>	<i>37 259</i>
Deposits from customers	3 866	-7,8	4 194
Certificates and bonds (debt)	759	-70,4	2 567
Loan loss provisions	1 163	9,1	1 066

NON-LIFE INSURANCE

47 non-life insurance companies.

The figures are expressed in NOK millions and percentage of earned premiums net of reinsurance

PROFIT AND LOSS ACCOUNT	1.half 2000		1.half 1999		1999	
	NOK mill	%	NOK mill	%	NOK mill	%
Earned premiums net of reinsurance	7 148		6 950		14 127	
Allocated investment return transferred from the non-technical account	1 193	16,7	905	13,0	2 093	14,8
Other technical income	63	0,9	40	0,6	86	0,6
Claims incurred net of reinsurance	6 286	87,9	5 994	86,2	12 377	87,6
Net operating expenses, including other technical charges	1 946	27,2	1 973	28,4	4 336	30,7
Changes in equalisation provisions etc.	-271	-3,8	502	7,2	1 167	8,3
Balance on the technical account	445	6,2	-575	-8,3	-1 573	-11,1
Net investment income	1 624	22,7	3 106	44,7	6 985	49,4
Allocated investment return transferred to the technical account	1 193	16,7	905	13,0	2 093	14,8
Other expenses	-58	-0,8	11	0,2	18	0,1
Profit on ordinary activities	817	11,4	1 638	23,6	3 337	23,6

BALANCE SHEET	30.06.2000		30.06.1999		31.12.1999	
	NOK mill	% of TA	NOK mill	% of TA	NOK mill	% of TA
Investments in land and buildings	2 994	5,2	2 880	5,2	2 985	5,2
Shares and units of securities funds (short-term)	11 730	20,3	10 869	19,8	13 172	22,7
Debt securities	24 611	42,6	17 521	31,9	22 457	38,8
Loans	979	1,7	3 071	5,6	1 143	2,0
Own funds	12 837	22,2	10 692	19,4	11 531	19,9
Technical provisions including equalisation provisions	35 961	62,2	55 510	101,0	37 397	63,6
Total assets (TA)	57 808		54 973		57 921	

3 largest non-life groups

PROFIT AND LOSS ACCOUNT	1.half 2000		1.half 1999		1999	
	NOK mill	%	NOK mill	%	NOK mill	%
Earned premiums net of reinsurance	6 182		6 129		12 410	
Allocated investment return transferred from the non-technical account	820	13,3	603	9,8	1 357	10,9
Other technical income	12	0,2	9	0,1	17	0,1
Claims incurred net of reinsurance	5 465	88,4	5 387	87,9	11 129	89,7
Net operating expenses, including other technical charges	1 695	27,4	1 706	27,8	3 739	30,1
Changes in equalisation provisions etc.	57	0,9	179	2,9	405	3,3
Balance on the technical account	-204	-3,3	-531	-8,7	-1 489	-12,0
Net investment income	1 110	18,0	2 063	33,7	4 394	35,4
Allocated investment return transferred to the technical account	820	13,3	603	9,8	1 357	10,9
Other expenses	47	0,8	0	0,0	0	0,0
Profit on ordinary activities	133	2,2	928	15,1	1 548	12,5

BALANCE SHEET	30.06.2000		30.06.1999		31.12.1999	
	NOK mill	% of TA	NOK mill	% of TA	NOK mill	% of TA
Investments in land and buildings	2 881	7,5	2 769	7,6	2 798	7,5
Shares and units of securities funds (short-term)	7 497	19,6	7 203	19,8	8 071	21,5
Debt securities	15 091	39,5	9 224	25,4	13 113	35,0
... of which short-term	13 032	34,1	9 170	25,2	12 640	33,7
Loans	620	1,6	2 641	7,3	614	1,6
Own funds	8 866	23,2	7 462	20,5	8 074	21,5
Technical provisions including equalisation provisions	23 493	61,5	23 212	63,8	23 837	63,6
Total assets (TA)	38 204		36 374		37 492	

LIFE INSURANCE

Includes eight Norwegian life insurance companies except unit linked companies

PROFIT AND LOSS ACCOUNT	1.half 2000		1.half 1999		1999	
	NOK mill	% of ATA	NOK mill	% of ATA	NOK mill	% of ATA
Premiums due	16 129	8,82	14 916	9,23	27 422	8,17
changes due to transfer of provisions to other companies	3 322	1,82	2 444	1,51	3 580	1,07
Investment income	34 848	19,07	29 546	18,28	64 652	19,27
gains on the realisation of investments	26 019	14,24	15 301	9,47	26 177	7,80
Claims incurred	13 579	7,43	10 785	6,67	22 241	6,63
changes due to transfer of provisions from other companies	4 525	2,48	2 798	1,73	6 033	1,80
Changes in technical provisions	9 501	5,20	8 967	5,55	17 602	5,25
Net operating expenses	1 172	0,64	1 227	0,76	2 528	0,75
Investment charges	24 316	13,30	10 751	6,65	18 344	5,47
losses on the realisation of investments	15 650	8,56	10 253	6,34	16 834	5,02
Profit for the financial year*	9 809	5,37	8 549	5,29	11 528	3,44
Value adjusted profit	2 180	1,19	14 215	8,80	33 146	9,88
Transfer of profit to policyholders	8 588	4,70	7 439	4,60	7 630	2,27
New additional statutory allocations	0		1		615	

*) Before tax, transfer of profit to policyholders and new additional statutory allocations

BALANCE SHEET AND KEY FIGURES	30.06.2000		30.06.1999		31.12.1999	
	NOK mill	% of TA	NOK mill	% of TA	NOK mill	% of TA
Investments in land and buildings	29 922	8,08	25 542	7,64	26 688	7,39
Long term investments	89 453	24,16	83 602	25,00	86 123	23,85
shares and units of securities funds	6 381	1,72	6 557	1,96	7 113	1,97
bonds held to maturity	58 005	15,67	49 267	14,74	52 979	14,67
loans	24 399	6,59	27 285	8,16	25 450	7,05
Other financial investments	236 573	63,90	213 256	63,78	231 422	64,08
shares and units of securities funds	118 554	32,02	85 343	25,53	112 206	31,07
bonds	102 782	27,76	110 164	32,95	105 557	29,23
other debt securities	10 749	2,90	15 166	4,54	11 054	3,06
Total assets (TA)	370 247	100,00	334 346	100,00	361 170	100,00
Technical provisions	315 943	85,33	291 705	87,25	298 802	82,73
Additional statutory allocations	13 455	3,63	12 758	3,82	13 094	3,63
Own funds	18 961	5,12	16 740	5,01	17 773	4,92

UNIT LINKED

Includes all six Norwegian unit linked companies

FROM THE PROFIT AND LOSS ACCOUNT	1.half 2000		1.half 1999		1999	
	NOK mill	% of ATA	NOK mill	% of ATA	NOK mill	% of ATA
Premiums due	2 568	195,9	788	173,9	3 090	78,5
Loss for the financial year	-3	-0,2	-6	-1,3	-17	-0,4

BALANCE SHEET AND KEY FIGURES	30.06.2000		30.06.1999		31.12.1999	
	NOK mill	% of TA	NOK mill	% of TA	NOK mill	% of TA
Shares and units of equity funds	6 801	79	1 842	65	4 571	76
Bonds and units of bond funds	297	3	229	8	271	4
Certificates and units of money market funds	424	5	184	6	336	6
Bank deposit and other assets	328	4	187	7	214	4
Total assets (TA)	8 650	100	2 845	100	6 034	100
Own funds	62 381		21 854		166	