Annual report

Storebrand Bank ASA

2012

storebrand

Company information

Address:
Storebrand Bank ASA
Professor Kohts vei 9
PO Box 474
N-1327 Lysaker

Telephone:	+ 47 - 22 31 50 50
Call center (within Norway):	08880
Website:	www.storebrand.no
E-mail address:	bank@storebrand.no

Company registration number:	953 299 216

Senior Management:

Truls Nergaard	Managing Director
Bernt Uppstad	Head of Finance and Risk Management
Robert Fjelli	Head of Capital Market Products
Monica Kristoffersen Hellekleiv	Head of Retail Banking
Torstein Hagen	Head of Corporate Banking
Anne Grete T. Wardeberg	Head of Staff Functions

Board of Directors:

Stein Wessel-Aas	Chairman
Heidi Skaaret	Deputy chairman
Geir Holmgren	Board Member
Inger Roll-Matthiesen	Board Member
Heidi Storruste	Board Member

Contact persons:
Truls Nergaard. Managing Director. Tel.:+ 47 - 916 02 270.
Bernt Uppstad. Head of Finance and Risk Management. Tel:+ 47 - 901 68 821.

Other sources of information:
Annual Reports and interim reports of Storebrand Bank ASA are published on www.storebrand.no.

Contents

Key figures - Storebrand Bank Group

NOK million and percentage	2012	2011
Profit and Loss account: (as % of avg. total assets)		
Net interest income	1.25 %	1.13 %
Other operating income 3)	0.33 %	0.27 %
Main balance sheet figures:		
Total assets	40 671.2	38 717.7
Average total assets 1)	39 250.3	39 106.5
Total lending to customers	35 445.5	33 474.5
Deposits from customers	19 932.7	18 485.5
Deposits from customers as % of gross lending	56.2 %	55.2 %
Equity	2 455.7	2 304.8
Other key figures:		
Total non-interest income as % of total income	21.1 %	19.2 %
Loan losses and provisions as % of average total lending 5)	-0.02 %	-0.03 %
Gross non-performing and loss-exposed loans as % of total average lending	0.8 %	1.0 %
Cost/income ratio banking activities 4)	64.0 %	65.9 %
Return on equity before tax 2)	8.9 %	8.3 %
Core capital ratio	11.2 %	11.4 %

Definitions:

1) Average total assets is calculated on the basis of monthly total assets for the quarter and for the year to date respectively.

2) Annualised profit before tax for continued operations as % of average equity.

3) Other operating income includes net fee and commission income.

4) Banking activities consists of Storebrand Bank ASA and Storebrand Boligkreditt AS.

5) Loan losses and provisions for Storebrand Bank Group includes the items loan losses for the period and losses real estate at fair value. assets repossessed. in the profit & loss account.

Storebrand Bank- The boars of directors´report for 2012

(Figures for 2011 are shown in parentheses)

MAIN TRENDS

Storebrand Bank ASA is a wholly owned subsidiary of Storebrand ASA, and is one of four business units in the Storebrand Group. Storebrand Bank is a commercial bank with licences under the Securities Trading Act. Its head office is in Lysaker in the municipality of Bærum.

The bank achieved a profit before tax of NOK 209 million for 2012 compared with NOK 190 million in 2011 for continued operations. The positive trend for Storebrand Bank continues and its results for 2012 improved across a range of key areas compared with 2011.

Storebrand Bank is a web-based bank that offers traditional bank products to the Norwegian market as an integral part of the Storebrand Group's comprehensive customer concepts. The retail market maintained its competitiveness throughout 2012 and enjoyed good lending growth. A number of measures have been implemented that have further improved profitability. The bank expanded its online services with the launch of the innovative Mitt Forbruk (My Consumption) and Mitt Budsjett (My Budget) functions.

In the corporate market, Storebrand Bank is active in the commercial real estate market, primarily in Oslo and Akershus. The bank holds a strong position in the market and in 2012 it was party to a number of trendsetting transactions in the Norwegian market.

In the second half of 2012, the Group's sales, marketing, and business development were merged into a single business area and the executive management was changed with the aim of increasing our market strength, especially with respect to the retail market. The bank delivers products within the various customer concepts.

GROUP STRUCTURE AND SUBSIDIARIES

Hadrian Eiendom AS is a wholly owned subsidiary and represents the bank group's special expertise within property development, valuations, and commercial property brokerage. Hadrian Utvikling was merged with Hadrian Eiendom AS in 2012 in order to simplify company structure. The business is run from the company's offices in Oslo. A decision was made in 2011 to wind up ownership of Ring Eiendomsmegling AS and this work continued in 2012. One of the subsidiaries has already been wound up and the rest will be wound up during 2013. Only minor liabilities remain in the companies.

Storebrand Bank's 50 per cent ownership of Storebrand Baltic UAS in Vilnius was transferred to Storebrand ASA in 2012. The company acts as a support services resource centre for the entire Storebrand Group and plays a key role in the work on continuous improvement and rationalisation.

The subsidiary Storebrand Boligkreditt AS holds a licence to issue covered bonds secured by residential property mortgages. Storebrand Eiendomskreditt AS returned its licence in 2011 and was fully wound up in the first half of 2012.

FINANCIAL PERFORMANCE

The bank achieved a profit before tax of NOK 209 million for 2012 compared with NOK 190 million in 2011 for continued operations. The effect on the result for the sold/discontinued business in Ring Eiendomsmegling was plus NOK 3 million for 2012, compared with minus NOK 60 million for 2011. The Storebrand Bank Group achieved a profit after tax of NOK 175 million in 2012 compared with NOK 99 million in 2011.

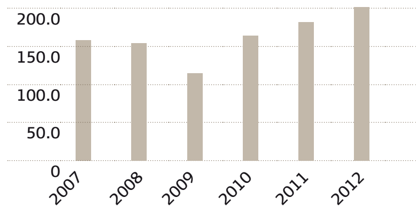
NET INTEREST INCOME

Net interest income for the bank group amounted to NOK 490 million compared with NOK 443 million in the previous year. Net interest income as a percentage of average total assets was 1.25 per cent in 2012; 0.12 percentage points higher than it was in 2011. Falling interest rates and lower funding costs resulted in an improvement in the bank's lending margins and falling deposit spreads throughout the year.

OTHER OPERATING INCOME

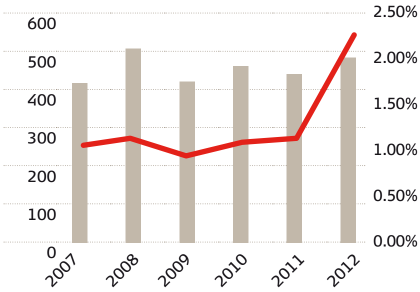
Net commission income represented NOK 71 million, almost unchanged compared with 2011 while other operating income has increased by NOK 28 million to NOK 60 million in total. Revaluations of financial instruments recorded at fair value were NOK 35 million compared with NOK 2 million in 2011. This includes a positive contribution to the result from interest rate and foreign exchange services for the bank's customers. Revenues from the subsidiary Hadrian Eiendom AS are included in other operating income.

Trends in profit before losses



Profit befor loan losses an losses real estate at fair value

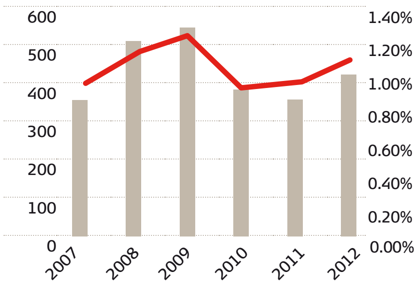
Net interest income and net interest income as a percentage of average total assets



Net interest income

Net interest income as % of average total assets

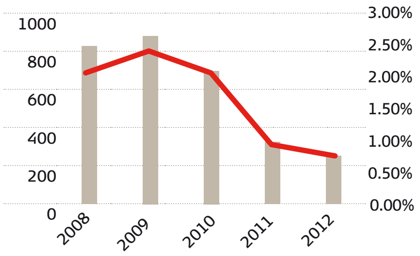
Operating costs excluding write-downs on investment properties and as a percentage of average total assets



Operating expenses (inkluding loss provisions on real estate at fair value

Operating expenses as 5 of average total assets

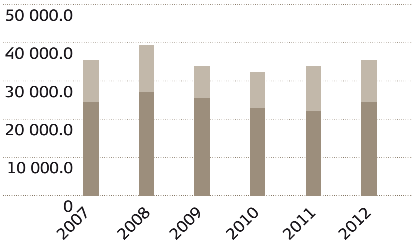
Developments in gross non-performing loans with and without impairment and in the percentage of average gross lending.



Gross non-performing loans with and without evicenceof impairment

Gross non-performing loans as % of total lending

Developments in total lending in both the retail market and corporate market



Corporate market

Retail market

OPERATING COSTS

The operating costs in the bank group totalled NOK 420 million (NOK 372 million). Operating costs for 2011 include write-downs on investment properties of NOK 4 million related to loan losses taken over by the bank. The cost ratio for bank activities[1)] was 64 per cent in 2012 (66 per cent). Operating costs include around NOK 20 million in non-recurring costs linked to the Group's costs programme. The cost programme is progressing well with the implementation of measures and realisation of effects. The most important measures implemented in 2012 were reducing staffing and closing the online share trading service. The effects realised as at year-end 2012 totalled NOK 7 million measured on an annual basis for Storebrand Bank.

LOSSES AND NON-PERFORMING LOANS

Total net loan losses recognised in the profit and loss account, including write-downs on loans taken over, amount to NOK 8 million compared with a net amount of NOK 14 million recognised as income in 2011. The total volume of non-performing loans has decreased, both non-performing loans that are not impaired which amount to NOK 151 million (NOK 160 million) and impaired non-performing loans which total NOK 115 million (NOK 171 million). The total volume of non-performing loans represents 0.8 per cent of total lending (1.0 per cent).

Loan loss provisions on groups of loans in 2012 were reduced from NOK 53 million in 2011 to NOK 39 million at the end of 2012 for the Storebrand Bank Group. The main reason for the reduction was the positive development of the bank's loan portfolio in both business areas. The loss provisions practice established in 2011 was continued in 2012 and is also helping to reduce loan loss provisions on groups of loans. The practice involves parts of the unsecured loans portfolio now being valued individually rather than as a group, and commitments being transferred to long-term monitoring and recorded for accounting purposes when it is not considered possible to recover the receivable.

The annual result for the parent bank, Storebrand Bank ASA, was NOK 197 million (minus NOK 40 million), mainly due to write-downs of shares in subsidiaries totalling NOK 151 million in 2011.

BALANCE SHEET

At the end of 2012 the bank group had NOK 40.7 billion of assets under management. Total lending to customers was NOK 35.5 billion at year-end. This is an increase of NOK 2 billion, which is 6 per cent higher than at the end of 2011. Both the retail market portfolio and the corporate market portfolio developed positively throughout the year.

The bank group's retail market portfolio represents 67 per cent of total lending, and chiefly comprises low risk home mortgages. The average weighted loan to value ratio is about 54 per cent. Corporate loans account for 33 per cent of the portfolio and at the end of 2012 about 74 per cent of these loans were for income-generating properties and 26 per cent of the loans were for construction projects. The bank has signed a syndication agreement with Storebrand Life Insurance for good commercial property loans. Loans for income-generating properties are secured by mortgages in rental properties which at the portfolio level are characterised by a well-diversified tenant profile and long-term lease contracts. Few customers are in default, and the level of losses for the portfolio is low.

The bank has a balanced funding structure and bases its funding on customer deposits, the issuance of securities and covered bonds, both directly in the market and through a swap scheme with Norges Bank, as well as borrowing in the Norwegian and international capital markets. In 2012 the bank has also prioritised maintaining a good deposit to loan ratio, and at year-end the deposit to loan ratio was 56 per cent (55 per cent).

The bank group issued a total of NOK 2.3 billion in senior bonds and NOK 4.4 billion in covered bonds in 2012. During the course of 2012 borrowing conducted through the swap sheme with Norges Bank was reduced by NOK 1.5 billion. The bank group takes an active stance in managing liquidity and market makers and over the course of 2012 has bought back outstanding borrowings prior to the maturity date.

The parent bank Storebrand Bank ASA had total assets of NOK 31.2 billion at year-end. Total lending in the parent bank increased by NOK 1.2 billion due to loan repayments and the sale of retail market loans to the subsidiary Storebrand Boligkreditt AS.

BUSINESS SEGMENTS

RETAIL MARKET

Storebrand Bank is a web-based bank that offers traditional bank products to the Norwegian market. Banking is one of several product and services areas in Storebrand's retail market strategy and forms an integral part of the Group's complete customer concepts for defined customer segments. The concepts focus on the family's entire economy, long-term saving and saving for your pension.

1) Bank activities comprice Storebrand Bank ASA and Storebrand Boligkreditt AS

The retail market maintained its competitiveness throughout the year and enjoyed good lending growth. The Group's focus on converting life account assets produced positive growth in the deposits volume, and adjusting the pricing model for fees made a good contribution to the bank's higher earnings. The bank had around 72,000 active retail customers at the end of 2012.

Our customer services are based on our vision, "Recommended by our customers", and products, concepts and customer processes were improved and developed further throughout 2012. Digitalisation, automation and the increased use of BankID are key measures. A complete range of web-based services is now offered, including an overview of financial services in the online bank. The bank also expanded its online services with the launch of the innovative Mitt Forbruk (My Consumption) and Mitt Budsjett (My Budget) functions. Overall, customers have been given an even better tool for managing and controlling their personal finances. This handy service won a Norwegian Gulltaggen award in 2012.

One example of the bank's competitiveness is its naming as one of Norway's best banks in 2012 by Norsk Familieøkonomi. Storebrand Bank ranked third in both the "Best overall bank" and the "Best mortgage for more than NOK 2 million" categories.

Share trading in the online bank and via the broker board was wound up completely in December 2012.

CORPORATE MARKET

The bank's focus in the corporate market is on the commercial real estate market. The bank's competitive advantage is linked to its extensive experience and cutting-edge expertise in this market segment, and its ability to offer comprehensive solutions and excellent service. The proportion of major professional customers grew in 2012. In addition, the corporate market department, together with other units in the Storebrand Group, offers services to selected niche markets, including investors and the SMB segment.

The volume of transactions in commercial properties fell slightly below the anticipated volume. This was mainly due to the bank's restrictive lending practices. The bond market has taken over part of the funding from the banks, but demand has nonetheless far exceeded supply. The quality of the portfolio has been further improved and there are few cases of loan arrears and almost no non-performing loans.

Activity within the area of cash management increased during 2012. More customer contracts have been established, which has resulted in increased use of the bank's payment services. The total transaction volume and deposits in operating accounts increased during the year.

STOREBRAND BOLIGKREDITT AS

The company's balance sheet was NOK 18 billion and it mainly functions as a funding tool. NOK 12.6 billion in covered bonds was issued. 0.2 per cent of loans were non-performing in the portfolio. The established loan programme is Aaa rated by Moody's rating agency.

RISK MANAGEMENT

A bank's core activities are linked to creating value through exposure to acceptable risks. Storebrand Bank is proactive in managing the risks in its business activities and continuously works to develop its routines and processes for risk management. The current overall risk profile is regarded as being satisfactory and the company expects to make only minor adjustments to its risk profile during 2013.

The risk in Storebrand Bank is closely monitored in accordance with guidelines for risk management and internal control that have been approved by the Board. The bank's appetite for risk is expressed through the risk strategy, which is designed to support the business goals. Policy documents stating the measurement parameters are prepared for each form of risk defined in the guidelines. Developments in these parameters are followed up through risk reporting to the Board of the bank.

Credit risk and liquidity risk are the principal forms of risk for Storebrand Bank. The bank group is also exposed to operational, compliance and, to a lesser extent, market risk.

CREDIT RISK

Storebrand Bank's gross credit exposure is almost unchanged in 2012 and represents NOK 45 billion as at 31 December 2012.

Loans to the corporate market totalled NOK 11.7 billion while equivalent loans to the retail market amounted to NOK 23.7 billion.

The Norwegian economy developed positively throughout 2012, although at the same time there was constant uncertainty surrounding market trends and the degree to which the international financial turmoil would infect it. Total group write-downs fell throughout the year to NOK 39 million at year-end 2012. The reduction was mainly a result of the positive risk trend in the bank's loan portfolios.

The credit quality of the *corporate market portfolio* is considered good. The portfolio entirely consists of mortgages for commercial properties. Mortgage-backed commitments in which running cash flows cover the commitment's interest charges account for around 75 per cent of total exposure (loans and lines of credit). The remainder of the portfolio consists of mortgage-backed commitments involving development.

The cash flow loans are characterised by a well-diversified tenant profile and good lease durations. The bank is guaranteed cash flow from tenants with these types of loans and also has security in the property itself. Tenant diversification ensures corresponding diversification of cash flows, which significantly reduces the overall risk inherent in the portfolio. Around 95 per cent of the portfolio has a loan to value ratio of under 86 per cent.

Development projects involve somewhat greater risk and the total exposure here is around NOK 4.1 billion. This segment is largely composed of loans for construction projects in the housing and office sector in and around the centre of Oslo. A high proportion of advance sales is required for loans for new housing projects. About 95 per cent of the portfolio has a loan to value ratio of under 80 per cent and the risk is considered satisfactory.

Credit risk in the corporate market portfolio improved during the year as new lower risk loans have been made and current loans have developed in a positive direction.

The credit quality of the *retail market portfolio* is considered very good. Almost the entire portfolio is secured by property mortgages. The portfolio's high security coverage indicates a limited risk of loss. The loan to value ratio of the property loans is relatively low and only a limited number of loans have been made which exceed 80 per cent of the market value. These are largely only given if the customers can put up additional security.

The average weighted loan to value ratio in the bank group is approximately 54 per cent for mortgages. Approximately 94 per cent of mortgages have a loan to value ratio of under 80 per cent and about 97 per cent have a loan to value ratio of under 90 per cent. In the bank group, about 58 per cent of housing loans have a loan to value ratio of under 60 per cent.

The retail market portfolio has had few losses historically. For the bank as a whole, a high share of retail market loans is considered important in reducing the bank's total risk. The proportion of retail market loans as a percentage of the bank's total lending is around 67 per cent at the end of 2012, almost unchanged from 2011.

Flexible mortgages accounts for around 30 per cent of the total retail market portfolio. On its own this structure would increase the risk in the portfolio, however this higher risk is counteracted by stricter lending criteria for flexible mortgages, monitoring customers with a high degree of utilisation, and monitoring customers who do not pay instalments and interest on a regular basis.

Storebrand Bank's guarantee portfolio amounted to almost NOK 300 million at year-end. The majority of the guarantees have been made for customers in connection with property development in Oslo and Akershus.

At year-end, the bank group had deposited securities with a fair value of NOK 1.9 billion as security for drawing rights to overnight loans and F-loans in Norges Bank. In addition, NOK 2.0 billion has been pledged as security in connection with the swap scheme with Norges Bank.

According to the licence for the estate agency, Hadrian Eiendom AS has signed the statutory insurance and guarantee agreements. Through its activities, the company has limited credit risk but as with other areas of Storebrand Bank, it is exposed to developments in the Norwegian property market in the commercial segment.

LIQUIDITY RISK

The proportion of long-term funding over 1 year was more than 100 per cent throughout 2012. The deposit-to-loan ratio was 56 per cent, a modest increase from 55 per cent in 2011. The bank attaches great importance to having a balanced funding structure in relation to the different maturities and issuances in different markets. The average remaining maturity for external funding, excluding subordinated loans, is 3.1 years, an increase from 2.7 years in 2011. The proportion of total deposits over NOK 2 million amounts to 32 per cent (unchanged from 2011).

The bank has established good liquidity buffers and attaches great importance to having a balanced funding structure in relation to the various maturities and issuances in various markets. Credit facilities/agreements have been established with other banks that Storebrand Bank can draw down as required. Storebrand Bank is rated by S&P and Moody's.

MARKET RISK
Storebrand Bank's aggregate market risk through interest rate and exchange rate exposure and the maximum risk of loss on the liquidity portfolio are restricted through low exposure limits. Also, the bank does not have an active investment strategy for shares.

OPERATIONAL RISK
Storebrand Bank manages operational risk by focusing on establishing good work and control routines, but also works systematically to create the right attitude among the bank's employees. The most important measures to reduce operational risk are systematic risk reviews carried out at least quarterly on all of the bank's activities, and also when starting projects or with special events. The last risk review was performed in autumn 2012.

COMPLIANCE RISK
The risk of the bank incurring public sanctions or financial losses due to a failure to comply with external and internal regulations is defined as the bank group's compliance risk. The company particularly focuses on the risk relating to compliance and the implementation of changes in the current legislation. The compliance manager is responsible for preparing, documenting, implementing and maintaining compliance processes in Storebrand Bank ASA. The bank participates in various joint group forums which primarily focus on compliance, money laundering, and financial crime.

LEGAL DISPUTES
Storebrand Bank reported 11 cases to the police in 2012. The incidence of attempted credit card fraud appears to be decreasing, although the incidence of terminal fraud appears to be increasing. There are still some cases of document forgery. Attempted attacks on the online bank increased during 2012.

Storebrand Bank received no new complaint cases concerning retail customers' investments in various stock index bonds in Storebrand Bank ASA. A total of 70 private customers have complained to the Norwegian Financial Services Complaints Board about their investments in various stock index bonds in Storebrand Bank. The bank is awaiting the final guidelines from the Norwegian Financial Services Complaints Board.

In 2009, an action was brought against Storebrand Bank seeking damages for economic losses with respect to investments in one of Storebrand's stock index bonds. The bank was fully exonerated by Oslo City Court. Borgating Court of Appeal rejected the plaintiffs' appeal in a judgement dated 18 April 2011. The Norwegian Supreme Court issued its judgement on the case on 28 February 2012. The majority refused the customers' appeal, although Storebrand Bank ASA was not awarded costs.

CAPITAL MANAGEMENT
CAPITAL ADEQUACY
The bank issued a new NOK 150 million subordinated loan in April. With the approval of the Financial Supervisory Authority of Norway, the bank repaid two subordinated loans worth NOK 250 million and NOK 150 million in May and December, respectively.

The Storebrand Bank Group had net primary capital of NOK 2.7 billion at the end of 2012. The capital adequacy ratio was 11.8 per cent and core (tier 1) capital ratio was 11.2 per cent, compared to 13.3 per cent and 11.4 per cent respectively at the end of 2011. The target for the core capital ratio is 11 per cent. From 2015 the target for the core capital ratio will, given the current balance sheet structure, be set at 12.5 per cent.

Storebrand Bank Group has satisfactory solvency and good liquidity as at 31 December 2012.

PERSONNEL, ORGANISATION, CORPORATE BODIES AND THE ENVIRONMENT
SUSTAINABILITY
The Storebrand Group has worked systematically and purposefully on sustainability for almost 15 years. Sustainable products and relationships are one of Storebrand's customer promises and form an integral part of the Group's brand. Storebrand carried out a number of activities during 2012 to strengthen its work on sustainability and ensure that sustainability is a differentiating factor that brings us closer to our vision: "Recommended by our customers".

ENVIRONMENT
Storebrand systematically strives to reduce the company's impact on the environment due to our business activities, investments, procurement and property management. The very best way we can influence the environment is by setting strict requirements for all our investments. All of Storebrand's self-managed assets are subject to strict environmental and sustainability requirements.

PERSONNEL AND THE ORGANISATION
The bank group had 134 employees at the end of the year, compared with 135 at the beginning of the year. 49 per cent of our employees are women. The average age of our employees is 44 years old and the average length of service is 11 years.
The proportion of women on the bank's

board was 60 per cent in 2012. The share of women in senior management is 33 per cent compared with 16 per cent in 2011. Among managerial positions with personnel responsibilities, 43 per cent are held by women. No injuries to people, property damage, or accidents of significance were reported in Storebrand Bank in 2012.

EQUALITY / DIVERSITY

The bank participates in the Group's systematic work on retaining and improving the development of talented female employees. Storebrand strives to ensure that all of its employees, regardless of cultural background, flourish.

ABSENCE DUE TO ILLNESS

The working environment survey shows that the trends for health and satisfaction parameters were stable in 2012 and the bank has a good MTI. Absence due to illness in the bank at year-end 2012 was measured at 4.6 per cent compared with 5.9 per cent in 2011. Like the Group, the bank is committed to creating an inclusive workplace.

EXPERTISE

All employees have easy access to both formal e-learning and formal classroom courses, and each employee's follow-up plan contains skills and development goals.

ETHICS AND TRUST

Trust is the lifeblood of Storebrand and Storebrand Bank, and strict requirements are set concerning high ethical standards for the Group's employees. All employees are measured by their performance, conduct and attitude.

STATEMENT OF COMPANY MANAGEMENT

Storebrand Bank's systems for internal control and risk management linked to the accounting process adhere to Storebrand Group guidelines. The Board decides upon the guidelines annually. In addition, the bank purchases, via its service contracts, all bookkeeping and reporting services from Storebrand Life Insurance. The Storebrand Group established corporate governance policies in 1998. The Storebrand Group reports on the Group's policies and practice for corporate governance in accordance with section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance of 20 October 2011. For further information on Storebrand Bank's corporate governance and a statement of company management in accordance with section 3-3b of the Norwegian Accounting Act, refer to a separate description in section 10 of the Storebrand Group's annual report regarding the Group's accounting processes.

The work of the Board is regulated by special rules of procedure for the Board. The Board of Storebrand ASA has also established a set of instructions for the boards of subsidiary companies which describe how guidelines, plans and strategies adopted by the Group's Board of Directors are expected to be complied with. The Board of Directors of Storebrand ASA has two joint advisory sub-committees for the Storebrand Group: the Remuneration Committee and the Audit Committee.

The bank has recorded in the articles of association that the company shall have the same election committee as Storebrand ASA and will thereby follow Storebrand Group processes for appointing and replacing board members. The bank does not have any provisions in the articles of association and authorisations granting the Board the authority to decide that the company shall buy back or issue its own shares or equity certificates.

CHANGES IN THE COMPOSITION OF THE BOARD

At the Board of Representatives meeting on 14 November 2012, Heidi Skaaret was elected to the Board as the deputy chairman and Inger Roll-Matthiesen was elected a board member. Anne-Kristine Baltzersen, Kristine Schei and Maria Borch Helsengreen stepped down from the board of directors.

GOING CONCERN

The Board confirms that the prerequisites for the going concern assumption exist and accordingly the Annual Report has been prepared based on the going concern principle.

EVENTS AFTER THE BALANCE SHEET DATE

During the normal course of its business Storebrand Bank is involved in legal proceedings and disputes. The Board is not aware of any events of material importance to the annual and consolidated financial statements that have occurred since the balance sheet date.

ALLOCATION OF THE RESULT FOR THE YEAR

Storebrand Bank ASA (the parent bank) achieved an annual result of NOK 197.1 million for 2012.

The Board proposes a tax-free group contribution be made of NOK 99.7 million to Storebrand ASA. The Board considers the Group's capital situation to be good given the risk profile and proposes to the bank's Board of Representatives and Annual General Meeting the following disposition of the result for the year:

Figures in NOK million:	
Group contribution after tax	71.8
Transferred to other equity	125.3
Total allocations	**197.1**

The company's equity available for distribution was NOK 1.20 billion as of 31 December 2012 which more than covers the primary capital in respect of the capital requirement regulations.

STRATEGY AND OUTLOOK FOR 2013

In 2013 Storebrand Bank will continue to focus on improving the business' profitability combined with moderate growth. The consequences of the international financial instability for both the banking industry and our customers will be closely monitored. The bank will prioritise maintaining a moderate risk profile with a good balance sheet and funding composition.

In the retail market the bank will prioritise customer recruitment as part of the Group's retail market strategy. The bank will heavily focus on developing products and ideas suitable for the life phase concepts of the rest of the Group. The bank's online solutions will be developed further as part of the Group's digital services.

For the corporate market, Storebrand Bank will continue its work to provide value-creating services and solutions based on the bank group's collective expertise and range of services within commercial properties.

The introduction of new capital adequacy regulations (Capital Requirements Directive IV, also known as Basel III) will affect Storebrand Bank through higher capital requirements, stricter requirements for the quality of capital, new quantitative requirements for liquidity and stricter reporting requirements. The regulations had not yet been adopted by the European Parliament as per year-end 2012, but will come into force during the course of 2013, with the gradual introduction of the new requirements up to 2018. The bank is working actively to adapt to the new requirements. The bank has developed internal ratings-based models (IRB models) for credit risk in the retail market and in June 2012 applied for permission from the Financial Supervisory Authority of Norway to use these models to calculate capital requirements. The bank is also working on the development of IRB models for the corporate market.

Good management of the bank's credit and liquidity risk, and controlling operational risk in key work processes, will also be key in 2013, and the bank will continue to closely monitor trends for non-performing and loss-exposed loans. Developments in the Norwegian and international capital markets, interest rates, unemployment and the property market are regarded as the key risk factors that can affect the results of the Storebrand Bank Group in 2013.

Lysaker, 12 February 2013

The Board of Directors of Storebrand Bank ASA
Translation – not to be signed

Stein Wessel-Aas - Chairman -	Heidi Skaaret - Deputy chairman -	Inger Roll-Matthiesen - Board Member -
Geir Holmgren - Board Member -	Heidi Storruste - Board Member -	Truls Nergaard - CEO -

Accounts & Notes
Storebrand Bank Group

Profit and loss account Storebrand Bank Group

1 January - 31 December

NOK million	Note	2012	2011
Interest income		1 552.8	1 536.9
Interest expense		-1 062.7	-1 093.9
Net interest income	**10**	**490.1**	**443.0**
Fee and commission income from banking services		85.5	91.5
Fee and commission expense for banking services		-14.3	-18.5
Net fee and commission income	**11**	**71.2**	**73.0**
Net income and gains from associated companies	23	1.2	0.9
Net gains on financial instruments at fair value	10	35.3	2.0
Other income	12	23.0	29.1
Total other operating income		**59.5**	**32.0**
Staff expenses	14, 15	-154.8	-130.1
General administration expenses	14	-65.2	-85.4
Other operating costs	13, 14, 32, 33	-199.8	-152.2
Losses real estate at fair value, assets repossessed	31		-3.9
Total operating costs		**-419.7**	**-371.6**
Operating profit before loan losses		201.1	176.4
Loan losses for the period	16	7.7	13.9
Profit before tax		**208.8**	**190.2**
Tax	17	-36.6	-31.5
Result after tax sold/discontinued operations	48	2.7	-59.8
Profit for the year		**174.9**	**98.9**
Allocated to:			
Parent company		174.9	98.9
Minority interests		0.0	0.0

Statement of comprehensive income

NOK million	Note	2012	2011
Pension experience adjustments	15	25.1	2.8
Profit for the period		174.9	98.9
Total comprehensive income for the period		**200.0**	**101.7**
Allocated to:			
Shareholders		200.0	101.7
Minority interests		0.0	0.0
Total		**200.0**	**101.7**

Statement of financial position - balance sheet Storebrand Bank Group

31. December

Assets

NOK million	Note	2012	2011
Cash and deposits with central banks	4. 18. 20	8.8	508.4
Loans to and deposits with credit institutions	4, 18, 19, 21	255.1	268.6
Financial assets designated at fair value through the profit and loss account:			
Equity instruments	8, 18, 22	5.2	5.2
Bonds and other fixed-income securities	4, 8, 18, 24, 26	2 861.7	2 655.0
Derivatives	4, 8, 18, 27	1 005.0	920.6
Bonds at amortised cost	4, 18, 19, 25	990.0	651.2
Other current assets	18, 19, 35	121.6	210.3
Gross lending	4, 8, 19, 29	35 445.5	33 474.5
Loan loss provisions	29, 30	-144.1	-156.6
Net lending to customers	4, 18, 29	35 301.4	33 317.9
Investments in associated companies	23	0.0	2.8
Tangible assets	33	8.5	11.2
Real estate at fair value	31		11.7
Intangible assets and goodwill	32	106.3	111.1
Deferred tax assets	17	7.3	8.1
Assets sold/discontinued operations	48	0.2	35.4
Total assets		**40 671.2**	**38 717.7**

Liabilities and equity

NOK million	Note	2012	2011
Liabilities to credit institutions	5, 8, 18, 19	2 498.7	6 015.8
Deposits from and due to customers	5, 18, 19, 36	19 932.7	18 485.5
Other financial liabilities:			
Derivatives	8, 18, 27	601.1	500.2
Commercial papers and bonds issued	5, 18, 19, 38	14 540.3	10 082.8
Other liabilities	5, 18, 19, 41	102.4	501.8
Liabilities sold/discontinued operations	48	10.1	30.0
Provision for accrued expenses and liabilities	40	17.7	0.8
Pension liabilities	15	71.3	103.7
Subordinated loan capital	5, 18, 19, 39	441.4	692.3
Total liabilities		**38 215.6**	**36 412.9**
Share capital		960.6	960.6
Share premium reserve		156.0	156.0
Other paid-in share capital		400.3	400.3
Retained earnings		938.8	787.9
Minority interests	42	0.0	0.1
Total equity		**2 455.7**	**2 304.8**
Total liabilities and equity		**40 671.2**	**38 717.7**

Lysaker, 12 February 2013. The Board of Directors of Storebrand Bank ASA

Translation - not to be signed

Stein Wessel-Aas	Heidi Skaaret	Geir Holmgren	Inger Roll-Matthiesen	Heidi Storruste	Truls Nergaard
Chairman	Deputy chairman	Board Member	Board Member	Board Member	CEO

Changes in equity
Storebrand Bank Group

	Majority's share of equity								
	Paid-in equity				Revenue and costs applied to equity	Other equity			
NOK million	Share capital	Share premium reserve	Other paid-in equity	Total paid-in equity		Other equity	Total other equity	Minority interest *)	Total equity
Equity at 31,12,2010	960,6	156,0	400,3	1 516,8	17,5	722,9	740,4	3,3	2 260,6
Profit for the period						98,9	98,9	0,0	99,0
Pension experience adjustments (see note 15)					2,8		2,8		2,8
Total other comprehensive income	**0,0**	**0,0**	**0,0**	**0,0**	**2,8**	**0,0**	**2,8**	**0,0**	**2,8**
Total comprehensive income for the period	**0,0**	**0,0**	**0,0**	**0,0**	**2,8**	**98,9**	**101,7**	**0,0**	**101,7**
Equity transactions with owners:									
Purchase of minority interests						-1,0	-1,0	-4,0	-5,1
Group contribution paid						-50,0	-50,0		-50,0
Other changes						-3,2	-3,2	0,8	-2,4
Equity at 31,12,2011	**960,6**	**156,0**	**400,3**	**1 516,8**	**20,3**	**767,6**	**787,9**	**0,1**	**2 304,8**
Profit for the period						174,9	174,9	0,0	174,9
Pension experience adjustments (see note 15)					25,1		25,1		25,1
Total other comprehensive income	**0,0**	**0,0**	**0,0**	**0,0**	**25,1**	**0,0**	**25,1**	**0,0**	**25,1**
Total comprehensive income for the period	**0,0**	**0,0**	**0,0**	**0,0**	**25,1**	**174,9**	**200,0**	**0,0**	**200,0**
Equity transactions with owners:									
Group contribution paid						-50,0	-50,0		-50,0
Other changes						0,9	0,9	0,0	0,9
Equity at 31,12,2012	960,6	156,0	400,3	1 516,8	45,4	893,5	938,8	0,0	2 455,7

*) See note 42 Minority interests,

The equity changes with the result for the individual period, equity transactions with the owners and items that are entered directly on the balance sheet, Share capital, the share premium fund and other equity is evaluated and managed together, The share premium fund may be used to cover a loss, and other equity may be used in accordance with the provisions of the Public Limited Liabilities Company Act,

Storebrand Bank actively manages the level of equity in the company and the group, The capital level is tailored to the economic risk and capital requirements in which the composition of its business areas and their growth will be an important driver,The goal of the capital management is to ensure an effective capital structure and secure an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements, If there is a need for new capital, this must be issued by the holding company Storebrand ASA,

Storebrand Bank is a financial group subject to statutory requirements regarding primary capital under the capital adequacy regulations, Primary capital encompasses both equity and subordinated loan capital, For Storebrand Bank, these legal requirements are most important in its capital management,

The core capital adequacy target is 11 per cent, From 2015 the pure core capital adequacy target given the current balance sheet structure has been set at 12,5 per cent,

For further information on the group's fulfilment of the capital requirements, see note 45,

Cash flow statement
Storebrand Bank Group

1 January - 31 December

NOK million	Note	2012	2011
Cash flow from operations			
Receipts of interest, commissions and fees from customers		1 547.0	1 516.9
Payments of interest, commissions and fees to customers		-534.4	-498.2
Net disbursement/payments on customer loans		-1 907.8	981.9
Net receipts/payments of deposits from banking customers		1 423.6	-305.9
Net receipts/payments - securities at fair value		-462.7	105.1
Net receipts/payments - real estate at fair value		14.9	56.9
Payments - taxes		0.0	0.0
Payments of operating costs		-407.9	-355.8
Net receipts/payments on other operating activities		-20.0	-18.3
Net cash flow from operating activities		**-347.3**	**1 482.6**
Cash flow from investment activities			
Net payments on sale of subsidiaries and associated companies		8.5	0.0
Net payments on purchase/capitalisation of subsidiaries		0.0	-5.1
Net payments on purchase/sale of fixed assets etc.	32, 33	-29.4	-43.9
Net cash flow from investment activities		**-20.8**	**-49.0**
Cash flow from financing activities			
Payments - repayments of loans and issuing of bond debt		-1 766,8	-1 481,6
Receipts - new loans and issuing of bond debt		6 004,9	2 801,4
Payments - interest on loans		-531,0	-573,1
Receipts - subordinated loan capital		149,2	0.0
Payments - repayments of subordinated loan capital		-400,4	-100,0
Payments - interest on subordinated loan capital		-29,5	-43,4
Net receipts/payments of liabilities to credit institutions		-3 521,4	-2 043,8
Payments - group contribution / dividends		-50,0	-50,0
Net cash flow from financing activities		**-145,0**	**-1 490,5**
Net cash flow in the period		**-513.2**	**-56.9**
Net cash flow in the period		-513.2	-56.9
Cash and bank deposits at the start of the period for new companies and discontinued operations			-4.2
Cash and bank deposits at the start of the period		777.0	838.1
Cash and bank deposits at the end of the period		**263.9**	**777.0**
Cash and deposits with central banks	20	8.8	508.4
Loans to and deposits with credit institutions	21	255.1	268.6
Total cash and bank deposits in the balance sheet		**263.9**	**777.0**

The cash flow analysis shows the group's cash flows for operational, investment and financial activities pursuant to the direct method. The cash flows show the overall change in means of payment over the year.

Operational activities
A substantial part of the activities in a financial group will be classified as operational.

Investment activities
Includes cash flows for holdings in group companies and tangible fixed assets.

Financing activities
Financing activities include cash flows for equity, subordinated loans and other borrowing that helps fund the group's activities. Payments of interest on borrowing and payments of group contribution are financial activities.

Cash/cash equivalents
Cash/cash equivalents are defined as claims on central banks and lending to and claims on financial institutions.

Contents notes Storebrand Bank Group

Note 1 | Company information and accounting policies

1. COMPANY INFORMATION

Storebrand Bank ASA is a Norwegian public limited company with bonds listed on Oslo Børs. The consolidated financial statements for 2012 were approved by the Board of Directors on 12 February 2013.

Storebrand Bank provides traditional banking services such as accounts and loans in the retail market and project financing to selected corporate customers. Storebrand Bank Group comprises the business areas of corporate market, retail market and treasury. The Group's head office is located at Professor Kohts vei 9, in Lysaker.

2. THE BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The accounting policies applied in the Group accounts are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances.

The consolidated financial statements of Storebrand Bank ASA have been prepared in accordance with International Financial Reporting Standards (IFRS), which are approved by the EU, and appurtenant interpretations, as well as other Norwegian disclosure obligations pursuant to the law and regulations.

Use of estimates in preparing the annual financial statements

The preparation of the annual financial statements in accordance with IFRS requires the management to make judgements, estimates and assumptions that affect assets, liabilities, revenue, expenses, the notes to the financial statements and information on potential liabilities. Actual amounts may differ from these estimates. See note 2 for further information about this.

3. CHANGES IN ACCOUNTING POLICIES

Amendments to IAS 1 Presentation of Financial Statements came into effect in 2012. The changes to IAS 1 mean that enterprises have to group items under other operating income and costs (statement of total comprehensive income/other comprehensive income (OCI)) based on whether the items can subsequently be reclassified to profit and loss. The amendments have been of no material significance for the consolidated financial statements.

Significant amendments have been approved in IAS 19 - Pensions own employees. The corridor method will no longer be a permitted alternative from and including 1 January 2013, and actuarial gains and losses must be recognised in OCI as they accrue. The changes means that the portion that is recognised via the operating result is limited to net interest income/costs and the period's pension accruals (service cost). The calculated return on pension assets must, following the changes, be calculated on the basis of the discount rate used for pension liabilities. The corridor method is not used in Storebrand Bank's consolidated financial statements meaning that all calculated pension liabilities for its employees are already in included on the balance sheet. The elimination of the corridor method will thus have no effect on Storebrand's consolidated financial statements.

Other changes to the IFRS regulations that are applicable, or can be utilised, for IFRS accounts prepared after 1 January 2013 are listed below. The changes are not expected to have material effects on the consolidated financial statements.

- Amendments to IFRS 12: Provides minimum disclosure requirements about other entities Storebrand is involved in.
- Amendments to IFRS 13: Collects the regulation of measuring fair value in a single standard.
- IAS 32: Clarifies the netting of financial assets and financial liabilities in which the counterparty is the same.
- IFRS 7: Change disclosure requirements for the entity's netting opportunities for financial instruments in which a netting agreement has been signed.
- IFRS 9: Replaces the provisions concerning the classification and measuring of financial instruments in IAS 39.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR MATERIAL STATEMENT OF FINANCIAL POSITION ITEMS

The assets side of the Group's statement of financial position primarily consists of financial instruments. The majority of the financial instruments fall under the category Loans and receivables and are stated at amortised cost. The statement of financial position also includes capitalised intangible assets. The liabilities side of the Group's statement of financial position primarily consists of financial instruments (liabilities). With the exception of derivatives that are stated at fair value, the majority of the financial liabilities are stated at amortised cost.

The accounting policies are described in more detail below.

5. CONSOLIDATION

The consolidated financial statements include Storebrand Bank ASA and companies over which Storebrand Bank ASA has a controlling influence. A controlling influence is normally achieved when the Group owns, either directly or indirectly, more than 50 per cent of the shares in the company and the Group is in a position to exercise actual control over the company. Minority interests are included in the Group's equity.

Company integration

The acquisition method is applied when accounting for business combinations. The acquisition cost is measured at fair value after accounting for any equity instruments plus any costs directly attributable to the acquisition. Any expenses relating to the issuance of shares are not included in the acquisition cost, and are charged to equity.

Identifiable tangible and intangible assets acquired and liabilities assumed are valued at fair value on the date of acquisition. If the acquisition cost exceeds the value of identifiable assets and liabilities, the difference is recognised as goodwill. With acquisitions of less than 100 per cent of a business, 100 per cent of the additional value and value shortfall are recognised in the statement of financial position with the exception of goodwill of which only Storebrand's share is included.

The acquisition method is applied when accounting for acquired units. Investments in associated companies (normally investments of between 20 per cent and 50 per cent of the company's equity) in which the Group exercises significant influence are consolidated in accordance with the equity method. Interests in joint ventures are consolidated in accordance with the proportionate consolidation method, which includes the share of revenues, expenses, assets and liabilities in the appropriate lines in the financial statements.

When purchasing investments, including investment properties, a decision is made as to whether the purchase is subject to IFRS 3 regulations for business combinations. When these purchases are not regarded as an acquisition of a business, the acquisition method pursuant to IFRS 3 Business combinations is not applied and therefore a determination is not made of any additional value and a provision is not allocated for deferred tax as would have occurred in a business combination.

Elimination of internal transactions
Internal receivables and payables, internal gains and losses, interest, dividends and similar between companies in the Group are eliminated in the consolidated financial statements. This also includes Storebrand Bank ASA's investments in covered bonds issued by Storebrand Boligkreditt AS.

6. INCOME RECOGNITION

Net interest income - banking
Interest income is recognised in profit or loss using the effective interest method.

Income from properties and financial assets
Income from properties and financial assets is described in sections 9 and 10.

Other operating income
Fees are recognised when the income is reliable and earned, fixed fees are recognised as income in line with the delivery of the service, and performance fees are recognised as income once the success criteria have been met.

7. GOODWILL

Additional value on the acquisition of a business that is not directly attributable to assets or liabilities on the date of the acquisition is classified as goodwill on the statement of financial position. Goodwill is valued at acquisition cost on the date of the acquisition. Goodwill arising from the acquisition of subsidiaries is classified as an intangible asset.

Goodwill is not amortised, instead it is tested for impairment. Goodwill is reviewed for impairment if there are indications that its value has become impaired. The review is conducted at least annually and determines the recoverable amount of goodwill.

If the discounted present value of the pertinent future cash flows is less than the carrying value, goodwill will be written down to its fair value. Reversal of an impairment loss for goodwill is prohibited even if information later comes to light showing that there is no longer a need for the write-down or the impairment loss has been reduced. Goodwill is allocated to the relevant cash flow generating units that are expected to benefit from the acquisition so that it can subsequently be tested for impairment. Cash flow generating units are identified according to operational segments.

Goodwill arising from the acquisition of interests in associated companies is included in investments in associated companies, and tested for impairment as part of the value of the write-down recognised in the investment.

8. INTANGIBLE ASSETS

Intangible assets with limited useful economic lives are valued at acquisition cost less accumulated amortisation and any write downs. The useful life and amortisation method are reassessed each year. With initial recognition of intangible assets in the statement of financial position, it must be demonstrated that probable future economic benefits attributable to the asset will flow to the Group. The cost of the asset must also be measured reliably. The value of an intangible asset is tested for impairment when there are indications that its value has been impaired. In other respects intangible assets are subject to write-downs and reversals of write-downs in the same manner as described for tangible fixed assets.

Intangible assets with unlimited useful economic lives are not amortised, but are tested for impairment annually or whenever there are indications that the value has been impaired.

9. INVESTMENT PROPERTIES

Investment properties are valued at fair value Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Investment properties are principally repossessed property projects. Refer to note 31 for further information on investment properties.

10. FINANCIAL INSTRUMENTS

10-1. GENERAL POLICIES AND DEFINITIONS

Recognition and derecognition
Financial assets and liabilities are recognised in the statement of financial position when Storebrand Bank becomes party to the instrument's contractual terms and conditions. Ordinary purchases and sales of financial instruments are booked on the transaction date. When a financial asset or a financial liability is initially recognised in the financial statements, it is valued at fair value. Initial recognition includes transaction costs directly related to the acquisition or issue of the financial asset or the financial liability, if it is not a financial asset or a financial liability at fair value in profit or loss.

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.

Financial liabilities are derecognised in the statement of financial position when they cease to exist, i.e. once the contractual liability has been fulfilled, cancelled or has expired.

Definition of amortised cost
Subsequent to initial recognition, held-to-maturity investments, loans and receivables as well as financial liabilities not at fair value in profit or loss, are measured 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.

Definition of fair value
Refer to the definition of fair value in section 9. The fair value of financial assets listed on a stock exchange or on another regulated market in which regular trading takes place is determined as the bid price on the last trading day up to and including the reporting date.

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 independent 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 method has proved to provide reliable estimates of prices actually achieved in market transactions, this method is used.

In calculating the fair value of loans the current market rate on similar loans is used. Changes in credit risk are taken into account.

Impairment of financial assets
For financial assets carried at amortised cost, an assessment is made at each reporting date whether there is any objective evidence that a financial asset or 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 carrying amount and the present value of the estimated future 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 initial recognition). The amount of the loss is recognised in profit or loss.

Losses expected as a result of future events, no matter how likely, are not recognised.

10-2. CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES
Financial assets are classified into one of the following categories:
- Financial assets held for trading
- Financial assets at fair value through profit or loss in accordance with the fair value option (FVO)
- Financial assets loans and receivables

Held for trading
A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling or repurchasing it in the near term, or on initial recognition is part of a portfolio of identified financial instruments that are managed together and has evidence of a recent actual pattern of short-term profit-taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

With the exception of derivatives, only a limited proportion of Storebrand Bank's financial instruments fall into this category.
Financial assets held for trading are measured at fair value at the reporting date, with all changes in their fair value recognised in profit or loss.

At fair value through profit or loss in accordance with the fair value option (FVO)
A significant portion of Storebrand Bank's financial instruments are classified at fair value through profit and loss because:
- such classification reduces the mismatch in the measurement or recognition that would otherwise arise as a result of the different rules for measuring assets and liabilities, or that
- the financial assets form part of a portfolio that is managed and reported on a fair value basis

The accounting treatment is equivalent to that for held for trading assets.

Loans and receivables
A significant proportion of Storebrand Bank's financial instruments are classified in the category 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 near term that are classified as held for trading and those that the company upon initial recognition designates as at fair value through profit or loss,

Loans and receivables are carried at amortised cost using the effective interest method.

Loans and receivables that are designated as hedged items are subject to measurement under the hedge accounting requirements.

10-3. DERIVATIVES
Definition of a derivative
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 financial instruments held for trading. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

The majority of the derivatives used routinely for asset management fall into this category.

10-4. HEDGE ACCOUNTING

Fair value hedging

Storebrand Bank uses fair value hedging, where the items hedged are financial assets and liabilities measured at amortised cost. Derivatives are recognised at fair value in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised in profit or loss.

10-5. FINANCIAL LIABILITIES

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using an effective interest method, or at fair value.

11. PENSION LIABILITIES OWN EMPLOYEES

From 1 January 2011 Storebrand Bank has been offering a defined contribution scheme to employees. Storebrand Bank had a defined benefit scheme for its members of staff in Norway until 31 December 2010. The defined benefit scheme was closed to new members on 1 January 2011, and members at the time could voluntarily elect to transfer to a defined contribution pension plan.

11-1. BENEFIT SCHEME

Pension costs and pension obligations for defined benefit pension schemes are determined using a linear accrual formula and expected final salary as the basis for the entitlements, based on assumptions about the discount rate, future salary increases, pensions and National Insurance benefits, future returns on pension plan assets as well as actuarial estimates of mortality, disability and voluntary early leavers. The net pension cost for the period comprises the total of the accrued future pension entitlements during the period, the interest cost on the calculated pension liability and the expected return on pension plan assets.

Experience adjustments and the effects of changes in assumptions are included in the total comprehensive income in the profit and loss account for the period in which they occur. The effects of changes in the pension scheme are recognised on an ongoing basis, unless the changes are conditional upon accrued future pension entitlements. In which case the benefit is apportioned on a straight line basis until the entitlement has been fully earned. The employer’s national insurance contributions are included as part of the pension liability and are included in the experience adjustments shown in the total comprehensive income.

As per 31 December 2012, an interest rate derived from high quality corporate bonds was used as the discount rate. Government bonds used to be used. See note 15 for further information about this.

Storebrand Bank has both an insured and an uninsured pension scheme. The insured scheme is managed by Storebrand Livsforsikring AS.

11-2. DEFINED CONTRIBUTION SCHEME

The defined contribution pension scheme involves the Group in paying an annual contribution to the employees’ collective pension savings. The future pension will depend upon the size of the contribution and the annual return on the pension savings. The Group does not have any further work-related obligations after the annual contribution has been paid. No provisions are made for ongoing pension liabilities for these types of schemes. Defined contribution pension schemes are recognised directly in the financial statements.

12. TANGIBLE FIXED ASSETS

The Group’s tangible fixed assets comprise equipment, fixtures and fittings, and IT systems.

Equipment, fixtures and fittings and vehicles are valued at acquisition cost less accumulated write-downs and any write-downs.

The write-downs period and method are reviewed annually to ensure that the method and period being used both correspond to the useful economic life of the asset. The disposal value is similarly reviewed. Buildings are subjected to decomposition if different elements have different service lives. The depreciation period and method are in these circumstances assessed individually for each element.

The value of a tangible fixed asset is tested when there are indications that its value has been impaired. Any impairment losses are charged to the profit and loss account as the difference between the carrying value and the recoverable amount. The recoverable amount is the greater of the fair value less related costs of sale and the value in use. On each reporting date a determination is made as to whether to reverse previous impairment losses on non-financial assets.

13. TAX

The tax expense in the profit and loss account comprises current tax and change in deferred tax and is based on the accounting standard IAS 12 Income Taxes. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in the statement of total comprehensive income. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities.

Deferred tax is calculated on the basis of the Group’s tax loss carryforwards, deductible temporary differences and taxable temporary differences.

14. PROVISION FOR GROUP CONTRIBUTION

In accordance with IAS 10 on events after the balance sheet date, proposed Group contributions shall be classified as equity until approved by the AGM.

15. LEASING

A lease is classified as a finance lease if it transfers substantially the risk and rewards incident to ownership. Other leases are classified as operating leases. Storebrand Bank has no finance leases.

16. STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the direct method and shows cash flows grouped by sources and use. Cash is defined as cash, receivables from central banks and receivables from credit institutions with no agreed period of notice.
The statement of cash flows is classified according to operating, investing and financing activities.

17. SHARE-BASED REMUNERATION

Storebrand Bank Group has share-based remuneration agreements with key personnel. The fair value of the share options is determined on the date of the allocation. Valuation is made on the basis of recognised valuation models adjusted to the characteristics of the actual options. The value determined on the date of the allocation is periodised in the profit and loss account over the option’s vesting period with a corresponding increase in equity. The amount is recognised as an expense and is adjusted to reflect the actual number of share options earned. The vesting period is the period of time from when the scheme is established until the options are fully vested.

Note 2 | Critical accounting estimates and judgements

In preparing the Group's financial statements the management are required to make judgements, estimates and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and expectations of future events and represent the management's best judgement at the time the financial statements were prepared. Actual results may differ from these estimates.

The Group's critical estimates and judgements that could result in material adjustment of recognised amounts are discussed below.

LOAN WRITE-DOWNS

Loans valued at amortised cost are assessed on the reporting date to see whether there is any objective evidence that a loan or group of loans is impaired. A certain degree of judgement must be used in assessing whether impairment has occurred and the amount of the impairment loss. Uncertainty grows when there is turmoil in financial markets. The assessments include credit, market and liquidity risk. Changes in assumptions for these factors will affect an assessment of whether impairment is indicated. There will thus be uncertainty concerning the recognised amounts of individual and group write-downs.

INDIVIDUAL WRITE-DOWNS

When write-downs for individual customers are estimated, both their current and expected future financial positions and relevant security must be assessed. When it comes to the corporate market, one must also assess the market situation of the customer and the security, market conditions within the relevant industry, and general market conditions of significance for the commitment. Opportunities for restructuring, refinancing and recapitalisation also have to be assessed. The overall assessment of these factors provides a basis for estimating future cash flows and repayment capacity. The discounting period is estimated individually or based on historical data about the period up to a solution to the circumstances that caused the commitment to be exposed to impairment.

GROUP WRITE-DOWNS

On the balance sheet date one estimates the impairment of commitments not covered up by the individual assessments. The bank differentiates between the corporate market and retail customers, and further categorisation is carried out to ensure as similar risk characteristics as possible within the various groups. Group write-downs are carried out when objective impairment criteria have been met. These criteria are i) change in risk class and ii) change in macroeconomic situation.

i. If risk classifications significantly change in a negative direction, then group write-downs have to be made based on the portfolio's probable future cash flow. Such assessments are made at an account level and the customer's current classification is assessed in relation to the classification when the individual commitment was granted. It is the negative changes in classification from the date the commitments were established to the current classification that determine whether or not a commitment falls into a group that is the subject of write-downs. These write-downs are based on the write-down rates that are set on the basis of the bank's best judgement and the assumption that there will be a delay between when the loss incident occurs and when it is discovered.

ii. Groups write-downs based on macro factors are made in light of objective macroeconomic events. Examples of such events include higher unemployment, higher interest rates, poorer economic cycle forecasts, falling house prices, etc. Groups write-downs are calculated by multiplying the total commitment amount for a group of commitments that are assumed to be affected by such macroeconomic incidents by a write-down rate for macro factors.

BONDS AT AMORTISED COST

See the description above concerning loans at amortised cost. The same assessments must be made to value bonds at amortised cost.

FINANCIAL INSTRUMENTS AT FAIR VALUE

There will be some uncertainty associated with the pricing of financial instruments not priced in an active market. This is particularly true for the types of securities priced on the basis of non-observable assumptions, and for these investments various valuation techniques are used to determine fair value. Any changes to the assumptions could affect recognised amounts.

Please also refer to note 8 in which the valuation of financial instruments at fair value is described in more detail.

INTANGIBLE ASSETS

Goodwill and intangible assets with undefined useful economic lives are tested annually for impairment. Goodwill is allocated to the Group's cash generating units. The test's valuation method involves estimating cash flows arising in the relevant cash flow generating unit, as well as applying the relevant discount rate. Tangible fixed assets and other intangible assets are assessed annually to ensure that the method and time period used correspond with economic realities.

An intangible asset arising from development (or from the development phase of an internal project), should be recognised if all of the following points are documented:

a. the technical prerequisites for completing the intangible asset intended to be available for use or sale
b. the company intends to complete the intangible asset and either use it or sell it
c. the company's ability to either use or sell the intangible asset
d. how the intangible asset will probably generate future economic benefits As examples, the company can demonstrate that a market exists for the products of the intangible asset or for the intangible asset itself, or if it will be applied internally, the benefits from the intangible asset.
e. the availability of sufficient technical, financial and other resources to complete its development, and to use or sell the intangible asset
f. the company's ability to reliably measure the expenses attributable to the intangible asset while it is being developed

PENSIONS

The present value of pension obligations depends upon the financial and demographic assumptions used in the calculation. The assumptions must be realistic, mutually consistent and up to date as they should be based on a cohesive set of estimates about future financial performance. The pension liability calculations are undertaken by actuaries. Any changes to these estimates including forecast salary growth and the discount rate can have a substantial effect on the recognised pension liabilities relating to own employees. Estimates of future real interest rates, real salary growth, future adjustments to the national insurance base amount and future inflation, are subject to significant uncertainty.

The Norwegian legislation for defined benefit schemes may be amended during the course of the next few years. A government committee has proposed new schemes that generally contain reduced guarantees compared with today's defined benefit schemes. Changes due to this work could affect the sized of the recognised liabilities.

CONTINGENT LIABILITIES
Companies in the Storebrand Bank Group may become a party in legal disputes. Contingent liabilities are assessed in each case and will be based on legal considerations.

Note 3 | Risk management

The Board of Storebrand Bank has adopted guidelines for risk management and internal control which ensure that the bank has established effective and robust functions for risk management, internal control, compliance and internal audit. The guidelines make sure that the bank's strategies are implemented correctly and that the risk-taking limits are complied with.

Storebrand Bank has identified the following areas of risk: credit risk, liquidity risk, market risk, operational risk, business risk and compliance risk. The company's risk strategy forms the foundation for managing the risk areas through policies to achieve the bank's target risk profile. The risk strategy is determined by the Board and is updated at least annually.

The Risk Management unit prepares monthly risk reports in which the areas of risk are monitored in relation to their respective policies. The risk reports are considered by the balance sheet management committee and the Board of the bank.

Note 4 | Credit risk

The risk of loss arising from the client lacking the capacity or intent to fulfil its obligations. This includes the risk that the security is less effective than expected (residual risk) and concentration risk. Credit risk encompasses counterparty risk.

RISK MANAGEMENT
The risk strategy gives a reflects how much credit risk the bank group is willing to assume. The willingness to accept risk is adjusted to the bank's risk appetite and target risk profile, solvency, profitability, liquidity and growth, as well as the bank's strategy in other respects, including the equity requirement for credit activities. Credit policies establish general principles for granting credit. The banking group's routines for credit management are set out in credit manuals for the corporate and retail markets. The credit manuals are primarily designed for account managers and others who are involved in case management processes. The credit manuals contain common guidelines (or regulations) for the banking group's credit activities, and shall safeguard uniform and consistent credit management practices. The routines adopted and stated in the credit manuals provide specific criteria for monitoring non-performance, loan covenants, loss assessments and the annual loan review. Furthermore, the models ensure uniform portfolio risk assessment classifications and reporting on risk development. Specialised functions have been established for deposits, loan establishment and administration of the customer portfolio. The credit compliance of the retail market and the corporate market takes place in accordance with a management-adopted authorisation structure. Treasury has the credit risk for its counterparties in the investment portfolio. Permitted counterparties and the composition of the portfolio are set out in the investment policy and counterparty risk policy of Storebrand Bank. Counterparty risk in connection with the trading of financial derivatives with customers as the counterparty, is included in credit risk. Capital market products hedge customer derivatives trades using derivatives. These transactions involve counterparty risk. Financial derivatives permitted by the bank are outlined in the interest rate risk policy.

RISK CONTROL
As part of the bank's risk reporting procedures, ongoing reports are submitted to the bank's executive management about developments in the bank's credit risk in relation to the target risk. The most important control of credit risk is carried out and administered by the Credit Control Unit in the corporate market and Credit Control in the retail market, which:
- Have ongoing responsibility for making sure that established routines in the credit areas are in accordance with the adopted risk profile and that they are adhered to on a day-to-day basis.
- Participate in the credit meetings with credit authorisation and carry out a formal check on all credit cases (only Credit Control Unit in the corporate market). This work includes credit authorisation, analyses, correct routine use, complying with the strategy and the balance between risk and potential earnings.
- Ensure adequate risk classification systems in the credit areas and that they are being applied consistently.
- Identify, monitor, and check credit risk on an independent basis.
- Check that loss assessments and loss reporting in the bank are in accordance with routines and ensure that non-performing loans are reported correctly and monitored.
- Evaluate whether there is a need to update the credit manual and procedure manual for the corporate market, and recommend changes to the Director of Finance and Risk Management. Evaluate the retail market credit manual and recommend changes to the Director of Finance and Risk Management. Ensure that the updates are in keeping with the bank's risk profile, risk strategy and the business strategy for the two credit areas.
- Provide suggestions for the annual internal audit plan for the corporate market and the retail market credit areas.
- Support the external auditor's review of credit processes in the two business areas as necessary.

Customer exposure resulting from trading financial derivatives with customers is continually reported from Capital Market Products to the corporate market and the price development is monitored in respect of the customer's situation, cleared lines and breach clauses Middle Office in Capital Market Products implements its own spot checks of this reporting process. Back Office in Capital Market Products checks whether credit customers engaging in share trading are within the applicable limits. Middle Office in Risk Management conducts spot checks with regard to this. Trades with counterparties made by Treasury are controlled by Middle Office in Risk Management in accordance with separate routines and work descriptions.

ANALYSIS OF CREDIT RISK BY TYPE OF FINANCIAL INSTRUMENT

The maximum credit exposure is the sum of gross loans, guarantees, amounts drawn from credit lines and undrawn amounts of credit lines. Maximum credit exposure has increased from the end of 2011 due to an increase in the amount of loans and investments in the liquidity portfolio.

	Maximum credit exposure	
NOK million	**2012**	**2011**
Liquidity portfolio	3 855.9	3 304.9
Total commitments customers *)	39 904.3	37 525.9
Interest rate swaps	999.0	913.0
Forward foreign exchange contracts	6.0	7.6
Total	**44 765.1**	**41 751.4**
*) Of which net loans to and amounts due from customers measured at fair value:	1 240.8	787.7

The amounts stated for the various financial instruments constitute the value recognised in the balance shett, with the exception of net lending to and receivables from customers, which also includes unused drawing facility and guarantees. (See "Credit exposure for lending activities" below).

CREDIT RISK LIQUIDITY PORTFOLIO

Interest-bearing securities at fair value

Credit risk per counterparty

Short-term holdings of interest-bearing securities

Issuer category	**AAA**	**AA**	**A**	**BBB**	**NIG**	**Total 2012**	**Total 2011**
NOK million	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**
Sovereign and Government Guaranteed bonds	492.7					492.7	
Credit bonds		526.2				526.2	564.1
Mortgage and asset backed bonds	1 640.7	202.1				1 842.8	2 090.9
Total	**2 133.4**	**728.3**				**2 861.7**	**2 655.0**

Rating classes are based on Standard & Poors.

Change in value:							
Total change in value on the balance sheet	15.1	1.3				16.4	4.9
Change in vaule recognised in the profit and loss during period	11.2	1.0	-0.6	-0.2		11.4	1.4

Interest-bearing securities at amortised cost

Credit risk per counterparty

Short-term holdings of interest-bearing securities

Issuer category	**AAA**	**AA**	**A**	**BBB**	**NIG**	**Total 2012**	**Total 2011**
NOK million	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**
Public issuers and/or Government Guaranteed bonds	627.3					627.3	526.5
Credit bonds		50.0				50.0	123.4
Mortgage and asset backed bonds	198.8	118.0				316.8	
Total	**826.1**	**168.1**				**994.2**	**649.8**

Rating classes are based on Standard & Poors.

CREDIT RISK ON LOANS TO AND DEPOSITS WITH CREDIT INSTITUTIONS AND CENTRAL BANK

Credit risk per counterparty	**AAA**	**AA**	**A**	**BBB**	**NIG**	**Total 2012**	**Total 2011**
NOK million	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**
Norway	8.8					8.8	508.4
Total deposits with central bank	**8.8**					**8.8**	**508.4**
Norway		142.3	112.7	0.1		255.1	268.6
Total loans to and deposits with credit institutions		**142.3**	**112.7**	**0.1**		**255.1**	**268.6**
Total loans to and deposits with credit institutions and central bank	**8.8**	**142.3**	**112.7**	**0.1**		**263.9**	**777.0**

CREDIT EXPOSURE FOR LENDING ACTIVITIES

CORPORATE MARKET

Gross lending in the corporate market amounts to about NOK 11.7 billion. There are also about NOK 762 million in unused credit facilities and almost NOK 280 million in guarantees. In addition, loans of nearly NOK 4 billion are under management, which are syndicated to Storebrand Livsforsikring AS. About 74 per cent of the loans have been made on income generating property. Just short of 26 per cent relate to property development projects. The security for the portfolio is principally commercial properties. Construction loans of just over NOK 270 million (including guarantees) plus a debt instrument loans of almost NOK 460 million had been approved but yet not disbursed or accepted by the customers as at year-end 2012. About 41 per cent of the balance is to Group debtors with total loans of over NOK 200 million. The definition of a Group debtor is given in the regulations relating to large loans. 17 per cent of the balance relates to Group debtors with total loans under NOK 50 million. 42 per cent of the loans have been made to customers with consolidated exposure of between NOK 50 million and NOK 200 million. The bank has 19 Group debtors which have total loans exceeding NOK 200 million, and 59 Group debtors with total borrowings of between NOK 50 million and NOK 200 million. Large loans have increased during 2012. The bank's exposure is secured by pledged assets in Oslo, equivalent to almost 56 per cent. A further 32 per cent of the bank's exposure is secured by assets pledged in the area surrounding Oslo and the rest of Eastern Norway. The remaining loans are secured primarily in and around Bergen and Stavanger. Assets pledged are valued at their realisable values in addition to separate assessments based on return considerations.

The classification model for firms in commercial real estate industry is used when determining debtors' capacity to service debt. The model is composed of a qualitative and a quantitative element. The qualitative portion systematically assesses the qualitative factors in the project and debtors that are considered important. The range of factors assessed includes the management, structure, board, history, market, political risk and tenants.

The quantitative factors are evaluated differently for construction loans and commercial real estate mortgages. Construction loans are assessed based on reserves available for unforeseen costs, the sales buffer, advance sales and project management.Commercial real estate mortgages are assessed quantitatively through analysis of cash flows and evaluating certain key figures. The cash flow is calculated for the duration of the project.

For corporate market loans, risk is classified on a scale from 1 to 5, where 1 is best. The first indicates the debtor's repayment capacity and the second the quality of the security (security ratio/loan to value ratio). The classification methodology for corporate market customers and certain retail market customers (including private investors etc.) is used as a basis to identify risk in the bank's loans to and receivables from customers. The loans are to be classified both on establishment, and when there are changes in the loans. In addition, corporate market customers are to be reclassified annually or as necessary. The classifications thereby provide an overview of the risk exposure in the portfolio at all times. The largest risk for repayment loans and commercial real estate mortgages is tenant risk. For construction loans the two largest risks are linked to construction costs and advance sales. This is closely monitored by the bank. Of loans that are not non-performing or in arrears, about 50 per cent of the loans have a loan to value ratio of under 75 per cent. Approximately 95 per cent of the loans have a loan to value ratio within 85 per cent. The remaining healthy loans have a loan to value ratio of under 100 per cent for the most part.

For corporate market loans in arrears, the loan to value ratio is under 80 per cent for 75 per cent of the volume of the loans. All loans in arrears have a loan to value ratio of under 90 per cent. There is a low volume of non-performing loans that are not impaired. These loans are well secured, and the loan to value ratio is under 80 per cent for all of the commitments. The security for non-performing impaired loans is not considered good enough. The write-downs that have been made have taken into account that the pledged assets do not cover the value of the loans and other costs related to the non-performance. The losses that have been recorded are considered to be sufficient. The bank does not believe that new losses will be forthcoming from these customers at this time. In the event of non-performance the bank will sell the securities or take over the assets if that is most appropriate. This is most relevant to development projects. The bank's current portfolio includes taken over assets from commitments that amount to a total of NOK 12 million and which are classified as non-performing with impairment in the bank. The provisions that have been made are considered to be sufficient.

RETAIL MARKET

Retail market customers are evaluated according to their capacity and willingness to repay the loan. In addition to their capacity to service debt, the customers are checked regarding policy regulations and the customers are scored using a scoring model. For other retail market customers the overall loan to value ratio and debt servicing capability (as determined by the bank's credit policy for the segment) that apply to the portfolio is used as a basis. The collateral for the retail portfolio are primarily housing.

Storebrand Bank has developed internal models for classifying home loans. The models estimate a loan's probability of default (PD), loss given default (LGD) and exposure at default (EAD). PD is estimated on the basis of logistic regression models in which non-payment records, reminders, overdrawing, and information about wealth are key explanatory variables when predicting defaults. The most important explanatory variable when LGD is estimated is the loan to value ratio. Home loans are classified according to the bank's master scale, which consists of 11 risk classes from A to K where A indicates the lowest probability of default and K contains loans in default. Home loan classifications are automatically updated every month. As per year-end 2012, home loans in risk class A accounted for more than 65 per cent of EAD while risk classes G to J accounted for less than 5 per cent of EAD. The models are validated least once a year, which involves their accuracy being compared with actual outcomes.
Storebrand Bank collects important information about a home's value when a loan is granted. The bank obtains updated, independent valuations of homes from Eiendomsverdi every quarter. The last updated market value is used for homes for which Eiendomsverdi does not have an up-to-date valuation (e.g. housing association flats, cooperative flats and single holiday homes). If Eiendomsverdi cannot establish the market value of a home with a high degree of certainty, a 'haircut' is used to reduce the risk of stating too high an estimated market value. If Eiendomsverdi has never had any information about the market value of the home, the value recorded when the contract was signed (deposit value) is used. Such commitments account for less than 1 per cent of the portfolio's total exposure. The bank regularly reviews the list of mortgaged objects whose values have not been updated in the last 3 years so that steps can be taken to reduce the number of objects on the list.

The retail market is largely composed of home mortgages. Approximately NOK 23.4 billion has been lent in mortgages with a further NOK 2.37 billion in undrawn credit facilities. Total loans and credit facilities in housing are therefore about NOK 25.8 billion. The average weighted loan to value ratio is approximately 53 per cent for mortgages, and about 96 per cent of the loans have a loan to value ratio of under 80 per cent, and almost 99 per cent have a loan to value ratio of under 90 per cent. Approximately 61 per cent of the mortgages have a loan to value ratio of under 60 per cent. The portfolio is considered to have a low credit risk. There is largely good collateral on non-performing loans that are not impaired for retail market customers. The average loan to value ratio for these loans is 52 per cent. Housing loans that are part of the volume of non-performing loans total NOK 129 million. About NOK 126 million in loans have a loan to value ratio of under 80 per cent, and all of the non-performing commitment have a loan to value ratio of under 90 per cent. The collateral is also good on home mortgages which are between 1 and 90 days past due. Assets pledged as security are sold in the retail market. They are not taken over by the bank.

In the credit card portfolio about NOK 160 million has been drawn, and approximately NOK 736 million is available as unused credit facilities. For credit accounts about NOK 102 million has been drawn, and approximately NOK 311 million is available as unused credit facilities.

Commitments per customer group

2012

NOK million	Loans to and due from customers	Gutarantees [1)]	Undrawn credit limits	Total commitments	Average volume loans to and due from customers
Development of building projects	1 496.1	45.0	486.6	2 027.7	1 366.2
Sale and operation of real estate	7 578.9	195.1	224.2	7 998.2	7 773.0
Service providers	1 939.7	2.8	5.4	1 947.8	1 661.7
Wage-earners	24 015.3	0.3	3 436.4	27 451.9	23 300.9
Other	415.6	32.8	30.3	478.6	369.6
Total	35 445.5	275.9	4 182.9	39 904.3	34 471.4
Loan loss provisions on individual loans	-105.0			-105.0	
Loan loss provisions on groups of loans	-39.1			-39.1	
Total loans to and due from customers	**35 301.4**	**275.9**	**4 182.9**	**39 760.2**	**34 471.4**

1) Guarantees include NOK 50 million in undrawn credit limits.

2011

NOK million	Loans to and due from customers	Guarantees [1)]	Undrawn credit limits	Total commitments	Average volume loans to and due from customers
Development of building projects	1 236.3	40.3	18.1	1 294.7	1 194.2
Sale and operation of real estate	7 944.2	299.5	504.8	8 748.6	8 268.8
Service providers	1 383.8	5.3	2.4	1 391.5	1 317.4
Wage-earners	22 586.6	0.1	3 142.1	25 728.9	22 854.1
Other	326.6	2.4	36.2	362.3	344.1
Total	33 474.5	347.7	3 703.7	37 525.9	33 978.7
Loan loss provisions on individual loans	-103.4			-103.4	
Loan loss provisions on groups of loans	-53.2			-53.2	
Total loans to and due from customers	**33 317.9**	**347.7**	**3 703.7**	**37 369.3**	**33 978.7**

1) Guarantees include NOK 55 million in undrawn credit limits.

The classification into customer groups is based on Statistics Norway's standard for sector and business classification. The individual customer's classification is determined by the customer's primary activity.

Given the relatively even development of the balance sheet, the average of 31 December 2012 and 31 December 2011 is a best estimate for the average of the portfolio..

Commitments per geographical area

NOK million	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments	Non-performing loans without evidence of impairment	Non-performing and loss-exposed loans with evidence of impairment	Gross defaulted and loss-exposed loans	Provisions for individual loan losses	Net defaulted and loss-exposed loans
				2012					
Eastern Norway	29 974.3	275.6	3 314.4	33 564.4	108.4	84.9	193.3	77.6	115.7
Western Norway	3 573.6		605.1	4 178.8	26.2	6.2	32.4	5.0	27.4
Southern Norway	433.9		67.0	500.9	6.4	0.2	6.6	0.1	6.5
Mid-Norway	747.2		98.0	845.2	3.9	0.2	4.2	0.3	3.9
Northern Norway	461.6	0.3	69.1	531.0	5.6	4.3	9.9	3.2	6.7
Rest of world	254.8		29.2	284.0	0.3	19.2	19.5	18.8	0.7
Total	**35 445.5**	**275.9**	**4 182.9**	**39 904.3**	**150.9**	**115.1**	**265.9**	**105.0**	**161.0**

NOK million	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments	Non-performing loans without evidence of impairment	Non-performing and loss-exposed loans with evidence of impairment	Gross defaulted and loss-exposed loans	Provisions for individual loan losses	Net defaulted and loss-exposed loans
				2011					
Eastern Norway	28 094.7	332.2	2 946.0	31 372.8	118.0	149.9	267.9	82.9	185.1
Western Norway	3 266.7	15.2	506.0	3 788.0	26.3	1.0	27.3	1.1	26.2
Southern Norway	396.3		54.2	450.5	8.1		8.1		8.1
Mid-Norway	934.0		102.5	1 036.5	3.6	0.3	3.9	0.3	3.6
Northern Norway	498.7	0.3	62.6	561.5	1.6		1.6		1.6
Rest of world	284.1		32.4	316.5	1.8	19.6	21.4	19.1	2.3
Total	**33 474.5**	**347.7**	**3 703.7**	**37 525.9**	**159.5**	**170.8**	**330.2**	**103.4**	**226.9**

Total engagement amount by remaining term to maturity

NOK million	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments
		2012		
Up to 1 month	78.1		2.7	80.8
1 - 3 months	172.1	0.2	14.8	187.0
3 months - 1 year	1 268.1	9.2	132.1	1 409.4
1 - 5 years	6 769.1	243.8	1 378.0	8 390.9
More than 5 years	27 158.0	22.7	2 655.4	29 836.2
Total	**35 445.5**	**275.9**	**4 182.9**	**39 904.3**

NOK million	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments
		2011		
Up to 1 month	36.7	0.1	4.5	41.4
1 - 3 months	371.1	0.5	26.0	397.6
3 months - 1 year	1 640.9	3.1	183.9	1 827.9
1 - 5 years	3 876.9	337.8	606.4	4 821.1
More than 5 years	27 548.9	6.1	2 882.9	30 437.9
Total	**33 474.5**	**347.7**	**3 703.7**	**37 525.9**

Age distribution of overdue engagements without impairment

	2012			
NOK million	**Loans to and due from customers**	**Guarantees**	**Undrawn credit limits**	**Total commitments**
Overdue 1 - 30 days	876.7	31.8	3.8	912.3
Overdue 31 - 60 days	96.6		0.7	97.2
Ovedue 61- 90 days	34.7		0.1	34.8
Overdue more than 90 days	149.8		1.0	150.9
Total	**1 157.8**	**31.8**	**5.6**	**1 195.2**
Engagements overdue more than 90 days by geographical area:				
Eastern Norway	107.6		0.8	108.4
Western Norway	26.0		0.2	26.2
Southern Norway	6.4			6.4
Mid-Norway	3.9			3.9
Northern Norway	5.6		0.0	5.6
Rest of world	0.3		0.1	0.3
Total	**149.8**		**1.0**	**150.9**

	2011			
NOK million	**Loans to and due from customers**	**Guarantees**	**Undrawn credit limits**	**Total commitments**
Overdue 1 - 30 days	1 372.3	10.0	0.4	1 382.7
Overdue 31 - 60 days	132.2	0.1	2.1	134.4
Ovedue 61- 90 days	27.4	0.2	4.0	31.7
Overdue more than 90 days	158.5		0.6	159.1
Total	**1 690.5**	**10.3**	**7.0**	**1 707.8**
Engagements overdue more than 90 days by geographical area:				
Eastern Norway	117.4		0.6	118.0
Western Norway	26.1		0.2	26.3
Southern Norway	8.1		0.0	8.1
Mid-Norway	3.6		0.0	3.6
Northern Norway	1.6		0.0	1.6
Rest of world	1.7		0.1	1.8
Total	**158.5**		**1.0**	**159.5**

Only non-performing and loss-exposed loans are classified by geographical area in this overview. The same definition is used for due commitments as the one in the capital requirements regulations, however the number of days in the definition equals the age distribution.

Commitments are regarded as non-performing and loss-exposed:
- when a credit facility has been overdrawn for more than 90 days
- when an ordinary mortgage has arrears older than 90 days
- when a credit card has arrears older than 90 days and the credit limit has been overdrawn. If a repayment plan has been agreed with the customer and is being adhered to, the overdraft is not regarded as a non-performing loan.

When one of the three situations described above occurs, the commitment and the rest of the customer's commitments are regarded as non-performing. The number of days is counted from when the arrears exceed NOK 2,000. The account is given a clean bill of health when there are no longer any arrears. The amount in arrears at the time of reporting can be less than NOK 2,000.

Credit risk per customer group

NOK million	Non-performing and loss-exposed loans with evidence of impairment	Non-performing loans without evidence of impairment	Gross defaulted and loss-exposed loans	Total provisions for individual loan losses	Net defaulted and loss-exposed loans	Total value changes	Total value change recognised in the profit and loss account during period
2012							
Development of building projects							-2.8
Sale and operation of real estate	40.7		40.7	45.4	-4.7		1.1
Service providers		7.7	7.7		7.7		
Wage-earners	55.1	142.8	198.0	40.7	157.3		3.9
Other	19.2	0.3	19.5	18.8	0.7		-0.7
Total	**115.1**	**150.9**	**265.9**	**105.0**	**161.0**	**0.0**	**1.6**

NOK million	Non-performing and loss-exposed loans with evidence of impairment	Non-performing loans without evidence of impairment	Gross defaulted and loss-exposed loans	Total provisions for individual loan losses	Net defaulted and loss-exposed loans	Total value changes	Total value change recognised in the profit and loss account during period
2011							
Development of building projects	1.7		1.7	2.8	-1.1		-7.0
Sale and operation of real estate	68.7	0.4	69.0	44.3	24.7		-4.2
Service providers		0.0	0.0		0.0		-4.4
Wage-earners	80.8	157.3	238.1	36.8	201.3		-47.7
Other	19.6	1.8	21.5	19.5	2.0		-6.9
Total	**170.8**	**159.5**	**330.2**	**103.4**	**226.9**	**0.0**	**-70.2**

Repossessed assets

In the event of non-performing loans Storebrand Bank ASA will sell the collateral or repossessed assets if this is most appropriate. The bank has two repossessed assets held as subsidiaries in the Storebrand Bank Group and internal transactions have been eliminated in the normal manner.

Fiancial assets at fair value through profit and loss (FVO)

	Lending to customers		Liquidity portfolio	
NOK million	2012	2011	2012	2011
Book value maximum credit exposure	1 240.8	787.7	2 861.7	2 655.0
Book value of related credit derivates that reduce credit risk				
Collateral				
This year's change in fair value of financial assets due to change in credi risk			11.4	-1.4
Accumulated change in fair value of financial assets due to change in credit risk			16.4	4.9
This year's change in value of related credit derivatives				
Accumulated change in value of related credit derivatives				

Lending to customers is measured at fair value based on valuation techniques. The valuation techniques use interest rate curves from Reuters and credit spreads for equivalent new loans as per the end of December. The values are calculated by using the risk management system PortWin.

Financial assets are designated at fair value through the profit and loss account (FVO) the first time they are recognised where another measurement would result in an inconsistency in the profit and loss account. Objective market prices are used for papers where these exist. Valuation techniques involving the use of interest rate curves from Reuters and credit spreads from external providers are used for the remaining papers. The latter values are calculated in PortWin.

Financial liabilities at fair value through profit and loss (FVO)

NOK million	2012	2011
The year's change in fair value of liabilities due to changes in credit risk	2.4	-1.6
Difference between book value of liabilities and contractual amount due at maturity	1.4	3.8
Accumulated change in fair value of liabilities due to changes in credit risk	1.4	-1.6
Difference between book value of liabilities and contractual amount due at maturity	1.4	3.8

Credit risk derivatives

The purpose of the use of financial derivatives is to identify and reduce currency and interest rate risk. Counterparty risk in connection with the trading of financial derivatives is included in credit risk. The bank's risk strategies and policies establish limits for how much credit risk the bank group is willing to accept. Storebrand Bank hedges all customer derivative trades by opposite derivatives to minimise foreign exchange and interest rate exposure. The overview shows gross credit exposure, the bank has only collateral for credit risk against non-financial companies. Net credit exposure for 2012 is NOK 86.5 million.

Credit risk per counterparty

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total 2012 Fair value	Total 2011 Fair value
Norway		43.2	373.3	573.5			903.5
Sweden			13.7				14.7
Denmark			1.3			1 005.0	2.4
Total		**43.2**	**388.3**	**573.5**		**1 005.0**	**920.6**
Change in value:							
Total change in value on the balance sheet		43.2	388.3	573.5		1 005.0	920.6
Change in value recognised in the profit and loss during period		6.9	-27.2	573.5	-468.8	84.4	210.4

Equity options, interest rate swaps, basis swaps and forward foreign exchange contracts

Derivatives are entered into for hedging purposes. Derivative transactions are entered into with counterparties that are "investment grade" rated.

Note 5 | Liquidity risk

The risk that the Bank Group, the parent bank and subsidiaries are unable to fulfill their obligations without incurring substantial additional expense in the form of low prices for assets that must be realised, or in the form of especially expensive financing.

RISK MANAGEMENT

The risk strategy establishes overall limits for how much liquidity risk the bank group is willing to accept. The liquidity risk policy builds on the strategy and describes the principles for liquidity management and specifies stress testing, minimum liquidity reserves and financial indicators for measuring liquidity risk. In addition to this, the bank's Treasury Department prepares an annual funding strategy and funding plan that set out the overall limits for the bank's funding activities.

Stress tests are used to illustrate the expected effects of various scenarios on the balance sheet and on cash flows. The stress tests are used to evaluate the actual risk capacity against the desired willingness to accept risk. The bank prepares a contingency plan annually to safeguard effective management of the liquidity situation during stressful periods.

The treasury function in the bank's Capital Market Products Department is responsible for the bank's liquidity management, and Middle Office in the Risk Management unit monitors and reports on the utilisation of limits pursuant to the liquidity strategy and policy.

RISK CONTROL

The means of controlling liquidity risk include monthly reports of the liquidity indicators and monitoring developments in the bank's maturity profile. Both of these activities are included in the administration's ongoing reporting to the Board through the risk reports and the CEO's business briefings. The risk strategy and liquidity policy specify which liquidity indicators are followed. Middle Office performs checks on trades undertaken by Treasury to ensure conformance with the applicable policies.

Non-discounted cash flows - financial liabilties

NOK million	0 - 6 months	6 months - 12 months	1 - 3 years	3 - 5 years	More than 5 years	Total	Book value
Liabilities to credit institutions	1 324,7	508,8	1 001,7			2 835,3	2 498,7
Deposits from and due to customers	19 932,7					19 932,7	19 932,7
Commercial papers and bonds issued	646,8	519,8	7 825,9	6 941,7	2 211,1	18 145,3	14 540,3
Other liabilities	102,4					102.4	102.4
Subordinated loan capital	6,0	10,9	292,2	157,5	13,3	479,8	441,4
Undrawn credit limits	4 136,8					4 136,8	
Lending commitments	796,1					796,1	
Total financial liabilities 2012	**26 945.5**	**1 039,4**	**9 119,9**	**7 099,2**	**2 224,4**	**46 428.3**	**37 519,2**
Derivatives related to funding 31.12.2012	**-88,5**	**-35,4**	**-293,4**	**-99,7**	**-74,1**	**-158,5**	**420,4**
Total financial liabilities 2011	27 607,2	1 052,9	8 592,2	6 329,3	1 316,2	44 897,8	35 778,2

The amounts includes accrued interests.

The overview of non-discounted cash flows includes interest. Implicit forward interest rates based on the yield curve on 31 December 2012 are used to calculate interest costs for lending with FRN conditions. The maturity profile was set up using the PortWin risk management system.
The call date is used as the maturity date on borrowing which has a call date.

Specification of subordinated loan capital

NOK million

ISIN code	Issuer	Net nominal value	Currency	Interest	Call-date	Book value
Dated subordinated loan capital						
NO001064165	Storebrand Bank ASA	150.0	NOK	Floating	12.04.2017	151.2
Other subordinated loan capital						
NO00177116	Storebrand Bank ASA	9.3	NOK	Fixed	Perpetual	9.3
Tier 1 hybrid capital						
NO001024206	Storebrand Bank ASA	107.0	NOK	Fixed	29.10.2014	112.2
NO001024207	Storebrand Bank ASA	168.0	NOK	Floating	29.10.2014	168.6
Total subordinated loan capital 2012						**441.4**
Total subordinated loan capital 2011						692.3

Specification of liabilites to credit institutions

NOK million	2012	2011
Total liabilites to credit institutions without fixed maturity at amortised cost	**11.6**	**5.1**
F-loan:		
Maturity 2012		1 413.1
Maturity 2013	500.3	
Loan with floating interest rate:		
Maturity 2012		350.0
Maturity 2013		750.0
Accrued expenses	0.8	0.8
Total liabilities to credit institutions with fixed maturity at amortised cost	**501.0**	**2 513.9**
Borrowings under the Norwegian Government's Swap scheme:		
Maturity 2013	990.3	2 508.4
Maturity 2014	995.7	988.4
Total liabilities to credit institutions with fixed maturity at fair value (FVO)	**1 986.0**	**3 496.9**
Total liabilities to credit institutions	**2 498.7**	**6 015.8**

As per 31 December 2012, Storebrand Bank ASA had only one current credit facility. A NOK 750 million Revolving Credit Facility was signed in October 2010. The credit facility agreement for NOK 750 million contains certain special covenants. In 2012, Storebrand Bank ASA fulfilled all the terms and conditions of the agreement.

Specification of commercial paper and bonds issued

NOK million

ISIN code	Issuer	Net nominal value	Currency	Interest	Maturity	Book value
Bond loans						
NO001043982	Storebrand Bank ASA	310.0	NOK	Fixed	04.06.2015	343.4
NO001051323	Storebrand Bank ASA	300.0	NOK	Fixed	25.05.2016	329.1
NO001066080	Storebrand Bank ASA	300.0	NOK	Fixed	08.10.2019	305.1
NO001059077	Storebrand Bank ASA	408.0	NOK	Floating	10.05.2013	409.5
NO001047340	Storebrand Bank ASA	385.5	NOK	Floating	21.11.2013	389.4
NO001050777	Storebrand Bank ASA	773.0	NOK	Floating	30.04.2014	782.8
NO001059982	Storebrand Bank ASA	198.0	NOK	Floating	11.08.2014	198.6
NO001063562	Storebrand Bank ASA	350.0	NOK	Floating	26.01.2015	352.3
NO001065451	Storebrand Bank ASA	450.0	NOK	Floating	06.07.2015	453.6
NO001064107	Storebrand Bank ASA	800.0	NOK	Floating	27.03.2017	802.0
NO001066275	Storebrand Bank ASA	300.0	NOK	Floating	13.11.2017	301.0
Total bond loans						**4 666.9**
Covered bonds						
NO0010466071	Storebrand Boligkreditt AS	1 150.0	NOK	Fixed	24.04.2014	1 239.6
NO0010428584	Storebrand Boligkreditt AS	1 000.0	NOK	Floating	06.05.2015	1 113.3
NO0010638307	Storebrand Boligkreditt AS	1 000.0	NOK	Floating	17.06.2015	1 000.5
NO0010575913	Storebrand Boligkreditt AS	490.0	NOK	Floating	03.06.2016	490.9
NO0010612294	Storebrand Boligkreditt AS	1 560.0	NOK	Floating	15.06.2016	1 556.2
NO0010635071	Storebrand Boligkreditt AS	2 550.0	NOK	Floating	21.06.2017	2 567.7
NO0010660822	Storebrand Boligkreditt AS	500.0	NOK	Floating	20.06.2018	499.9
NO0010548373	Storebrand Boligkreditt AS	1 250.0	NOK	Fixed	28.10.2019	1 405.3
Total covered bonds						**9 873.4**
Total commercial papers and bonds issued 2012						**14 540.3**
Total commercial papers and bonds issued 2011						10 082.8

The loan agreements contain standard covenants. Storebrand Bank ASA and Storebrand Boligkreditt AS were in compliance with all relevants covenants in 2012. Under the loan programme in Storebrand Boligkreditt AS the company's overcollateralisation requirement was 109.5 percent fulfilled.

Note 6 | Market risk

The risk of losses on open positions in financial instruments due to changes in market variables and/or market conditions within a pecified time horizon. Covers counterparty risk in financial instruments trading, as well as stock market risk, interest rate risk and exchange rate risk.

RISK MANAGEMENT

The risk strategy sets general limits for the management and control of market risk which primarily relates to the bank's long term investments in equity instruments and fixed income securities. The bank is also exposed to currency risk to a lesser degree.

Market risk policies specify limits for market risk that the bank is willing to accept. Storebrand Bank ASA's market risk is primarily managed and controlled through daily monitoring of risk exposure pursuant to the policy and continuous analyses of outstanding positions.

The exposure limits are reviewed and renewed by the Board at least annually. The sizes of these limits are set on the basis of stress tests and analyses of market movements, as well as risk capacity and willingness.

RISK MANAGEMENT

Middle Office in the Risk Management unit is responsible for the ongoing, independent monitoring of market risk. The means of controlling market risk include monthly reports of the market risk indicators. The market risk indicators that are followed are specified in the risk strategy, interest rate risk policy and currency risk policy. Monthly reports for the individual portfolios are produced for the bank's balance sheet management committee and the bank's Board.

For changes in market risk that occur during the first year, the effect on the result and equity will be as shown below based on the balance sheet as at 31 December 2012:

Effect on accounting income

NOK million	**Amount**
Interest rate -1,0%	-0.8
Interest rate +1,0%	0.8

Effect on accounting result/equity [1)]

NOK million	**Amount**
Interest rate -1,0%	-0.8
Interest rate +1,0%	0.8

1) Before taxes.

Financial interest rate risk

NOK million	**Amount**
Interest rate -1,0%	18.1
Interest rate +1,0%	-18.1

The note presents the accounting effect over a 12 month period and the immediate financial effect of an immediate parallel change in interest rates of +1.0 percentage points and -1.0 percentage points respectively. When the accounting risk is calculated, account is taken of the non-recurring effect that such an immediate change in interest rates would have on the items recognised at fair value and the value of hegding and the effect that the change in interest rates would have on the net profit for the remaining duration of the interest rate before the change in interest rates has an effect on income and expenses. Items that would be affected by the non-recurring effect and are recorded at fair value are the investment portfolio, fixed interest rate loans, borrowing via the swap scheme with the government, deposits with returns linked to the stock market and derivatives. Items that would be affected by the one-time effects and which are recorded using hedging accounting are borrowings with fixed interest rate. The change in market value that such an immediate change in interest rates would have is looked at for all items on the statement of financial position when calculating the financial effect. The sensitivity calculations are performed using the risk management system PortWin.

See also note 28 regarding foreign exchange risk.

NOTE 7 | Operational risk

Operational risk: The risk of financial loss due to ineffective, inadequate or fail internal processes or systems, human error, external events or failure to comply witn internal guidelines. Breach of laws and regulations can obstruct the Group from achieving its objectives and this part of compliance risk is included in operational risk.

RISK MANAGEMENT

Operational risk management and compliance with laws, regulations and internal rules are an integral part of the management responsibilities of all managers in the Storebrand Group. Risk assessments and internal control reporting are linked to a unit's ability to achieve its goals. Risk assessments are continually recorded and documented in Easy Risk Manager (ERM, a risk management system supplied by Det Norske Veritas).

The Business Management Department in Storebrand has the responsibility for coordinating the risk assessment process and owns the ERM system. The governing structure for operational risk management follows the group organisation (the corporate governance model).

Operational risk in Storebrand Bank is governed through an operational risk policy. The Risk Management unit is responsible for monitoring operational risk in the bank.

RISK MANAGEMENT

If the risk assessment requires the implementation of planned improvement measures, the measures must be documented and reported via ERM. Routines for any spot checks or other forms of regular quality control and the results from these must also be documented.

The work on operational risk is documented in an internal control status report that is considered by the bank's Board.

Middle Office in the Risk Management unit carries out numerous checks and reconciliations in conjunction with monthly, quarterly and annual financial statements in order to check and reduce operational risk. In addition to this, the bank's compliance officer, financial crime unit and internal auditor carry out spot checks in a number of the bank's most important work processes. The results of these are reported to the bank's management team and the Board.

Compliance risk: The risk that the Group incurs public sanctions or financial losses due to failure to comply with external and internal regulations.

The compliance risk in Storebrand Bank is managed through routines for the bank's compliance manager. Furthermore, the compliance risk is governed through the compliance manager's processes which include:

- Maintaining an overview of the applicable laws and regulations at all times, and how the division of responsibilities for ensuring compliance is assigned within the organisation.
- Monitoring that the company complies with its commitments under the Securities Trading Act and accompanying regulations and other requirements.
- Regularly assessing the company's routines and guidelines, in regard to the company's risk profile.
- Functioning as an internal adviser to employees on questions relating to compliance.

RISK MANAGEMENT

The compliance manager is responsible for keeping and updating the compliance journal in accordance with special routines and carrying out ongoing spot checks pursuant to compliance with own account trading regulations, Mifid and similar. In order to be able to identify problem areas by gaining a complete overview of problems that arise internally, the bank has implemented routines for continuously reporting incidents to the compliance manager, who is responsible for inputting the reported incidents into a separate event journal. The event journal provides the operational risk with a good basis for evaluating/implementing measures to reduce the unit's operational risk.

NOTE 8 | Valuation of financial instruments at fair value

Specification of financial assets at fair value

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	Book value 31.12.2012	Book value 31.12.2011
Equities and units	0.0	5.2	0.0	5.2	5.2
Lending to customers		1 240.8		1 240.8	787.7
Sovereign and Government Guaranteed bonds	492.7			492.7	0.0
Credit bonds		526.2		526.2	564.1
Mortage and asset backed bonds	64.7	1 778.1		1 842.8	2 090.9
Total bonds	557.4	2 304.3	0.0	2 861.7	2 655.0
Interest rate derivatives		403.9		403.9	423.3
Currency derivatives		0.0		0.0	-2.9
Total derivatives	0.0	403.9	0.0	403.9	420.4
Derivatives with a positive fair value		1 005.0		1 005.0	920.6
Derivatives with a negative fair value		601.1		601.1	-500.2

Changes between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units		
Bonds and other fixed-income securities		
Derivatives		
Liabilities		

Storebrand Bank Group conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Bonds are generally valued based on prices collected from Reuters and Bloomberg. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by well recognised brokerage houses.

Unlisted derivatives, including primarily interest rate and foreign exchange instruments, are also valued theoretically. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Reuters, Bloomberg and Norges Bank.

Storebrand Bank Group carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

The Storebrand Group categorises financial instruments that are valued at fair value into three different levels which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models that gather information from a wide range of well-informed sources with reference to minimize uncertainty related to the valuation.

Level 1: Financial instruments valued on the basis of quoted prices in active markets for identical assets

Bonds, certificates or equivalent instruments issued by nation states are generally classified as level 1. When it comes to derivatives, standardised stock index futures and interest rate futures they will also be included at this level.

Level 2: Financial instruments valued on the basis of observable market information not covered by level 1

This category encompasses financial instruments that are valued based on market information that in directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level. Moreover, interest rate and foreign exchange swaps, non-standardised interest rate and foreign exchange derivatives are classified in level 2.

Level 3: Financial instruments valued on the basis of information that is not observable according to the definition for level 2 financial instrument

Investments classified as level 3 largely include investments in unlisted/private companies. The bank group did not have any investments that were classified at this level at year-end.

Note 9 | Segment reporting

Analysis of profit and loss account by segment:

NOK million	Corporate 2012	Corporate 2011	Retail 2012	Retail 2011	Treasury/other 2012	Treasury/other 2011	Total 2012	Total 2011
Profit and loss items:								
Net external interest income	202.0	216.0	273.9	255.0	14.2	-28.0	490.1	443.0
Net internal interest income								
Net interest income	**202.0**	**216.0**	**273.9**	**255.0**	**14.2**	**-28.0**	**490.1**	**443.0**
Net external fee and commission income	10.3	15.3	61.1	57.9	-0.2	-0.2	71.2	73.0
Net internal fee and commission income								
Net fee and commission income	**10.3**	**15.3**	**61.1**	**57.9**	**-0.2**	**-0.2**	**71.2**	**73.0**
Other external operating income	36.5	33.2	3.8	3.4	19.2	-4.6	59.5	32.0
Other internal operating income								
Total other operating income	**36.5**	**33.2**	**3.8**	**3.4**	**19.2**	**-4.6**	**59.5**	**32.0**
Operating costs	-139.0	-125.6	-268.4	-234.3	-12.3	-7.8	-419.7	-367.7
Losses real estate at fair value, assets repossessed						-3.9	0.0	-3.9
Total operating costs	**-139.0**	**-125.6**	**-268.4**	**-234.3**	**-12.3**	**-11.7**	**-419.7**	**-371.6**
Operating profit before loan losses	109.8	138.9	70.4	82.0	20.9	-44.5	201.1	176.4
Loan losses	8.1	-2.9	1.1	5.7	-1.5	11.1	7.7	13.9
Ordinary profit from continuing operations	**117.9**	**136.0**	**71.5**	**87.7**	**19.4**	**-33.5**	**208.8**	**190.2**
Ordinary profit from businesses sold/ discontinued operations	**0.0**	**0.0**	**0.0**	**0.0**	**2.7**	**-59.8**	**2.7**	**-59.8**
Balance sheet items:								
Gross lending	11 670.8	11 184.1	23 734.4	22 028.8	40.2	261.6	35 445.5	33 474.5
Loan loss provisions	-133.9	-142.0	-22.6	-28.5	12.4	13.9	-144.1	-156.6
Net customer lending	**11 536.9**	**11 042.1**	**23 711.8**	**22 000.3**	**52.6**	**275.5**	**35 301.4**	**33 317.9**
Other assets					5 369.8	5 399.8	5 369.8	5 399.8
Total assets	**11 536.9**	**11 042.1**	**23 711.8**	**22 000.3**	**5 422.4**	**5 675.3**	**40 671.2**	**38 717.7**
Deposits from and due to customers	7 549.1	6 961.9	12 370.0	10 854.5	13.6	669.1	19 932.7	18 485.5
Other liabilities	2 765.3	2 971.0	10 288.4	10 151.2	5 229.1	4 805.1	18 282.8	17 927.4
Equity	1 222.5	1 109.1	1 053.5	994.6	179.7	201.1	2 455.7	2 304.8
Total liabilities and equity	**11 536.9**	**11 042.1**	**23 711.8**	**22 000.3**	**5 422.4**	**5 675.3**	**40 671.2**	**38 717.7**
Key figures:								
Cost/income ratio	56 %	47 %	79 %	74 %	37 %	-36 %	68 %	67 %
Deposits from customers as % of gross lending	65 %	62 %	52 %	49 %	34 %	256 %	56 %	55 %
Total level of provisioning	123 %	90 %	13 %	15 %			54 %	47 %

Business segments are the Group's primary reporting segments. The Group's activities mainly take place in Norway.

Description of the segments:

Corporate market: The segment includes corporate customers' deposits and loans, mainly property owners and developers, as well as commercial real estate agency for corporate customers (Hadrian Eiendom AS). Changes in the value of acquired assets, that are presented in the income statement as a separate line item, are shown in the segment note on the loan losses line, reflecting the accounting treatment internally. The reclassification is presented under the "Treasury/other" segment. Stockbroking, corporate business and other capital market business for customers within the bank's corporate market segment are presented under the "Corporate market" segment. The subsidiary Hadrian Eiendom AS is also included in this area. The bank holds an ownership interest of 100% in the company.

Retail market: Deposits from and loans to retail market customers, including credit cards. Loans comprise primarily home mortgages. The segment includes loans in Storebrand Boligkreditt AS. Stockbroking and other capital market business for customers within the bank's retail market segment are presented under the "Retail market" segment. The bank's entire residential real estate agency business is being wound up, and the results are presented on the line for discontinued operations.

The allocation of income and expenses that are not directly attributable has been made on the basis of assumed resource use.
The effects of financial risk management and the liquidity portfolio have not been allocated to the business areas and are reported under "Treasury/other".

NOTE 10 | Net income from financial instruments

NOK million	2012	2011
Net interest income		
Interest and other income on loans to and deposits with credit institutions	12.7	21.5
Interest and other income on loans to and due from customers	1 436.3	1 394.0
Interest on commercial paper, bonds and other interest-bearing securities	96.9	115.3
Other interest income and related income	6.8	6.1
Total interest income *)	**1 552.8**	**1 536.9**
Interest and other expenses on debt to credit institutions	-104.4	-225.2
Interest and other expenses on deposits from and due to customers	-519.6	-475.4
Interest and other expenses on securities issued	-408.5	-329.0
Interest and expenses on subordinated loan capital	-29.5	-39.5
Other interest expenses and related expenses	-0.8	-24.7
Total interest expenses **)	**-1 062.7**	**-1 093.9**
Net interest income	**490.1**	**443.0**
*) Of which total interest income on financial assets that are not at fair value through the profit and loss account	1 299.5	1 150.7
**)Of which total interest expenses on financial liabilities that are not at fair value through the profit and loss account	-994.7	-922.9

Interest expense and changes in value of issued funding at FVO:	**2012**	**2011**
Interest expense issued funding at FVO	-66.9	-171.3
Changes in value of issued funding at FVO	2.4	-7.9
Net expense issued funding at FVO	**-64.5**	**-179.2**

Net income and gains from financial assets and liabilities at fair value:	2012	2011
Equity instruments		
Dividends received from equity investments	0,0	0,1
Net gains/losses on realisation of equity investments	0,0	0,0
Net change in fair value of equity investments	0,1	0,2
Total equity instruments	0,2	0,3
Commercial paper and bonds		
Realised gain/loss on commercial papers and bonds	6,8	3,2
Unrealised gain/loss on commercial papers and bonds	11,4	-1,4
Total gain/loss on commercial papers and bonds	18,3	1,8
Lending to customers		
Unrealised gain/loss on lending to customers, FVO	22,4	7,6
Total gain/loss on lending to customers, FVO	22,4	7,6
Liabilities to credit institutions and other funding		
Realised gain/loss on liabilities to credit institutions and other funding, FVO	-8,8	-1,9
Unrealised gain/loss on liabilities to credit institutions and other funding, FVO	2,4	-7,9
Total gain/loss on liabilities to credit institutions and other funding, FVO	-6,4	-9,9
Financial derivatives and foreign exchange		
Realised gain/loss on financial derivatives, held for trading	18,3	-57,6
Unrealised gain/loss on financial derivatives, held for trading	-39,4	61,0
Total financial derivatives and foreigh exchange, held for trading	-21,1	3,4
Net income and gains from financial assets and liabilities at fair value	**13,4**	**3,3**
Fair vaule hedging	-5,5	
Realised gain/loss on derivatives and bonds issued, fair value hedging	4,8	
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	-0,7	0,0
Net gain/loss on fair value hedging		
Commercial papers and bonds	2,6	0,0
Total gain/loss on commercial papers and bonds at amortised cost	2,6	0,0
Bonds issued		
Realised gain/loss on bonds issued at amortised cost	20,0	-1,3
Total gain/loss on bonds issued at amortised cost	20,0	-1,3
Net income and gains from financial assets and liabilities at amortised cost	**22,6**	**-1,3**
Total gain/loss on commercial papers and bonds at amortised cost	**35.3**	**2.0**

Net gain/loss on financial assets at fair value through the profit and loss account:		
Financial assets designated at fair value upon initial recognition	75.1	17.6
Financial assets classified as held for trading	-19.2	-21.4
Changes in fair value of assets due to changes in credit risk	16.4	4.9
Net gain/loss on financial liabilities at fair value through the profit and loss account:		
Financial liabilities designated at fair value upon initial recognition	-6.4	-7.9
Financial liabilities classified as held for trading		

The note includes gain and loss on investments in bonds and commercial papers, all of the financial derivatives, lending at FVO, other funding at FVO, net gain and loss on fair vaule hedging and total bonds and commercial papers issued. Other financial assets and liabilities are not included in the note..

Note 11 | Net commission income

NOK million	2012	2011
Fees related to banking operations	52.6	53.8
Commissions from sale of group products		1.5
Commissions from saving products	25.1	26.3
Commissions from stockbroking	2.3	4.9
Fees from loans	5.6	4.7
Other fees and commissions receivable		0.4
Total fees and commissions receivable *)	**85.5**	**91.5**
Fees and commssisions payable relating to banking operations	-10.9	-13.2
Commissions payable on saving products	-3.2	-4.9
Commissions payable on stockbroking	-0.1	-0.4
Other fees and commissions payable	-0.2	
Total fees and commissions payable **)	**-14.3**	**-18.5**
Net commission income	**71.2**	**73.0**
*) Of which total fees and commission income on book value of financial assets and liabilities that are not at fair value through the profit and loss account	*58.1*	*58.4*
**) Of which total fees and commission expense on book value of financial assets and liabilities that are not at fair value through the profit and loss account	*-10.9*	*-13.2*

Note 12 | Other income

NOK million	2012	2011
Income from real estate broking corporate	15.4	16.9
Gain on sale of real estate	2.9	3.5
Gain on sale and winding -up of associated companies and group companies	4.7	
Other income	0.0	8.8
Total other income	**23.0**	**29.1**

Note 13 | Remuneration paid to auditors

Remuneration excluding value added tax:

NOK 1000	**2012**	**2011**
Statutory audit	1 447	1 172
Other reporting duties	320	403
Taxation advice	0	10
Other non-audit services	0	242
Total	**1 767**	**1 827**
Of which remuneration to Deloitte AS (excl. VAT):		
Statutory audit	1 447	1 172
Other reporting duties	320	403
Taxation advice	0	10
Other non-audit services	0	242
Total	**1 767**	**1 827**

Note 14 | Operating expenses

NOK million	**2012**	**2011**
Ordinary wages and salaries	95.4	87.8
Employer's social security contributions	14.1	13.4
Other staff expenses	24.6	7.0
Pension cost (see note 15) 1)	20.7	22.0
Total staff expenses	**154.8**	**130.1**
IT costs	58.3	78.3
Printing, postage etc.	2.6	3.6
Travel, entertainment, courses, meetings	2.4	2.4
Other sales and marketing costs	1.9	1.1
Total general administration expenses	**65.2**	**85.4**
Depreciation fixed assets and intangible assets (see note 32 and 33)	36.8	26.3
Contract personnel (see note 13)	6.5	10.6
Operating expenses on rented premises (see note 34)	12.8	13.4
Inter-company charges for services 2)	115.7	71.7
Other operating expenses	27.9	30.2
Total other operating expenses	**199.8**	**152.2**
Total operating expenses	**419.7**	**367.7**

1) Pension costs include NOK 0.2 million recognized by subsidiaries that operate defined contribution pension schemes.

2) Services purchased from the group contain costs relating to bank production, IT services, joint administrative functions, financial and legal services, marketing activities, HR and skills development, purchasing, information services and savings advice.

From 2012 the inter-company charges for services includes some IT-services which earlier were reported as IT costs in this note.

Note 15 | Pensions

Storebrand's employees in Norway have both defined contribution and defined benefit pension schemes that are established in Storebrand Livsforsikring AS, but the Group will not become a member of the contractual pension scheme (AFP) until 1 January 2013. From 1 January 2011 the defined benefit scheme was closed to new members. At the same date a defined contribution pension scheme was established. The contribution based scheme applies to all new employees from 1 January 2011 and to those who chose to transfer from a defined benefit to a defined contribution pension arrangement. For the contribution based scheme, the cost is equal to the employee's pension savings contribution during the period, which totals 5 per cent annually of the contribution basis between 1 and 6 G (G = the National Insurance Scheme's basic amount which was NOK 82,122 as of 31.12.12), 8 per cent of the contribution basis between 6 and 12 G, and a contribution based scheme over operations that annually amounts to 20 per cent of the contribution basis for salaries above 12 G. The contributions are deposited in the employees' pension accounts each month. The future pension depends upon the amount of the contributions and the return on pension savings.

The employees who are members of the defined benefit pension scheme are secured a pension of about 70 per cent of pensionable salary at the time of retirement. Full pension entitlement is reached after 30 years of membership in the pension scheme. The cost for the period shows the employees' accrued future pension entitlements during the financial year. From 1 July 2011 the retirement age is 67 years old. Nonetheless employees are given the right to retire at 65 years old and receive a pension from Storebrand until they reach 67 years old.

The pension for employees aged between 65 and 67 years old and pensions linked to salaries over 12 G are paid out directly from the companies and apply to both members of the defined contribution scheme and the defined benefit scheme. A guarantee has been granted for earned pensions on salaries over 12 G for employees retiring before the age of 65. The pension conditions are determined by the pension regulations. Storebrand is obliged to have an occupational pension scheme pursuant to the Act relating to mandatory occupational pensions. The company's pension scheme satisfies the requirements of the Act.

Everyone who is a member of the pension scheme has a named survivor and disability cover.

Reconciliation of pension assets and liabilities in the balance sheet

NOK million	2012	2011
Present value of insured pension liability	127.8	147.5
Pension assets at fair value	-103.5	-92.4
Net pension liability/surplus for the insured schemes	24.3	55.0
Present value of uninsured pension liability	46.9	48.7
Net pension liabilities in the balance sheet	**71.3**	**103.7**

Includes employer's NI contributions on net underfunded liabilities.

Recognised in the balance sheet

NOK million	2012	2011
Pension assets	0.0	0.0
Pensions liabilities	71.3	103.7

Experience adjustments applied to equity

NOK million	2012	2011
Year's change in experience adjustments included in equity after tax	25.1	2.8
Accumulated experience adjustments included in equity	45.4	20.3

Changes in the net defined benefits pension liabilities in the period

NOK million	2012	2011
Net pension liability at 01.01. incl. provision for employer's NI contribution	196.2	192.5
Net pension cost recognised in the period incl. provision for employer's NI contribution	18.0	19.2
Interest on pension liabilities	5.9	7.5
Experience adjustments	-40.0	-16.8
Gain/loss of curtailment	0.0	-1.6
Pension paid	-3.3	-2.8
Reversed employer's NI contribution	-2.0	-1.8
Net pension liability at 31.12.	**174.7**	**196.2**

Change in the fair value of pension assets

NOK million	2012	2011
Pension assets at fair value at 01.01.	92,4	90,5
Expected return	3,8	4,3
Experience adjustments	-5,2	-13,0
Gain/loss of curtailment	0,0	-0,6
Premium paid	14,0	12,8
Pensions paid	-1,7	-1,6
Net pension assets at 31.12.	**103,5**	**92,4**
Expected premium payments (benefit) in 2013:	12,4	
Expected premium payments (contribution) in 2013:	0,9	
Expected payments AFP in 2013:	1,2	
Expected payments over operations (unsecured scheme) in 2013:	1,4	

Pension assets are based on the financial assets held by Storebrand Livsforsikring composed as of 31.12.

	2012	2011
Properties and real estate	17 %	17 %
Bonds at amortised cost	35 %	38 %
Secured and other lending	2 %	2 %
Equities and units	14 %	22 %
Bonds	18 %	14 %
Commercial paper	14 %	6 %
Other short-term financial assets	0 %	1 %
Total	**100 %**	**100 %**
The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Livsforsikring.		
The book (realised) return on the assets	5.8 %	4.5 %

Net pension cost booked to the profit and loss account specified as follows:

NOK million	2012	2011
Current service cost including employer's NI contributions	18.0	19.2
Interest on pension liabilities	5.9	7.5
Expected return on pension assets	-3.8	-4.3
Gain/loss of curtailment	0.0	-1.0
Total defined benefit pension schemes	**20.0**	**21.4**
Payment to defined contribution pension scheme in the period	0.7	0.6
Net pension cost booked to profit and loss account in the period	**20.7**	**22.0**

Net pension cost includes national insurance contributions and is included in operating expenses. See note 14.

Main assumptions used when calculating net pension liability	31.12.2012	31.12.2011
Discount rate	4.0 %	3.1 %
Expected return on pension fund assets in the period	4.0 %	4.6 %
Expected earnings growth	3.3 %	3.6 %
Expected annual increase in social security pensions	3.3 %	3.8 %
Expected annual increase in pensions payment	1.5 %	1.5 %
Disability table	KU	KU
Mortality table	K2005	K2005

Financial assumptions:

The financial assumptions have been determined on the basis of the regulations in IAS 19. Long-term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic National Insurance amount G are particularly subject to a high degree of uncertainty.
IAS 19.78 states that a high quality corporate bond rate must be used as the discount rate. In countries where there is no deep market in such bonds, the market yields on government bonds shall be used. As per 31 December 2011, Storebrand uses the yield on government bonds as the discount rate. Recently assessments have been made of whether or not a deep market for covered bonds exists in Norway and whether such papers satisfy the definition of corporate bonds in IAS 19.78.
With the exception of a few unrated papers, all rated covered bonds in Norway have an AA rating or higher. The Norwegian market for covered bonds is young, but has grown strongly in the last few years. The outstanding volume of covered bonds amounts to more than NOK 530 billion as per the 4th quarter 2012. Bid/ask spreads normally do not exceed more than a 2-3 basis points yield in this market. Average daily trading in 2012 amounted to around NOK 650 million, and average new issues amounted to around NOK 7.5 billion per month in 2012. Around 20 per cent of the market consists of fixed rate papers, while around 80 per cent of the market consists of variable rate papers. As for the rest of the Norwegian credit bond market, Norwegian swap rates are used as a basis for calculating price/yield. Norwegian swap rates are considered highly liquid.

Based on observed market and volume trends the Norwegian covered bonds market must, in the opinion of Storebrand, be defined as a deep market in relation to the provisions of IAS 19. This conclusion is based on the regular activity that takes place in both the primary and secondary markets, and the transparency that exists due to the observed trading being registered in the stock exchange lying close to the indicative levels the banks quote. The broad participation of all of the largest bond brokers in the reporting system to the Norwegian Fund and Asset Management Association supports the reliability of the available data. Please also refer to the statement dated 13 December 2012 by the Norwegian Accounting Standards Board concerning the use of covered bonds as a discount rate. From and including the 4th quarter 2012, Storebrand has used a discount rate based on covered bond rates in Norway. The changed is considered a change to estimates.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

Actuarial assumptions:

In Norway standardised assumptions on rates of mortality and disability as well as other demographic factors are prepared by Finance Norway. The mortality table K2005 will be used until new common mortality rates for the industry are adopted and can provide a basis for more accurate calculations. The average employee turnover rate has been set at 2-3 per cent of the entire workforce as a whole and an assumption of reduced rates of turnover with increasing age has been included.

Net pension liability at 31.12.

NOK million	**2012**	**2011**	**2010**	**2009**	**2008**
Discounted current value of defined benefit pension liabilities [1]	174.7	196.2	192.5	161.9	154.2
Fair value of pension assets	103.5	92.4	90.5	82.4	74.0
Deficit (surplus)	71.3	103.7	102.0	79.5	80.1
Fact based adjustments liabilities	5.4	32.1			
Fact based adjustments pension assets	-5.2	-13.0			

Sensitivity analysis pension calculations	**2012**	
Change in discount rate	0.5%	-0.5%
Percentagewise change in pension:		
Pension liabilities	-9.5 %	10.9 %
The period's net pension costs	-10.3 %	11.9 %

Pensions liabilities are especially sensitive to changes in the discount rate. A reduction in the discount rate will, in isolation, entail an increase in the pension liability.

The experience adjustments have been significantly reduced because of the switch from the yield on government bonds to covered bond rates.

1) When the government interest rate is used the bank has estimated gross liabilities in order to produce an increase of around 35 per cent when the other conditions remain unchanged.

Note 16 | Loan losses

NOK million	**2012**	**2011**
Change in loan loss provisions for the period	6,3	70,3
Change in loan loss provisions on groups of loans for the period	14,1	30,7
Other corrections to loan loss provisions	-3,6	-2,8
Realised losses in period on commitments specifically provided for previously	-9,1	-95,2
Realised losses on commitments not specifically provided for previously	-5,8	-6,7
Recoveries on previously realised losses	5,8	17,7
Loan losses for the period	**7,7**	**13,9**
Interest recognised to the profit and loss account on loans subject to loan loss provisions	9.7	4.6

Note 17 | Tax

Tax charge for the year

NOK million	**2012**	**2011**
Tax payable for the period	-27.9	-10.0
Changes in deferred tax/deferred tax asset	-8.7	-21.4
Total tax cost	**-36.6**	**-31.5**

Reconciliation of expected and actual tax charge

NOK million	**2012**	**2011**
Ordinary pre-tax profit	208.8	190.2
Expected tax on income at nominal rate	-58.5	-53.3
Tax effect of:		
Realised shares/structured bonds	1.3	2.4
Associated companies	0.3	10.0
Permanent differences	0.0	-2.1
Change in deferred tax assets not recognised in the balance sheet	20.3	
Changes earlier years		11.4
Tax charge	**-36.6**	**-31.5**
Tax payable	-27.9	-10.0
- Tax effect of group contribution paid	0.0	0.0
Tax payable in the balance sheet (see note 41)	**-27.9**	**-10.0**

Analysis of the tax effect of temporary differences and tax losses carried forward

NOK million	**2012**	**2011**
Tax increasing timing differences		
Fixed assets	24.6	37.3
Financial instruments	49.3	46.0
Gains/losses account	0.2	
Other	1.1	0.2
Total tax increasing timing differences	**75.2**	**83.5**
Tax reducing timing differences		
Pensions	-71.3	-103.7
Fixed assets	-9.7	
Provisions	-19.3	-3.9
Other		-8.5
Total tax reducing timing differences	**-100.2**	**-116.1**
Losses/allowances carried forward	-2.3	-70.1
Net base for deferred tax/tax assets	-27.4	-102.7
Write-down of deferred tax asset	1.2	73.8
Net base for deferred tax and deferred tax asset	-26.1	-28.9
Net deferred asset/liability in the balance sheet	**7.3**	**8.1**

Analysis of tax payable and deferred tax applied directly to equity:	**2012**	**2011**
Pension experience adjustments	-9.8	-1.1
Total	-9.8	-1.1

Deferred tax assets principally relate to tax reducing temporary differences on fixed assets, pension liabilities and financial instruments. The bank produces an annual profit, and is expected to continue to produce a profit in future years. Deferred tax assets in respect of Storebrand Bank ASA are capitalised to the extent that it is considered likely that it will be possible to make use of the assets.

Note 18 | Classification of financial instruments

NOK million	**Loans and receivables**	**Fair value, trading**	**Fair value, FVO**	**Liabilities at amortised cost**	**Total bok value**
Financial assets					
Cash and deposits with central banks	8.8				8.8
Loans to and deposits with credit institutions	255.1				255.1
Equity instruments			5.2		5.2
Bonds and other fixed-income securities	990.0		2 861.7		3 851.7
Derivatives		1 005.0			1 005.0
Lending to customers	34 060.6		1 240.8		35 301.4
Other current assets	121.6				121.6
Total financial assets 2012	**35 436.1**	**1 005.0**	**4 107.7**	**0.0**	**40 548.8**
Total financial assets 2011	34 168.8	920.6	3 447.9	0.0	38 537.3
Financial liabilities					
Deposits from and due to credit institutions			1 986.0	512.7	2 498.7
Deposits from and due to customers				19 932.7	19 932.7
Commercial papers and bonds issued				14 540.3	14 540.3
Derivatives		601.1			601.1
Other liabilities				102.4	102.4
Subordinated loan capital				441.4	441.4
Total financial liabilities 2012	**0.0**	**601.1**	**1 986.0**	**35 529.4**	**38 116.6**
Total financial liabilities 2011	0.0	500.2	3 496.9	32 281.3	36 278.4

NOTE 19 | Fair value of financial assets and liabilities at amortised cost

	2012		2011	
NOK million	**Book value**	**Fair value**	**Book value**	**Fair value**
Assets				
Loans and receivables:				
Bonds, amortised cost	990.0	994.2	651.2	649.8
Loans to and deposits with credit institutions, amortised cost	255.1	255.1	268.6	268.8
Lending to customers, amortised cost	34 204.7	33 993.6	32 686.8	32 471.1
Other current assets	121.6	121.6	210.3	201.3
Liabilities				
Deposits from and due to credit institutions, amortised cost	512.7	512.7	2 518.9	2 514.0
Deposits from and due to customers, amortised cost	19 932.7	19 932.7	18 485.5	18 485.5
Commercial papers and bonds issued, amortised cost	14 540.3	14 708.1	10 082.8	9 824.3
Other liabilities	102.4	102.4	501.8	501.8
Subordinated loan capital, amortised cost	441.4	443.8	692.3	685.4

The fair value of lending to customers subject to variable interest rates is stated as book value. However, the fair value of lending to corporate customers with margin loans is slightly lower than book value since some loans have lower margins than they would have had had they been taken out at year-end 2012. The shortfall is calculated using a discounted difference between the agreed margin and the current market price over the remaining term to maturity. Fair value is also adjusted for individual loan loss provisions. The fair values of lending, liabilities to financial institutions and securities issued are based on valuation techniques. The valuation techniques use interest rate curves and credit spreads from external providers with exception of lending which are assessed to spreads on new loans correspondingly. The calculations are made using the PortWin risk management system.

NOTE 20 | Cash and deposits with central banks

NOK million	2012 **Book value**	2011 **Book value**
Cash	8.8	2.5
Deposits with central banks at amortised cost, loans and receivables	0.0	506.0
Total cash and deposits with central banks	**8.8**	**508.4**

NOTE 21 | Loans to and deposits with credit institutions

NOK million	2012 **Book value**	2011 **Book value**
Total loans to and deposits with credit institutions without fixed maturity at amortised cost	255.1	268.6
Total loans to and deposits with credit institutions at amortised cost	**255.1**	**268.6**

Note 22 | Shares and other equity instruments

NOK million	Ownership interest	2012 Fair value	2011 Fair value
Storebrand Institusjonelle Investor ASA	5.15%	1.0	1.1
Visa Inc. A-shares		0.7	0.5
Skjærhallen Brygge AS	3.13%	3.4	3.4
Other		0.2	0.2
Total		**5.2**	**5.2**
Of which			
Listed shares			
Unlisted shares		5.2	5.2

Shares and other equity instruments are classified as financial assets at fair value through the profit and loss account.

Note 23 | Investments in associated companies

Associated companies

Main accounting figures for associated companies - figures shown are the Storebrand Bank Group share.

NOK million	2012	2011
Revenue:		
Storebrand Baltic UAB	1.2	12.1
Profit & Loss:		
Storebrand Baltic UAB	1.2	0.9
Assets:		
Storebrand Baltic UAB	0.0	3.5
Liabilities:		
Storebrand Baltic UAB	0.0	0.8

Investments in associated companies are accounted for on the equity method. The ownership interest in Storebrand Baltic UAB have been sold to Storerand AS in 2012.

Ownership interests in associated companies

NOK million	Ownership interest	Acquisition cost	Book value at 01.01.	Additions/ disposals	Share in profit	Book value at 31.12.
Storebrand Baltic UAB	50 %	0.5	2.8	-4.0	1.2	0.0
Total		**0.5**	**2.8**	**-4.0**	**1.2**	**0.0**

Note 24 | Bonds and other fixed-income securities at fair value through the profit and loss account

	2012		2011
NOK million	Acquisition cost	Fair value	Fair value
Sovereign and Government Guaranteed bonds	491.8	492.7	
Credit bonds	525.2	526.2	564.1
Mortgage and asset backed bonds	1 825.2	1 842.8	2 090.9
Total bonds and other fixed-income securities at fair value through the profit and loss account	**2 842.2**	**2 861.7**	**2 655.0**
Modified duration		0.21	0.15
Average effective yield per 31.12.		1.84 %	2.94 %

The portfolio is mainly denominated in NOK, as per 31 December 2012 the bank had only one covered bond in EUR. The effective yield for each asset is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 25 | Bonds at amortised cost - Loans and receivables

	2012				2011	
NOK million	Nominal value	Acquisition cost	Book value	Fair value	Book value	Fair value
Public issuers and Government Guaranteed Bonds	625.0	624.8	626.9	627.3	528.0	526.5
Credit bonds	50.0	50.0	50.1	50.0		
Mortgage and asset backed bonds	316.0	311.9	313.1	316.8	123.3	123.4
Total bonds at amortised cost	**991.0**	**986.7**	**990.0**	**994.2**	**651.2**	**649.8**
Modified duration				0.12		0.16
Average effective yield per 31.12.				2.05 %		3.24 %

All securities are denominated in NOK.
The effective yield for each asset is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 26 | Transferred financial assets (swap scheme)

	2012	2011
NOK million	**Book value**	**Book value**
Covered bonds:		
Covered bonds in Storebrand Bank ASA 1)	2 762.9	6 664.6
Swap scheme	1 986.0	3 496.9

Transferred financial assets consist of swap agreements with the state through the Ministry of Finance concerning the posting of financial collateral (see note 44). The swap agreements were entered into through auctions that are administrated by Norges Bank. In the swap agreement, the state sells treasury bills to the bank through a timerestricted swap for covered bonds. The bank can either keep the treasury bills and receive payment from the state when the swap agreement falls due for repayment, or it may sell the treasury bills in the market. When the bills become due within the term of the swap agreement, the bank must purchase new bills from the state at the price that is determined by the market price for treasury bills. This rollover will be ongoing throughout the entire term of the agreement. Upon expiry of the swap agreement, the bank is obliged to purchase the covered bonds back from the state at the same price that the state purchased them for. Storebrand Bank ASA will receive the interest on the transferred covered bonds. All risk concerning the covered bonds continues to lie with Storebrand Bank ASA.

1) The stated amount is before elimination of covered bonds issued in Storebrand Boligkreditt AS.

Note 27 | Financial derivatives

Nominelt volum

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 the 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. A long position in an equity derivative produces a gain in value if the share price increases. For interest rate derivatives, a long position produces a gain if interest rates fall, as is the case for bonds. A long position in a currency derivative produces a gain if the currency strengthens against the NOK. Average gross nominal volume is based on monthly calculations of gross nominal volume.

			2012		
	Gross	**Average nom.**	**Net nom.**	**Fair value 2)**	
NOK million	**nom. value 2)**	**value 3)**	**value 2)**	**Asset**	**Liability**
Equity derivatives	0.0	0.0	0.0	0.0	0.0
Interest rate derivatives 1)	24 747.0	24 165.7	10 320.2	999.0	595.1
Currency derivatives	2 962.3	3 595.3	-99.9	6.0	6.0
Total derivatives	**27 709.3**	**27 761.0**	**10 220.2**	**1 005.0**	**601.1**

			2011		
	Gross	**Average nom.**	**Net nom.**	**Fair value 2)**	
NOK million	**nom. value 2)**	**value 3)**	**value 2)**	**Asset**	**Liability**
Equity derivatives	0.0	114.6	0.0	0.0	0.0
Interest rate derivatives 1)	25 707.4	26 802.2	12 381.2	913.0	489.7
Currency derivatives	4 180.1	4 786.6	-53.3	7.6	10.5
Total derivatives	**29 887.5**	**31 703.4**	**12 327.9**	**920.6**	**500.2**

1) Interest rate swaps includes accrued interest.

2) Value at 31.12.

3) Average for the year.

NOTE 28 | Foreign exchange risk

Finansielle eiendeler og forpliktelser i utenlandsk valuta	Statement of financial position items		Currency forwards	Net position	
NOK million	Assets	Liabilities	Net sale	in currency	in NOK
CHF	49.2	0.6	-48.6	0.0	0.0
DKK	10.4	10.0	0.0	0.4	0.4
EUR	82.4	40.1	-42.6	0.0	-0.2
GBP	2.6	3.3	0.5	0.0	-0.2
JPY	0.8	0.0	-0.8	-0.4	0.0
SEK	53.1	8.2	-45.6	-0.2	-0.7
USD	51.9	28.7	-23.6	0.0	-0.4
Other	0.3	0.0	0.0	0.4	0.2
Total net currency positions 2012					**-0.9**
Total net currency positions 2011					0.8

Storebrand Bank ASA hedges the net currency position on its balance sheet with forward contracts, accordingly forward sales and forward purchases are not shown separately in respect of assets and liabilities.

NOTE 29 | Loan portfolio and guarantees

	2012	2011
NOK million	Book value	Book value
Lending to customers at amortised cost	34 204.7	32 686.8
Lending to customers at fair value	1 240.8	787.7
Total gross lending to customers	**35 445.5**	**33 474.5**
Loan loss provisions on individual loans (see note 30)	-105.0	-103.4
Loan loss provisions on groups of loans (see note 30)	-39.1	-53.2
Net lending to customers	**35 301.4**	**33 317.9**

See note 4 for analysis of loan portfolio and guarantees per customer group.

NOTE 30 | Loan loss provisions

	2012	2011
NOK million	Book value	Book value
Loan loss provisions on individual loans 01.01	103.4	173.6
Losses realised in the period on individual loans previously written down	-9.1	-95.2
Loan loss provisions on individual loans for the period	18.8	38.6
Reversals of loan loss provisions on individual loans for the period	-8.8	-11.4
Other corrections to loan loss provisions 1)	0.6	-2.1
Loan loss provisions on individual loans at 31.12	**105.0**	**103.4**
Loan loss provisions on groups of loans and guarantees 01.01	53.2	83.9
Grouped loan loss provisions for the period	-14.1	-30.7
Loan loss provisions on groups of loans and guarantees etc. 31.12	**39.1**	**53.2**
Total loan loss provisions (see note 29)	**144.1**	**156.6**

1) Other corrections to loan loss provisions relates to effects of amortisation.

The bank has no provisions for guarantees as at 31.12.2012 and as at 31.12.2011.

Note 31 | Real estate at fair value

NOK million	2012 Book value	2011 Book value
Book value at 01.01.	11.7	43.3
Supply due to addition	0.0	0.0
Disposals	-11.7	0.0
Net changes in fair value	0.0	-31.6
Total	**0.0**	**11.7**

In connection with the take over of collateral associated with loss exposed commitments in the corporate market, Storebrand Bank and Storebrand Bank's subsidiaries can activate real estate under development. Storebrand Bank ASA has taken over shares in companies with loan commitments, and the companies are consolidated as subsidiaries in Storebrand Bank Group.
At the end of 2012, Storebrand Bank Group have not activated any real estates.

Note 32 | Intangible assets and goodwill

NOK million	Brand name	IT-systems	Customer lists	Goodwill	Total book value 2012	Total book value 2011
Acquistion cost at 01.01	30.7	127.2	1.1	19.3	178.3	204.7
Additions in the period:						
Purchased separately	0.0	29.4	0.0	0.0	29.4	44.8
Purchased through merger, acquistion or similar	0.0	0.0	0.0	0.0	0.0	0.0
Disposals in the period	0.0	-3.4	0.0	0.0	-3.4	-71.2
Acquisition cost at 31.12	**30.7**	**153.2**	**1.1**	**19.3**	**204.3**	**178.3**
Accumulated depreciation and write-downs at 01.01	0.0	62.9	1.1	3.2	67.2	117.9
Depreciation in the period (see note 14)	6.1	27.1	0.0	0.0	33.3	17.9
Disposals in the period	0.0	-3.4	0.0	0.0	-3.4	-71.0
Write-downs in the period (see note 14)	0.0	0.9	0.0	0.0	0.9	4.6
Other changes	0.0	0.0	0.0	0.0	0.0	-2.2
Accumulated depreciation and write-downs at 31.12	**6.1**	**87.5**	**1.1**	**3.2**	**97.9**	**67.2**
Book value at 31.12	**24.6**	**65.7**	**0.0**	**16.1**	**106.3**	**111.1**

Intangible assets are depreciated on a linear basis over periods from four months to eight years. With effect from 01.01.2012, the brand name identified on the acquisition of Hadrian Eiendom AS, is assessed to have an economic life of 5 years. Goodwill is not subject for depreciation.

Depreciation and write-downs of intangible assets are included in the line "Other operating costs" in the profit and loss account. During 2012 Storebrand Bank has made a write-down of intangible assets by NOK 0.9 million. The write-down are mainly related to IT systems for the stockbroking business which have been decided to wound-up.

IT systems in this note refers to the development of systems, data warehouses, user licenses to systems, etc. All capitalised expenses in respect of systems development relate to work carried out by external resources. The estimate of economic liftetime are reviewed annually.

Analysis of goodwill by business acquisition

NOK million	Acquisition cost 01.01	Accumulated depreciation 01.01.	Book value 01.01.	Additions / disposals	Write-downs	Book value 31.12.
Hadrian Eiendom AS	16.1	0.0	16.1			16.1
Total	**16.1**	**0.0**	**16.1**	**0.0**	**0.0**	**16.1**

In accordance with IFRS goodwill is tested at least annually or if there is reason to believe that the carrying value is impaired. When Hadrian Eiendom AS was acquired in 2007 the purchase price was allocated across the net identifiable assets in accordance with IFRS 3 and is linked to the company's market position.In calculating the value in use of Hadrian Eiendom AS, a cash flow based assessment of value has been made using the expected profit before taxes. The calculation is based on Board-authorised budgets and forecasts for the next three years. A stable growth rate of 2.5% has been assumed in determining the terminal value, corresponding to the rate of inflation. The value in use is calculated by applying the required rate of return after tax of 12.1%. The required rate of return is determined by establishing the risk-free rate of return and adding a premium to reflect the risk in the business. The calculations show that the goodwill relating to Hadrian Eiendom AS has not been impaired.

NOTE 33 | Fixed assets

NOK million	Fixtures & fittings	IT	Real estate [1]	Total book value 2012	Total book value 2011
Book value at 01.01	7.9	0.6	2.7	11.2	15.6
Additions	0.0	0.0	0.0	0.0	0.5
Disposals	0.0	0.0	0.0	0.0	-1.2
Depreciation (see note 14)	-1.7	-0.6	-0.4	-2.7	-3.7
Write-downs in the period (se note 14)	0.0	0.0	0.0	0.0	0.0
Book value at 31.12	**6.2**	**0.0**	**2.3**	**8.5**	**11.2**
Opening acquisition cost	11.8	6.8	5.7	24.3	25.7
Closing acquisition cost	11.8	6.8	5.7	24.3	24.3
Opening accumulated depreciation and write-downs	3.4	6.2	3.0	12.7	8.0
Closing accumulated depreciation and write-downs	5.6	6.8	3.4	15.8	10.9

For each class of fixed assets:			
Method for measuring cost price	Acquisition cost	Acquisition cost	Acquisition cost
Depreciation method	linear	linear	linear
Depreciation period and economic life	3 - 10 years	4 - 6 years	15 years

1) Holiday cabins valued using the cost method.

Depreciation of fixed assets is included in the line "Other operating costs" in the profit and loss account.
There are no restrictions on rights to fixed assets. No fixed assets have been pledged as collateral for liabilities.

NOTE 34 | Operational leasing

Minimum future payments on operational leases for fixed assets are as follows:

NOK million	Minimum lease less than 1 year	Minimum lease between 1 - 5 years	Minimum lease more than 5 years
Lease agreements less than 1 year	0.0	0.0	0.0
Lease agreements between 1 -5 years	1.1	3.5	0.0
Lease agreements more than 5 years	9.6	38.3	17.6
Total	**10.7**	**41.8**	**17.6**

Of which future lease income

Amount through the profit and loss account

NOK million	2012	2011
Lease payments through the profit and loss account (see note 14)	11.2	9.4

Operational leases are primarily lease for Storebrand's head office in Lysaker, and the rental of coffee machines and photocopiers.

Costs are included in the item "General adminstration expenses" and the item "Other operating costs".

Companies in the group also have lease contracts related to postage machines, printers, computers and projectors, but are not included in this note as the amounts are considered to have no material effect in the accounts.

Note 35 | Other current assets

NOK million	2012 Book value	2011 Book value
Interest accrued	100.9	99.7
Other accrued income	10.2	8.9
Due from customers	0.2	10.8
Due from stockbrokers	0.0	22.8
Due from customers stockbrokerage	3.7	65.5
Balances held for customers and liability to customers, real estate broking 1)	0.8	2.5
Other assets	5.8	0.2
Total other current assets	**121.6**	**210.3**

1) Balances held for customers and liability to customers are related to Hadrian Eiendom AS, which has a licence to operate in real estate broking.

Note 36 | Deposits from customers

NOK million	2012 Book value	2011 Book value
Deposits from customers without agreed maturity	18 968.9	17 366.7
Term loans and deposits from customers with agreed maturity	963.8	1 118.8
Total deposits from customers	**19 932.7**	**18 485.5**

Deposits with agreed maturity relate to deposits for a contractually agreed period.
Deposits without agreed maturity relates to deposits with no fixed period where the customer has unrestricted access to the deposit.

Deposits from customers per sector and industry classification and geographical distribution:

NOK million	2012 Book value	2011 Book value
Sector and industry classification		
Development of building projects	291.4	184.6
Sale and operation of real estate	2 926.5	2 582.8
Service providers	1 965.2	2 828.3
Wage-earners	11 648.9	10 729.3
Other	3 100.8	2 160.5
Total	**19 932.7**	**18 485.5**
Geographic distribution		
Eastern Norway	15 844.9	14 838.3
Western Norway	2 229.1	1 960.5
Southern Norway	309.2	234.5
Mid-Norway	496.0	447.4
Northern Norway	624.5	584.6
Rest of world	429.0	420.2
Total	**19 932.7**	**18 485.5**

Note 37 | Hedge accounting

Storebrand uses fair value hedging for interest risk.The hedging items are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value through the profit or loss (FVO). Changes in the value of the hedged item that relate to the hedged risk are applied to the book value on the item and are recognised in the profit and loss account. Hedging effectiveness is monitored at the individual item level. Hedging effectiveness when the hedge is created measures 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. Subsequently, hedging effectiveness is measured on the basis of the simple Dollar Offset method for both prospective and retrospective calculations. Hedging is expected to be highly efficient in the period.

	2012			2011		
	Contract/	Fair value 1)		Contract/	Fair value 1)	
NOK million	nominal value	Assets	Liabilities	nominal value	Assets	Liabilities
Interest rate swaps	4 417.0	383.5		4 297.0	383.9	0.0
Total interest rate derivatives	4 417.0	383.5	0.0	4 297.0	383.9	0.0
Total derivatives	4 417.0	383.5	0.0	4 297.0	383.9	0.0

	Contract/	Fair value 1)		Contract/	Fair value 1)	
	nominal value	Assets	Liabilities	nominal value	Assets	Liabilities
Total underlying items	4 417.0		4 848.2	4 294.0	0.0	4 706.9
Hedging effectiveness - prospective			102 %			101 %
Hedging effectiveness - retrospective			99 %			99 %

Gain/loss on fair value hedging: 2)

	2012	2011
NOK million	Gain / loss	Gain / loss
On hedging instruments	9.4	86.8
On items hedged	-10.3	-89.0

1) Book value at 31.12.

2) Amounts included in the line "Net interest income".

Note 38 | Bonds and commercial papers issued

	2012	2011
NOK million	Book value	Book value
Commercial papers		501.4
Bond loans	14 540.3	9 581.4
Total bonds and commercial papers issued	**14 540.3**	**10 082.8**

See also note 5 for analysis of bonds and commercial papers issued.

Note 39 | Subordinated loan capital

NOK million	2012 Book value	2011 Book value
Dated subordinated loan capital	151.2	401.5
Other subordinated loan capital	9.3	9.3
Tier 1 hybrid capital	280.9	281.5
Total subordinated loan capital	**441.4**	**692.3**

See also note 5 for analysis of subordinated loan capital and Tier 1 hybrid capital.

NOK million	2012	2011
Subordinated loan capital included in capital adequacy calculation	441.4	692.3
Interest expense		
Interest expense booked in respect of subordinated loan capital	29.5	33.6

All subordinated loans are denominated in NOK.

Note 40 | Provisions

	Provisions for restructuring	
NOK million	2012	2011
Provisions 1 January	0.8	3.7
Provisions during the period	17.6	0.0
Provisions used during the period	-0.8	-2.9
Total provisions 31 December	**17.7**	**0.8**
Classified as:		
Provisions for accrued expenses and liabilities	17.7	0.8

Storebrand has decided to implement a major cost reduction programme. In the financial statements for Storebrand Bank Group NOK 17.7 million has been reserved to cover costs associated with the restructuring in 2012. These costs relate to headcount reductions, and chiefly apply to early retirees, ant to IT costs. This provision has been considered in accordance with IAS 37, and the restructuring plan has been announced to all parties affected by the changes.

Note 41 | Other liabilities

NOK million	2012 Book value	2011 Book value
Money transfers	7.9	43.2
Accrued interest expenses financial debt	13.1	14.3
Accrued expenses and prepaid income	35.6	31.1
Due to brokers related to settlement of financial instruments	0.0	296.1
Accounts payable	3.6	4.8
Payable to stockbrokers	3.7	42.1
Payable to customers stockbrokerage	0.0	45.0
Tax payable (see note 17)	27.9	10.0
Other debt	10.6	15.1
Total other liabilities	**102.4**	**501.8**

Note 42 | Minority interests

NOK million	**2012**	**2011**
Minority interests at 01.01.	0.1	3.3
Share of profits due to minority interests	0.0	0.0
Dividend to minority interests	0.0	-0.4
Sale of minority interests	0.0	-4.0
Re-allocation of minority interest related to winding up of subsidiary	-0.1	1.2
Minority interests at 31.12.	**0.0**	**0.1**

Minority interests at 31.12.2012 are related to minority interests regarding subsidiaries within the sub-group Ring Eiendomsmegling. The companies are mainly sold or under liquidiation.

Note 43 | Off balance sheet liabilities and contingent liabilities

NOK million	**2012**	**2011**
Guarantees	226.0	293.6
Undrawn credit limits	4 181.4	3 706.9
Lending commitments	796.1	1 408.5
Total contingent liabilities	**5 203.5**	**5 409.0**

Guarantees are mainly payment guarantees and contract guarantees. See also note 4. Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on flexible mortgages.

In 2012 Storebrand Bank received no new complaint cases concerning retail customers' investments in various stock index bonds in Storebrand Bank ASA. A total of 70 private customers have complained to the Norwegian Financial Services Complaints Board about their investments in various stock index bonds in Storebrand Bank. The bank is awaiting the final guidelines from the Norwegian Financial Services Complaints Board. There are not made any provisions in the accounts related to these legal disputes.

Note 44 | Collateral

Collateral pledged and received

The subsidiary Hadrian Eiendom AS has an agreement concerning the pledging of security for customers via the Norwegian Association of Real Estate Agents and TrygVesta amounting to NOK 30 million with the limit of NOK 10 million per sale per claimant. Otherwise, the banking group has not received any collateral except securities pledged as collateral for F-loans in Norges Bank and securities pledged as collateral in connection with the scheme for swapping covered bonds for government papers (see table below).

Collateral and security pledged

NOK million	**2012**	**2011**
Booked value of bonds pledged as collateral for the bank's lending from Norges Bank	1 854.0	2 159.4
Booked value of bonds pledged as collateral for swap scheme	0.0	0.0
Booked value of securities pledged as collateral in other financial institutions	0.0	0.0
Total	**1 854.0**	**2 159.4**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank's deposits in Norges bank. Storebrand Bank ASA has a F-loan for NOK 500 million in Norges Bank as per 31.12.2012.

In connection with the package of measures by the authorities concerning the banks, Storebrand Bank ASA has entered into an agreement involving the following amounts to conditions and terms for a swap scheme of covered bonds for treasury bills:

NOK million	**Amount**	**Issued**	**Maturity**	**Intrest rate**
Borrowings under the Norwegian Government's Swap scheme	499.2	06.05.2009	19.03.2014	NIBOR minus 20bp
Borrowings under the Norwegian Government's Swap scheme	496.5	04.06.2009	19.03.2014	NIBOR minus 20bp
Borrowings under the Norwegian Government's Swap scheme	497.0	17.06.2009	20.03.2013	NIBOR minus 20bp
Borrowings under the Norwegian Government's Swap scheme	493.3	09.09.2009	18.12.2013	NIBOR pluss 24bp

Note 45 | Capital Adequacy

Capital adequacy calculations are subject to special consolidation rules in accordance with the Regulation on consolidated application of the capital adequacy rules etc. (the "Consolidation Regulation"). The Storebrand Bank group is defined pursuant to Section 5 of the Consolidation Regulation as a financial group comprising solely or mainly undertakings other than insurance companies. The valuation rules used in the company's accounts form the basis for consolidation. Consolidation is, in the main, carried out in accordance with the same principles as used in the accounts, with all internal transactions eliminated, including shares, loans and deposits as well as other receivables and liabilities. Primary capital includes profit for the year.

NET PRIMARY CAPITAL

NOK million	**2012**	**2011**
Share capital	960.6	960.6
Other equity	1 495.1	1 344.2
Total equity	2 455.7	2 304.8
Deductions:		
Goodwill	-16.1	-16.1
Intangible assets	-90.2	-95.0
Deferred tax asset	-7.3	-22.6
Provision for group contribution	-50.0	-50.0
Core capital excl. Tier 1 hybrid capital	**2 292.0**	**2 121.1**
Addition:		
Tier 1 hybrid capital	278.8	279.0
Core capital	**2 570.8**	**2 400.1**
Supplementary capital	158.6	409.2
Deductions		
Net primary capital	**2 729.4**	**2 809.3**

MINIMUM CAPITAL REQUIREMENT

NOK million	**2012**	**2011**
Credit risk	1 758.1	1 597.8
Of which:		
Local and Regional authorities	**9,2**	**2,5**
Publicly owned companies		8,0
Institutions	15,4	19,8
Corporates	938,9	664,3
Loans secured on real estate	693,6	800,6
Retail market	47,8	44,2
Loans past-due	12,9	21,1
Covered bonds	17,1	17,7
Other	23,2	19,6
Total minimum requirement for credit risk	**1 758,1**	**1 597,8**
Settlement risk		
Total minimum requirement for market risk	**0,0**	**0,0**
Operational risk	89,5	91,1
Deductions		
Loan loss provisions on groups of loans	-3,1	-4,3
Minimum requirement for capital base	**1 844,5**	**1 684,7**

BASIS OF CALCULATION (RISK-WEIGHTED VOLUME)

NOK million	**2012**	**2011**
Credit risk	21 976.2	19 972.8
Of which:		
Local and Regional authorities	115.3	31.3
Publicly owned companies	0.0	100.3
Institutions	192.0	246.9
Corporates	11 735.9	8 303.7
Loans secured on real estate	8 670.1	10 008.0
Retail market	597.8	552.4
Loans past-due	160.8	264.2
Covered bonds	214.0	221.0
Other	290.3	244.9
Total minimum requirement for credit risk	**21 976.2**	**19 972.8**
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk	1 119.1	1 138.7
Deductions	-39.1	-53.2
Total basis of calculation of minimum requirements for capital base	**23 056.1**	**21 058.3**

Note 46 | Changes in the group's composition

In 2011, Storebrand Bank ASA decided to withdraw from estate agency and the decision has been made to discontinue the ownership of Ring Eiendomsmegling AS and its subsidiaries. The net income, all assets and liabilities for Ring Eiendomsmegling AS have been classified as sold/dicontinuing business in the consolidated accounts for Storebrand Bank. Also refer to note 48 Businesses sold and discontinued operations

Storebrand Eiendomskreditt AS has been wound up in the first quarter of 2012 and Storebrand Bank ASA has received a liquidation dividend of NOK 0.2 million. In 2012, Storebrand Bank ASA bought the remaining shares in Hadrian Utvikling AS and Hadrian Utvikling AS has been merged with Hadrian Eiendom AS. An equity issue totalling NOK 2 million was made in Hadrian Eiendom AS in 2012.

In 2012 the bank sold its 50 per cent ownership interest in Storebrand Baltic UAB to Storebrand ASA. Net gain on the sale of the shares amounted to NOK 4.5 million for the bank group.

Note 47 | Close associates

TRANSACTIONS WITH GROUP COMPANIES

NOK million	**2012** Other group companies 1)	**2011** Other group companies 1)
Interest income		
Interest expense		0.2
Services sold	3.5	3.4
Services purchased	114.5	82.6
Gain on sale of shares	4.5	
Due from	2.6	0.2
Liabilities to	78.2	65.4

Transactions with group companies are based on the principle of transactions at arm's length.

1) Other group companies are companies in other sub-groups within the Storebrand group.

Transactions with other related parties

Storebrand Bank ASA defines Storebrand Optimér ASA as a related party as the company's objective is to offer alternative savings products to the bank's customers. Storebrand Optimér ASA has no employees and the company has entered into an agreement with Storeband Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Optimér ASA. The bank has booked NOK 8.7 million as revenue in the accounts for 2012 and the bank has a receivable due from the company of NOK 1.4 million as of 31.12.2012. The fees paid to the bank are based on the arm's length principle.

Storebrand Bank ASA also defines Storebrand Infrastruktur ASA as a related party since the general manager of Storebrand Infrastruktur ASA is an employee of Storebrand Bank ASA and the company's objective is to offer alternative savings products to the bank's customers. Storebrand Infrastruktur ASA has no employees and the company has entered into an agreement with Storeband Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Infrastruktur ASA. The bank has booked NOK 0.6 million as revenue in the accounts for 2012. The fees paid to the bank are based on the arm's length principle.

Sale of shares in Storebrand Baltic UAB

In 2012 the bank sold its 50 per cent ownership interest in Storebrand Baltic UAB to Storebrand ASA. The Bank Group recognised a gain of NOK 4.5 million on the sale.

LOAN TO EMPLOYEES

NOK million	**2012**	**2011**
Loans to employees of Storebradn Bank ASA	61.1	48.0
Loans to employees of Storebrand group including Storebrand Bank ASA	2 303.6	1 887.8

Loans to employees are granted in part on the normal terms and conditions for loans to employees, i.e. loan to and individual of up to NOK 3.5 million at an interest rate equal to the norm interest rate (for tax purposes) defined by the Norwegian Ministry of Finance. Loans in excess of NOK 3.5 million are granted on normal commercial terms and conditions. The bank has not provided guarantees or security for borrowing by employees.

NUMBER OF EMPLOYEES:

NOK million	**2012**	**2011**
Number of employees at 31 December 1)	134	175
Number of employees expressed as full-time equivalent positions 1)	132	172

1) Includes employees and person-years in Storebrand Bank ASA, Ring Eiendomsmegling AS and Hadrian Eiendom AS.

Note 48 | Sold operations or dicontinued operations

Storebrand Bank ASA has decided to withdraw from estate agency and Ring Eiendomsmegling AS and its subsidiaries will be wind-up. Due to the decision to discontinue operations, the accounts have been presented in accordance with IFRS 5 and the net income for Ring Eiendomsmegling AS has been presented as a separate line item in the financial statements for Storebrand Bank Group. Similarly, assets and liabilities have been presented separately on the balance sheet.

Effect of Ring Eiendomsmegling AS in Storebrand Bank Group:

PROFIT AND LOSS ITEMS

NOK million	2012	2011
Net interest income	-0.5	-0.1
Other income	1.2	76.0
Staff expenses	-2.5	-55.8
General administration expenses	-0.5	-11.4
Other operating costs	1.7	-77.5
Total operating costs	-1.3	-144.7
Profit before tax	**-0.5**	**-68.9**
Tax	3.2	9.0
Profit for the year	**2.7**	**-59.8**

BALANCE SHEET ITEMS

NOK million	2012	2011
Loans to and deposits with credit institutions		16.6
Other current assets	0.2	1.9
Tangible assets		2.5
Deferred tax assets		14.5
Total assets	**0.2**	**35.4**
Other liabilities	10.1	30.0
Total liabilities	**10.1**	**30.0**

Ring Eiendomsmegling AS has not any balances held for customers at 31.12.2012.

CASH FLOW ANALYSIS

NOK million	2012	2011
Receipts of operating income from franchises and other	1.2	76.0
Payments of operating costs	-3.5	-143.7
Net receipts/payments on other operating activities	-13.6	41.7
Net cash flow from operating activities	**-15.9**	**-26.0**
Net payments on purchase/sale of fixed assets etc.	1.1	5.2
Net cash flow from investment activities	**1.1**	**5.2**
Receipts - new share capital and share premium capital		14.0
Payments of debt	-3.7	-2.1
Net receipt - minority interests		-0.4
Net cash flow from financing activites	**-3.7**	**11.5**
Net cash flow in the period	**-18.5**	**-9.3**
Net cash flow in the period	-18.5	-9.3
Cash and bank deposits at the start of the period	16.6	25.9
Cash and bank deposits at the end of the period	**-1.9**	**16.6**

Accounts & Notes
Storebrand Bank ASA

Profit and loss account Storebrand Bank ASA

1 January - 31 December

NOK million	Note	2012	2011
Interest income		1 158.1	1 329.6
Interest expense		-818.2	-959.6
Net interest income	**10**	**339.8**	**370.0**
Fee and commission income from banking services		99.0	105.3
Fee and commission expense for banking services		-14.3	-18.5
Net fee and commission income	**11**	**84.7**	**86.9**
Net income and gains from associated companies	23	1.2	0.9
Net gains on financial instruments at fair value	10	69.1	-11.6
Other income	12	151.4	-71.4
Total other operating income		**221.7**	**-82.1**
Staff expenses	14, 15	-146.5	-120.8
General administration expenses	14	-64.5	-84.6
Other operating costs	13, 14, 32, 33	-184.9	-140.7
Total operating costs		**-395.9**	**-346.1**
Operating profit before loan losses		250.4	28.7
Loan losses for the period	16	10.4	2.5
Profit before tax		**260.8**	**31.2**
Tax	17	-63.7	-71.1
Profit for the year		**197.1**	**-39.9**
Transfers and allocations:			
Transferred to/from other equity		-125.3	89.9
Provision for group contribution		-71.8	-50.0
Total transfers and allocations		**-197.1**	**39.9**

Statement of comprehensive income

NOK million	Note	2012	2011
Pension experience adjustments	15	25.1	2.8
Profit for the period		197.1	-39.9
Total comprehensive income for the period		**222.2**	**-37.2**

Statement of financial position - balance sheet Storebrand Bank ASA

31 December

Assets

NOK million	Note	2012	2011
Cash and deposits with central banks	4, 18, 20	8.8	508.4
Loans to and deposits with credit institutions	4, 18, 19, 21	4 763.3	4 404.4
Financial assets designated at fair value through the profit and loss account:			
Equity instruments	8, 18, 22	1.8	1.8
Bonds and other fixed-income securities	4, 8, 18, 25, 27	5 624.6	9 319.6
Derivatives	4, 8, 18, 28, 37	660.0	606.1
Bonds at amortised cost	4, 18, 19, 26	990.0	651.2
Other current assets	18, 19, 35	1 086.2	1 263.4
Gross lending	4, 8, 18, 19, 30	18 151.1	16 963.8
Loan loss provisions	4, 31	-153.9	-169.1
Net lending to customers	4, 18, 30	17 997.2	16 794.7
Investments in associated companies	23	0.0	1.4
Tangible assets	33	8.1	10.7
Intangible assets	32	65.7	64.3
Deferred tax assets	17	14.0	21.5
Total assets		**31 219.8**	**33 647.4**

Liabilities and equity

NOK million	Note	2012	2011
Liabilities to credit institutions	5, 8, 18, 19, 27	2 797.0	6 318.0
Deposits from and due to customers	5, 18, 19, 36	19 948.5	18 492.4
Other financial liabilities:			
Derivatives	8, 18, 28	601.1	500.2
Commercial paper and bonds issued	5, 18, 19, 37, 38	4 666.9	4 448.9
Other liabilities	5, 18, 19, 41	301.4	888.7
Provision for accrued expenses and liabilities	40	17.7	0.8
Pension liabilities	15	71.3	103.7
Subordinated loan capital	5, 18, 19, 39	441.4	692.3
Total liabilities		**28 845.2**	**31 445.0**
Share capital		960.6	960.6
Share premium reserve		156.0	156.0
Other paid-in share capital		540.4	518.7
Retained earnings		717.6	567.2
Total equity		**2 374.6**	**2 202.4**
Total liabilities and equity		**31 219.8**	**33 647.4**

Lysaker, 12 February 2013
The Board of Directors of Storebrand Bank ASA
Translation - not to be signed

Stein Wessel-Aas Chairman	Heidi Skaaret Deputy chairman	Geir Holmgren Board Member	Inger Roll-Matthiesen Board Member	Heidi Storruste Board Member	Truls Nergaard CEO

Changes in equity Storebrand Bank ASA

NOK million	Paid-in equity				Other equity			
	Share capital	Share premium reserve	Other paid-in equity	Total paid-in equity	Revenue and costs applied to equity	Other equity	Total other equity	Total equity
Equity at 31.12.2010	960.6	156.0	518.7	1 635.3	15.6	638.7	654.3	2 289.6
Profit for the period						-39.9	-39.9	-39.9
Pension experience adjustments (see note 15)					2.8		2.8	2.8
Total other comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**2.8**	**0.0**	**2.8**	**2.8**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**2.8**	**-39.9**	**-37.2**	**-37.2**
Equity transactions with owners:								
Provision for group contribution						-50.0	-50.0	-50.0
Equity at 31.12.2011	**960.6**	**156.0**	**518.7**	**1 635.3**	**18.3**	**548.8**	**567.2**	**2 202.4**
Profit for the period						197.1	197.1	197.1
Pension experience adjustments (see note 15)					25.1		25.1	25.1
Total other comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**25.1**	**0.0**	**25.1**	**25.1**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**25.1**	**197.1**	**222.2**	**222.2**
Equity transactions with owners:								
Provision for group contribution (see note 17)						-71.8	-71.8	-71.8
Receipts of group contribution			21.8	21.8			0.0	21.8
Equity at 31.12.2012	**960.6**	**156.0**	**540.5**	**1 657.0**	**43.4**	**674.1**	**717.6**	**2 374.6**

The entire share capital of NOK 960.6 million made up of 64,037,183 shares (of nominal value NOK 15) is owned by Storebrand ASA.

The equity changes with the result for the individual period, equity transactions with the owners and items that are entered directly on the balance sheet. Share capital, the share premium fund and other equity is evaluated and managed together. The share premium fund may be used to cover a loss, and other equity may be used in accordance with the provisions of the Public Limited Liabilities Company Act.

Storebrand Bank actively manages the level of equity in the company and the group. The capital level is tailored to the economic risk and capital requirements in which the composition of its business areas and their growth will be an important driver.The goal of the capital management is to ensure an effective capital structure and secure an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. If there is a need for new capital, this must be issued by the holding company Storebrand ASA.

Storebrand Bank is a company subject to statutory requirements regarding primary capital under the capital adequacy regulations. Primary capital encompasses both equity and subordinated loan capital. For Storebrand Bank, these legal requirements are most important in its capital management.

The core capital adequacy target is 11 per cent. From 2015 the core (tier 1) capital adequacy target given the current balance sheet structure has been set at 12.5 per cent.

For further information on the group's fulfilment of the capital requirements, see note 44.

Cash flow statement Storebrand Bank ASA

1 January - 31 December

NOK million	Note	2012	2011
Cash flow from operations			
Receipts of interest, commissions and fees from customers		1 039.1	1 073.8
Payments of interest, commissions and fees to customers		-534.4	-498.2
Net disbursement/payments on customer loans		-1 176.2	1 514.0
Net receipts/payments of deposits from banking customers		1 423.7	-300.4
Net receipts/payments - securities at fair value		3 286.9	946.6
Payments - taxes			
Payments of operating costs		-378.6	-324.1
Net receipts/payments on other operating activities		5.0	-56.8
Net cash flow from operating activities		**3 665.6**	**2 355.0**
Cash flow from investment activities			
Net receipts on sale of subsidiaries and assoiated companies	24	8.5	32.5
Net payments on purchase/capitalisation of subsidiaries	24	-2.1	730.7
Net payments on purchase/sale of fixed assets etc.	32	-29.4	-43.4
Net cash flow from investment activities		**-22.9**	**719.8**
Cash flow from financing activities			
Payments - repayments of loans and issuing of bond debt		-1 600,5	-901,2
Receipts - new loans and issuing of bond debt		1 909,7	1 299,8
Payments - interest on loans		-266,2	-440,5
Receipts - subordinated loan capital		149,2	
Payments - repayments of subordinated loan capital		-400,4	-100,0
Payments - interest on subordinated loan capital		-29,5	-43,4
Net receipts/payments of liabilities to credit institutions		-3 518,6	-2 010,2
Receipts - group contribution		58,8	142,2
Payments - group contribution / dividends		-85,8	-115,5
Net cash flow from financing activities		**-3 783,3**	**-2 168,7**
Net cash flow in the period		**-140,7**	**906,1**
Net cash flow in the period		-140.7	906.1
Cash and bank deposits at the start of the period		4 912.8	4 006.7
Cash and bank deposits at the end of the period		**4 772.1**	**4 912.8**
Cash and deposits with central banks	20	8.8	508.4
Loans to and deposits with credit institutions	21	4 763.3	4 404.4
Total cash and bank deposits in the balance sheet		**4 772.1**	**4 912.8**

The cash flow analysis shows the company's cash flows for operational, investment and financial activities pursuant to the direct method. The cash flows show the overall change in means of payment over the year.

Operational activities

A substantial part of the activities in a financial company will be classified as operational.

Investment activities

Includes cash flows for holdings in group companies and tangible fixed assets.

Financing activities

Financing activities include cash flows for equity, subordinated loans and other borrowing that helps fund the company's activities. Payments of interest on borrowing and payments of group contribution are financial activities.

Cash/cash equivalents

Cash/cash equivalents are defined as claims on central banks and lending to and claims on financial institutions.

Innholdsfortegnelse noter Storebrand Bank ASA

NOTE 1 | Company information and accounting policies

1. COMPANY INFORMATION

Storebrand Bank ASA is a Norwegian public limited company with bonds listed on Oslo Børs. The consolidated financial statements for 2012 were approved by the Board of Directors on 12 February 2013.

Storebrand Bank provides traditional banking services such as accounts and loans in the retail market and project financing to selected corporate customers. Storebrand Bank ASA comprises the business areas of corporate market, retail market and treasury. The bank's head office is located at Professor Kohts vei 9, in Lysaker.

2. THE BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The accounting policies applied in the company accounts are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances.

The financial statements for Storebrand Bank ASA are prepared in accordance with the Accounting Act and section 1-5 of the regulations relating to annual accounts of banks and finance companies etc, which deal with the simplified application of EU-approved International Financial Reporting Standards (IFRS) and related interpretations, as well as the other Norwegian disclosure obligations pursuant to laws and regulations.

Use of estimates in preparing the annual financial statements

The preparation of the annual financial statements in accordance with IFRS requires the management to make judgements, estimates and assumptions that affect assets, liabilities, revenue, expenses, the notes to the financial statements and information on potential liabilities. Actual amounts may differ from these estimates. See note 2 for further information about this.

3. CHANGES IN ACCOUNTING POLICIES

Amendments to IAS 1 Presentation of Financial Statements came into effect in 2012. The changes to IAS 1 mean that enterprises have to group items under other operating income and costs (statement of total comprehensive income/other comprehensive income (OCI)) based on whether the items can subsequently be reclassified to profit and loss. The amendments have been of no material significance for the consolidated financial statements.

Significant amendments have been approved in IAS 19 - Pensions own employees. The corridor method will no longer be a permitted alternative from and including 1 January 2013, and actuarial gains and losses must be recognised in OCI as they accrue. The changes means that the portion that is recognised via the operating result is limited to net interest income/costs and the period's pension accruals (service cost). The calculated return on pension assets must, following the changes, be calculated on the basis of the discount rate used for pension liabilities. The corridor method is not used in Storebrand Bank's consolidated financial statements meaning that all calculated pension liabilities for its employees are already in included on the balance sheet. The elimination of the corridor method will thus have no effect on Storebrand's consolidated financial statements.

Other changes to the IFRS regulations that are applicable, or can be utilised, for IFRS accounts prepared after 1 January 2013 are listed below. The changes are not expected to have material effects on the consolidated financial statements.

- Amendments to IFRS 12: Provides minimum disclosure requirements about other entities Storebrand is involved in.
- Amendments to IFRS 13: Collects the regulation of measuring fair value in a single standard.
- IAS 32: Clarifies the netting of financial assets and financial liabilities in which the counterparty is the same.
- IFRS 7: Change disclosure requirements for the entity's netting opportunities for financial instruments in which a netting agreement has been signed.
- IFRS 9: Replaces the provisions concerning the classification and measuring of financial instruments in IAS 39.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR MATERIAL STATEMENT OF FINANCIAL POSITION ITEMS

The assets side of the company's statement of financial position primarily consists of financial instruments. The majority of the financial instruments fall under the category Loans and receivables and are stated at amortised cost. The statement of financial position also includes capitalised intangible assets.
The liabilities side of the company's statement of financial position primarily consists of financial instruments (liabilities). With the exception of derivatives that are stated at fair value, the majority of the financial liabilities are stated at amortised cost.

The accounting policies are described in more detail below.

5. INCOME RECOGNITION

Net interest income - banking

Interest income is recognised in profit or loss using the effective interest method.

Income from properties and financial assets

Income from properties and financial assets is described in sections 9 and 10.

Other operating income

Fees are recognised when the income is reliable and earned, fixed fees are recognised as income in line with the delivery of the service, and performance fees are recognised as income once the success criteria have been met.

6. GOODWILL

Additional value on the acquisition of a business that is not directly attributable to assets or liabilities on the date of the acquisition is classified as goodwill on the statement of financial position. Goodwill is valued at acquisition cost on the date of the acquisition. Goodwill arising from the acquisition of subsidiaries is classified as an intangible asset.

Goodwill is not amortised, instead it is tested for impairment. Goodwill is reviewed for impairment if there are indications that its value has become impaired. The review is conducted at least annually and determines the recoverable amount of goodwill.

If the discounted present value of the pertinent future cash flows is less than the carrying value, goodwill will be written down to its fair value. Reversal of an impairment loss for goodwill is prohibited even if information later comes to light showing that there is no longer a need for the write-down or the impairment loss has been reduced. Goodwill is allocated to the relevant cash flow generating units that are expected to benefit from the acquisition so that it can subsequently be tested for impairment. Cash flow generating units are identified according to operational segments.

Goodwill arising from the acquisition of interests in associated companies is included in investments in associated companies, and tested for impairment as part of the value of the write-down recognised in the investment.

7. INTANGIBLE ASSETS

Intangible assets with limited useful economic lives are valued at acquisition cost less accumulated amortisation and any write downs. The useful life and amortisation method are reassessed each year. With initial recognition of intangible assets in the statement of financial position, it must be demonstrated that probable future economic benefits attributable to the asset will flow to the company. The cost of the asset must also be measured reliably. The value of an intangible asset is tested for impairment when there are indications that its value has been impaired. In other respects intangible assets are subject to write-downs and reversals of write-downs in the same manner as described for tangible fixed assets.

Intangible assets with unlimited useful economic lives are not amortised, but are tested for impairment annually or whenever there are indications that the value has been impaired.

8. INVESTMENT PROPERTIES

Investment properties are valued at fair value Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Investment properties are principally repossessed property projects. Refer to note 31 for further information on investment properties.

9. FINANCIAL INSTRUMENTS

9-1. GENERAL POLICIES AND DEFINITIONS

Recognition and derecognition

Financial assets and liabilities are recognised in the statement of financial position when Storebrand Bank becomes party to the instrument's contractual terms and conditions. Ordinary purchases and sales of financial instruments are booked on the transaction date. When a financial asset or a financial liability is initially recognised in the financial statements, it is valued at fair value. Initial recognition includes transaction costs directly related to the acquisition or issue of the financial asset or the financial liability, if it is not a financial asset or a financial liability at fair value in profit or loss.

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.

Financial liabilities are derecognised in the statement of financial position when they cease to exist, i.e. once the contractual liability has been fulfilled, cancelled or has expired.

Definition of amortised cost

Subsequent to initial recognition, held-to-maturity investments, loans and receivables as well as financial liabilities not at fair value in profit or loss, are measured 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.

Definition of fair value

Refer to the definition of fair value in section 9. The fair value of financial assets listed on a stock exchange or on another regulated market in which regular trading takes place is determined as the bid price on the last trading day up to and including the reporting date.

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 independent 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 method has proved to provide reliable estimates of prices actually achieved in market transactions, this method is used.

In calculating the fair value of loans the current market rate on similar loans is used. Changes in credit risk are taken into account.

Impairment of financial assets

For financial assets carried at amortised cost, an assessment is made at each reporting date whether there is any objective evidence that a financial asset or 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 carrying amount and the present value of the estimated future 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 initial recognition). The amount of the loss is recognised in profit or loss.

Losses expected as a result of future events, no matter how likely, are not recognised.

9-2. CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES
Financial assets are classified into one of the following categories:
- Financial assets held for trading
- Financial assets at fair value through profit or loss in accordance with the fair value option (FVO)
- Financial assets loans and receivables

Held for trading
A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling or repurchasing it in the near term, or on initial recognition is part of a portfolio of identified financial instruments that are managed together and has evidence of a recent actual pattern of short-term profit-taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

With the exception of derivatives, only a limited proportion of Storebrand Bank's financial instruments fall into this category.
Financial assets held for trading are measured at fair value at the reporting date, with all changes in their fair value recognised in profit or loss.

At fair value through profit or loss in accordance with the fair value option (FVO)
A significant portion of Storebrand Bank's financial instruments are classified at fair value through profit and loss because:
- such classification reduces the mismatch in the measurement or recognition that would otherwise arise as a result of the different rules for measuring assets and liabilities, or that
- the financial assets form part of a portfolio that is managed and reported on a fair value basis

The accounting treatment is equivalent to that for held for trading assets.

Loans and receivables
A significant proportion of Storebrand Bank's financial instruments are classified in the category 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 near term that are classified as held for trading and those that the company upon initial recognition designates as at fair value through profit or loss,

Loans and receivables are carried at amortised cost using the effective interest method.

Loans and receivables that are designated as hedged items are subject to measurement under the hedge accounting requirements.

9-3. DERIVATIVES
Definition of a derivative
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 financial instruments held for trading. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

The majority of the derivatives used routinely for asset management fall into this category.

9-4. HEDGE ACCOUNTING
Fair value hedging
Storebrand Bank uses fair value hedging, where the items hedged are financial assets and liabilities measured at amortised cost. Derivatives are recognised at fair value in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised in profit or loss.

9-5. FINANCIAL LIABILITIES
Subsequent to initial recognition, all financial liabilities are measured at amortised cost using an effective interest method, or at fair value.

10. PENSION LIABILITIES OWN EMPLOYEES
From 1 January 2011 Storebrand Bank has been offering a defined contribution scheme to employees. Storebrand Bank had a defined benefit scheme for its members of staff in Norway until 31 December 2010. The defined benefit scheme was closed to new members on 1 January 2011, and members at the time could voluntarily elect to transfer to a defined contribution pension plan.

10-1. BENEFIT SCHEME
Pension costs and pension obligations for defined benefit pension schemes are determined using a linear accrual formula and expected final salary as the basis for the entitlements, based on assumptions about the discount rate, future salary increases, pensions and National Insurance benefits, future returns on pension plan assets as well as actuarial estimates of mortality, disability and voluntary early leavers. The net pension cost for the period comprises the total of the accrued future pension entitlements during the period, the interest cost on the calculated pension liability and the expected return on pension plan assets.

Experience adjustments and the effects of changes in assumptions are included in the total comprehensive income in the profit and loss account for the period in which they occur. The effects of changes in the pension scheme are recognised on an ongoing basis, unless the changes are conditional upon accrued future pension entitlements. In which case the benefit is apportioned on a straight line basis until the entitlement has been fully earned. The employer's national insurance contributions are included as part of the pension liability and are included in the experience adjustments shown in the total comprehensive income.

As per 31 December 2012, an interest rate derived from high quality corporate bonds was used as the discount rate. Government bonds used to be used. See note 15 for further information about this.

Storebrand Bank has both an insured and an uninsured pension scheme. The insured scheme is managed by Storebrand Livsforsikring AS.

10-2. DEFINED CONTRIBUTION SCHEME
The defined contribution pension scheme involves the company in paying an annual contribution to the employees' collective pension savings. The future pension will depend upon the size of the contribution and the annual return on the pension savings. The company does not have any further work-related obligations after the annual contribution has been paid. No provisions are made for ongoing pension liabilities for these types of schemes. Defined contribution pension schemes are recognised directly in the financial statements.

11. TANGIBLE FIXED ASSETS
The company's tangible fixed assets comprise equipment, fixtures and fittings, and IT systems.

Equipment, fixtures and fittings and vehicles are valued at acquisition cost less accumulated write-downs and any write-downs.

The write-downs period and method are reviewed annually to ensure that the method and period being used both correspond to the useful economic life of the asset. The disposal value is similarly reviewed. Buildings are subjected to decomposition if different elements have different service lives. The depreciation period and method are in these circumstances assessed individually for each element.

The value of a tangible fixed asset is tested when there are indications that its value has been impaired. Any impairment losses are charged to the profit and loss account as the difference between the carrying value and the recoverable amount. The recoverable amount is the greater of the fair value less related costs of sale and the value in use. On each reporting date a determination is made as to whether to reverse previous impairment losses on non-financial assets.

12. TAX
The tax expense in the profit and loss account comprises current tax and change in deferred tax and is based on the accounting standard IAS 12 Income Taxes. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in the statement of total comprehensive income. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities.

Deferred tax is calculated on the basis of the company's tax loss carryforwards, deductible temporary differences and taxable temporary differences.

13. PROVISION FOR GROUP CONTRIBUTION
Simplified IFRS permits the company to recognise provisions for group contributions as income, and the Board of Directors' proposal concerning the group contribution to be recognised as a liability on the reporting date.

14. LEASING
A lease is classified as a finance lease if it transfers substantially the risk and rewards incident to ownership. Other leases are classified as operating leases. Storebrand Bank has no finance leases.

15. STATEMENT OF CASH FLOWS
The statement of cash flows is prepared using the direct method and shows cash flows grouped by sources and use. Cash is defined as cash, receivables from central banks and receivables from credit institutions with no agreed period of notice.
The statement of cash flows is classified according to operating, investing and financing activities.

16. SHARE-BASED REMUNERATION
Storebrand Bank ASA has share-based remuneration agreements with key personnel. The fair value of the share options is determined on the date of the allocation. Valuation is made on the basis of recognised valuation models adjusted to the characteristics of the actual options. The value determined on the date of the allocation is periodised in the profit and loss account over the option's vesting period with a corresponding increase in equity. The amount is recognised as an expense and is adjusted to reflect the actual number of share options earned. The vesting period is the period of time from when the scheme is established until the options are fully vested.

Note 2 | Critical accounting estimates and judgements

In preparing the company's financial statements the management are required to make judgements, estimates and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and expectations of future events and represent the management's best judgement at the time the financial statements were prepared. Actual results may differ from these estimates.

The company's critical estimates and judgements that could result in material adjustment of recognised amounts are discussed below

LOAN WRITE-DOWNS
Loans valued at amortised cost are assessed on the reporting date to see whether there is any objective evidence that a loan or group of loans is impaired. A certain degree of judgement must be used in assessing whether impairment has occurred and the amount of the impairment loss. Uncertainty grows when there is turmoil in financial markets. The assessments include credit, market and liquidity risk. Changes in assumptions for these factors will affect an assessment of whether impairment is indicated. There will thus be uncertainty concerning the recognised amounts of individual and group write-downs.

INDIVIDUAL WRITE-DOWNS
When write-downs for individual customers are estimated, both their current and expected future financial positions and relevant security must be assessed. When it comes to the corporate market, one must also assess the market situation of the customer and the security, market conditions within the relevant industry, and general market conditions of significance for the commitment. Opportunities for restructuring, refinancing and recapitalisation also have to be assessed. The overall assessment of these factors

provides a basis for estimating future cash flows and repayment capacity. The discounting period is estimated individually or based on historical data about the period up to a solution to the circumstances that caused the commitment to be exposed to impairment.

GROUP WRITE-DOWNS

On the balance sheet date one estimates the impairment of commitments not covered up by the individual assessments. The bank differentiates between the corporate market and retail customers, and further categorisation is carried out to ensure as similar risk characteristics as possible within the various groups. Group write-downs are carried out when objective impairment criteria have been met. These criteria are i) change in risk class and ii) change in macroeconomic situation.

i. If risk classifications significantly change in a negative direction, then group write-downs have to be made based on the portfolio's probable future cash flow. Such assessments are made at an account level and the customer's current classification is assessed in relation to the classification when the individual commitment was granted. It is the negative changes in classification from the date the commitments were established to the current classification that determine whether or not a commitment falls into a group that is the subject of write-downs. These write-downs are based on the write-down rates that are set on the basis of the bank's best judgement and the assumption that there will be a delay between when the loss incident occurs and when it is discovered.

ii. Groups write-downs based on macro factors are made in light of objective macroeconomic events. Examples of such events include higher unemployment, higher interest rates, poorer economic cycle forecasts, falling house prices, etc. Groups write-downs are calculated by multiplying the total commitment amount for a group of commitments that are assumed to be affected by such macroeconomic incidents by a write-down rate for macro factors.

BONDS AT AMORTISED COST

See the description above concerning loans at amortised cost. The same assessments must be made to value bonds at amortised cost.

FINANCIAL INSTRUMENTS AT FAIR VALUE

There will be some uncertainty associated with the pricing of financial instruments not priced in an active market. This is particularly true for the types of securities priced on the basis of non-observable assumptions, and for these investments various valuation techniques are used to determine fair value. Any changes to the assumptions could affect recognised amounts.

Please also refer to note 8 in which the valuation of financial instruments at fair value is described in more detail.

INTANGIBLE ASSETS

Goodwill and intangible assets with undefined useful economic lives are tested annually for impairment. Goodwill is allocated to the company's cash generating units. The test's valuation method involves estimating cash flows arising in the relevant cash flow generating unit, as well as applying the relevant discount rate. Tangible fixed assets and other intangible assets are assessed annually to ensure that the method and time period used correspond with economic realities.

An intangible asset arising from development (or from the development phase of an internal project), should be recognised if all of the following points are documented:

a. the technical prerequisites for completing the intangible asset intended to be available for use or sale
b. the company intends to complete the intangible asset and either use it or sell it
c. the company's ability to either use or sell the intangible asset
d. how the intangible asset will probably generate future economic benefits As examples, the company can demonstrate that a market exists for the products of the intangible asset or for the intangible asset itself, or if it will be applied internally, the benefits from the intangible asset.
e. the availability of sufficient technical, financial and other resources to complete its development, and to use or sell the intangible asset
f. the company's ability to reliably measure the expenses attributable to the intangible asset while it is being developed

PENSIONS

The present value of pension obligations depends upon the financial and demographic assumptions used in the calculation. The assumptions must be realistic, mutually consistent and up to date as they should be based on a cohesive set of estimates about future financial performance. The pension liability calculations are undertaken by actuaries. Any changes to these estimates including forecast salary growth and the discount rate can have a substantial effect on the recognised pension liabilities relating to own employees. Estimates of future real interest rates, real salary growth, future adjustments to the national insurance base amount and future inflation, are subject to significant uncertainty.

The Norwegian legislation for defined benefit schemes may be amended during the course of the next few years. A government committee has proposed new schemes that generally contain reduced guarantees compared with today's defined benefit schemes. Changes due to this work could affect the sized of the recognised liabilities.

CONTINGENT LIABILITIES

Companies in the Storebrand Bank Group may become a party in legal disputes. Contingent liabilities are assessed in each case and will be based on legal considerations.

Note 3 | Risk management

The Board of Storebrand Bank has adopted guidelines for risk management and internal control which ensure that the bank has established effective and robust functions for risk management, internal control, compliance and internal audit. The guidelines make sure that the bank's strategies are implemented correctly and that the risk-taking limits are complied with.

Storebrand Bank has identified the following areas of risk: credit risk, liquidity risk, market risk, operational risk, business risk and compliance risk. The company's risk strategy forms the foundation for managing the risk areas through policies to achieve the bank's target risk profile. The risk strategy is determined by the Board and is updated at least annually.

The Risk Management unit prepares monthly risk reports in which the areas of risk are monitored in relation to their respective policies. It also prepares quarterly risk reports that mainly deal with credit risk and the results of the bank's internal risk models. The risk reports are considered by the balance sheet management committee and the Board of the bank..

Note 4 | Credit risk

The risk of loss arising from the client lacking the capacity or intent to fulfil its obligations. This includes the risk that the security is les effective than expected (residual risk) and concentration risk. Credit risk encompasses counterparty risk.

RISK MANAGEMENT

The risk strategy gives a reflects how much credit risk the company is willing to assume. The willingness to accept risk is adjusted to the bank's risk appetite and target risk profile, solvency, profitability, liquidity and growth, as well as the bank's strategy in other respects, including the equity requirement for credit activities. Credit policies establish general principles for granting credit. The company's routines for credit management are set out in credit manuals for the corporate and retail markets. The credit manuals are primarily designed for account managers and others who are involved in case management processes. The credit manuals contain common guidelines (or regulations) for the company's credit activities, and shall safeguard uniform and consistent credit management practices. The routines adopted and stated in the credit manuals provide specific criteria for monitoring non-performance, loan covenants, loss assessments and the annual loan review. Furthermore, the models ensure uniform portfolio risk assessment classifications and reporting on risk development. Specialised functions have been established for deposits, loan establishment and administration of the customer portfolio.
The credit compliance of the retail market and the corporate market takes place in accordance with a management-adopted authorisation structure. Treasury has the credit risk for its counterparties in the investment portfolio. Permitted counterparties and the composition of the portfolio are set out in the investment policy and counterparty risk policy of Storebrand Bank. Counterparty risk in connection with the trading of financial derivatives with customers as the counterparty, is included in credit risk. Capital market products hedge customer derivatives trades using derivatives. These transactions involve counterparty risk. Financial derivatives permitted by the bank are outlined in the interest rate risk policy.

RISK CONTROL

As part of the bank's risk reporting procedures, ongoing reports are submitted to the bank's executive management about developments in the bank's credit risk in relation to the target risk. The most important control of credit risk is carried out and administered by the Credit Control Unit in the corporate market and Credit Control in the retail market, which:

- Have ongoing responsibility for making sure that established routines in the credit areas are in accordance with the adopted risk profile and that they are adhered to on a day-to-day basis.
- Participate in the credit meetings with credit authorisation and carry out a formal check on all credit cases (only Credit Control Unit in the corporate market). This work includes credit authorisation, analyses, correct routine use, complying with the strategy and the balance between risk and potential earnings.
- Ensure adequate risk classification systems in the credit areas and that they are being applied consistently.
- Identify, monitor, and check credit risk on an independent basis.
- Check that loss assessments and loss reporting in the bank are in accordance with routines and ensure that non-performing loans are reported correctly and monitored.
- Evaluate whether there is a need to update the credit manual and procedure manual for the corporate market, and recommend changes to the Director of Finance and Risk Management. Evaluate the retail market credit manual and recommend changes to the Director of Finance and Risk Management. Ensure that the updates are in keeping with the bank's risk profile, risk strategy and the business strategy for the two credit areas.
- Provide suggestions for the annual internal audit plan for the corporate market and the retail market credit areas.
- Support the external auditor's review of credit processes in the two business areas as necessary.

Customer exposure resulting from trading financial derivatives with customers is continually reported from Capital Market Products to the corporate market and the price development is monitored in respect of the customer's situation, cleared lines and breach clauses Middle Office in Capital Market Products implements its own spot checks of this reporting process. Back Office in Capital Market Products checks whether credit customers engaging in share trading are within the applicable limits. Middle Office in Risk Management conducts spot checks with regard to this. Trades with counterparties made by Treasury are controlled by Middle Office in Risk Management in accordance with separate routines and work descriptions.

ANALYSIS OF CREDIT RISK BY TYPE OF FINANCIAL INSTRUMENT

The maximum credit exposure is the sum of gross loans, guarantees, amounts drawn from credit lines and undrawn amounts of credit lines. The reduction in the maximum credit exposure from the end of 2011 is mainly related to lower loan amounts.

	Maximum credit exposure	
NOK million	**2012**	**2011**
Liquidity portfolio	6 618.8	9 969.4
Total commitments customers 1)	20 661.3	19 169.4
Interest rate swaps	654.0	598.5
Forward foreign exchange contracts	6.0	7.6
Total	**27 946.0**	**29 745.0**
1) Of which net loans to and amounts due from customers measured at fair value:	1 240.8	787.7

The amounts stated for the various financial instruments constitute the value recognised in the balance shett, with the exception of net lending to and receivables from customers, which also includes unused drawing facility and guarantees. (See "Credit exposure for lending activities" below).

CREDIT RISK LIQUIDITY PORTFOLIO

Interest-bearing securities at fair value

Credit risk per counterparty

Short-term holdings of interest-bearing securities

Issuer category	**AAA**	**AA**	**A**	**BBB**	**NIG**	**Total 2012**	**Total 2011**
NOK million	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**
Sovereign and Government Guaranteed bonds	492.7					492.7	0.0
Credit bonds		526.2				526.2	564.1
Mortgage and asset backed bonds	4 403.6	202.1				4 605.7	8 755.5
Total	**4 896.3**	**728.3**	**0.0**	**0.0**	**0.0**	**5 624.6**	**9 319.6**

Rating classes are based on Standard & Poors.

Change in value:

Total change in value on the balance sheet	32.5	1.3	0.0	0.0		33.8	-8.4
Change in vaule recognised in the profit and loss during period	41.9	1.0	-0.6	-0.2		42.1	-14.7

Interest-bearing securities at amortised cost

Credit risk per counterparty

Short-term holdings of interest-bearing securities

Issuer category	**AAA**	**AA**	**A**	**BBB**	**NIG**	**Total 2012**	**Total 2011**
NOK million	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**
Public issuers and Government Guaranteed Bonds	627.3					627.3	526.5
Credit bonds		50.0				50.0	123.4
Mortgage and asset backed bonds	198.8	118.0				316.8	0.0
Total	**826.1**	**168.1**	**0.0**	**0.0**	**0.0**	**994.2**	**649.8**

Rating classes are based on Standard & Poors.

Credit risk on loans to and deposits with credit institutions and central bank

CREDIT RISK PER COUNTERPARTY	**AAA**	**AA**	**A**	**BBB**	**NIG**	**Total 2012**	**Total 2011**
NOK million	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**
Norway	8.8					8.8	508.4
Total deposits with central bank	**8.8**	**0.0**	**0.0**	**0.0**	**0.0**	**8.8**	**508.4**
Norway	4 618.1	32.5	112.7			4 763.3	4 404.4
Total loans to and deposits with credit institutions	**4 618.1**	**32.5**	**112.7**	**0.0**	**0.0**	**4 763.3**	**4 404.4**
Total loans to and deposits with credit institutions and central bank	**4 626.9**	**32.5**	**112.7**	**0.0**	**0.0**	**4 772.1**	**4 912.8**

CREDIT EXPOSURE FOR LENDING ACTIVITIES

CORPORATE MARKET

Gross lending in the corporate market amounts to about NOK 11.7 billion. There are also about NOK 762 million in unused credit facilities and almost NOK 280 million in guarantees. In addition, loans of nearly NOK 4 billion are under management, which are syndicated to Storebrand Livsforsikring AS. About 74 per cent of the loans have been made on income generating property. Just short of 26 per cent relate to property development projects. The security for the portfolio is principally commercial properties. Construction loans of just over NOK 270 million (including guarantees) plus a debt instrument loans of almost NOK 460 million had been approved but yet not disbursed or accepted by the customers as at year-end 2012. About 41 per cent of the balance is to Group debtors with total loans of over NOK 200 million. The definition of a Group debtor is given in the regulations relating to large loans. 17 per cent of the balance relates to Group debtors with total loans under NOK 50 million. 42 per cent of the loans have been made to customers with consolidated exposure of between NOK 50 million and NOK 200 million. The bank has 19 Group debtors which have total loans exceeding NOK 200 million, and 59 Group debtors with total borrowings of between NOK 50 million and NOK 200 million. Large loans have increased during 2012. The bank's exposure is secured by pledged assets in Oslo, equivalent to almost 56 per cent. A further 32 per cent of the bank's exposure is secured by assets pledged in the area surrounding Oslo and the rest of Eastern Norway. The remaining loans are secured primarily in and around Bergen and Stavanger. Assets pledged are valued at their realisable values in addition to separate assessments based on return considerations.

The classification model for firms in commercial real estate industry is used when determining debtors' capacity to service debt. The model is composed of a qualitative and a quantitative element. The qualitative portion systematically assesses the qualitative factors in the project and debtors that are considered important. The range of factors assessed includes the management, structure, board, history, market, political risk and tenants.

The quantitative factors are evaluated differently for construction loans and commercial real estate mortgages. Construction loans are assessed based on reserves available for unforeseen costs, the sales buffer, advance sales and project management. Commercial real estate mortgages are assessed quantitatively through analysis of cash flows and evaluating certain key figures. The cash flow is calculated for the duration of the project.

For corporate market loans, risk is classified on a scale from 1 to 5, where 1 is best. The first indicates the debtor's repayment capacity and the second the quality of the security (security ratio/loan to value ratio). The classification methodology for corporate market customers and certain retail market customers (including private investors etc.) is used as a basis to identify risk in the bank's loans to and receivables from customers. The loans are to be classified both on establishment, and when there are changes in the loans. In addition, corporate market customers are to be reclassified annually or as necessary. The classifications thereby provide an overview of the risk exposure in the portfolio at all times. The largest risk for repayment loans and commercial real estate mortgages is tenant risk. For construction loans the two largest risks are linked to construction costs and advance sales. This is closely monitored by the bank.Of loans that are not non-performing or in arrears, about 50 per cent of the loans have a loan to value ratio of under 75 per cent. Approximately 95 per cent of the loans have a loan to value ratio within 85 per cent. The remaining healthy loans have a loan to value ratio of under 100 per cent for the most part.

For corporate market loans in arrears, the loan to value ratio is under 80 per cent for 75 per cent of the volume of the loans. All loans in arrears have a loan to value ratio of under 90 per cent. There is a low volume of non-performing loans that are not impaired. These loans are well secured, and the loan to value ratio is under 80 per cent for all of the commitments. The security for non-performing impaired loans is not considered good enough. The write-downs that have been made have taken into account that the pledged assets do not cover the value of the loans and other costs related to the non-performance. The losses that have been recorded are considered to be sufficient. The bank does not believe that new losses will be forthcoming from these customers at this time.In the event of non-performance the bank will sell the securities or take over the assets if that is most appropriate. This is most relevant to development projects. The bank's current portfolio includes taken over assets from commitments that amount to a total of NOK 12 million and which are classified as non-performing with impairment in the bank. The provisions that have been made are considered to be sufficient.

RETAIL MARKET

Retail market customers are evaluated according to their capacity and willingness to repay the loanIn addition to their capacity to service debt, the customers are checked regarding policy regulations and the customers are scored using a scoring model. For other retail market customers the overall loan to value ratio and debt servicing capability (as determined by the bank's credit policy for the segment) that apply to the portfolio is used as a basis. The collateral for the portfolio are principally in properties for the retail market portfolio.

Storebrand Bank has developed internal models for classifying home loans. The models estimate a loan's probability of default (PD), loss given default (LGD) and exposure at default (EAD). PD is estimated on the basis of logistic regression models in which non-payment records, reminders, overdrawing, and information about wealth are key explanatory variables when predicting defaults. The most important explanatory variable when LGD is estimated is the loan to value ratio. Home loans are classified according to the bank's master scale, which consists of 11 risk classes from A to K where A indicates the lowest probability of default and K contains loans in default. Home loan classifications are automatically updated every month. As per year-end 2012, home loans in risk class A accounted for more than 65 per cent of EAD while risk classes G to J accounted for less than 5 per cent of EAD. The models are validated least once a year, which involves their accuracy being compared with actual outcomes.

Storebrand Bank collects important information about a home's value when a loan is granted. The bank obtains updated, independent valuations of homes from Eiendomsverdi every quarter. The last updated market value is used for homes for which Eiendomsverdi does not have an up-to-date valuation (e.g. housing association flats, cooperative flats and single holiday homes). If Eiendomsverdi cannot establish the market value of a home with a high degree of certainty, a 'haircut' is used to reduce the risk of stating too high an estimated market value. If Eiendomsverdi has never had any information about the market value of the home, the value recorded when the contract was signed (deposit value) is used. Such commitments account for less than 1 per cent of the portfolio's total exposure. The bank regularly reviews the list of mortgaged objects whose values have not been updated in the last 3 years so that steps can be taken to reduce the number of objects on the list.

In the retail market, most of the loans are secured by home mortgages. In the retail market, most of the loans are secured by home mortgages. Approximately NOK 6.13 billion has been lent in mortgages with a further NOK 578 million in undrawn credit facilities. Total loans and credit facilities in housing are therefore about NOK 6.7 billion.The average weighted loan to value ratio in the parent bank is approximately 58 per cent for mortgages, and about 92 per cent of the loans have a loan to value ratio of under 80 per cent, and almost 99 per cent have a loan to value ratio of under 90 per cent. Approximately 61 per cent of the mortgages have a loan to value ratio of under 60 per cent. The portfolio is considered to have a low credit risk.

There is largely good collateral on non-performing loans that are not impaired for retail market customers. The average loan to value ratio for these loans is 57 per cent. Housing loans that are part of the volume of non-performing loans total NOK 93.2 million. About NOK 83.5 million in loans have a loan to value ratio of under 80 per cent, and about NOK 89.5 million of the non-performing commitment have a loan to value ratio of under 90 per cent. The collateral is also good on home mortgages which are between 1 and 90 days past due. Assets pledged as security are sold in the retail market. They are not taken over by the bank.

In the credit card portfolio about NOK 160 million has been drawn, and approximately NOK 736 million is available as unused credit facilities. For credit accounts about NOK 102 million has been drawn, and approximately NOK 311 million is available as unused credit facilities.

Commitments per customer group

	2012				
NOK million	**Loans to and due from customers**	**Guarantees 1)**	**Undrawn credit limits**	**Total commitments**	**Average volume loans to and due from customers**
Development of building projects	1 496,1	45,0	486,6	2 027,7	1 366,2
Sale and operation of real estate	7 580,8	195,1	224,2	8 000,1	7 773,0
Service providers	1 932,5	2,8	4,0	1 939,3	1 657,0
Wage-earners	6 828,3	0,3	1 659,9	8 488,5	6 506,5
Other	313,5	32,8	13,4	359,6	253,9
Total	18 151,1	275,9	2 388,2	20 815,2	17 556,5
Loan loss provisions on individual loans	-115,2			-115,2	
Loan loss provisions on groups of loans	-38,6			-38,6	
Total loans to and due from customers	**17 997,2**	**275,9**	**2 388,2**	**20 661,3**	**17 556,5**

1) Guarantees include NOK 50 million in undrawn credit limits.

2011

NOK million	Loans to and due from customers	Guarantees 1)	Undrawn credit limits	Total commitments	Average volume loans to and due from customers
Development of building projects	1 236,3	40,3	18,1	1 294,7	1 115,5
Sale and operation of real estate	7 967,0	299,5	504,8	8 771,3	7 533,2
Service providers	1 381,4	5,3	2,0	1 388,7	1 070,4
Wage-earners	6 184,7	0,1	1 484,6	7 669,4	7 782,4
Other	194,4	2,4	17,5	214,4	221,5
Total	16 963,8	347,7	2 027,1	19 338,5	17 723,0
Loan loss provisions on individual loans	-117,2			-117,2	
Loan loss provisions on groups of loans	-51,9			-51,9	
Total loans to and due from customers	**16 794,7**	**347,7**	**2 027,1**	**19 169,4**	**17 723,0**

1) Guarantees include NOK 82.7 million in undrawn credit limits.

The classification into customer groups is based on Statistics Norway's standard for sector and business classification. The individual customer's classification is determined by the customer's primary activity.
Given the relatively even development of the balance sheet, the average of 31 December 2012 and 31 December 2011 is a best estimate for the average of the portfolio.

Commitments per geographical area

2012

NOK million	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments	Non-performing loans without evidence of impairment	Non-performing and loss-exposed loans with evidence of impairment	Gross defaulted and loss-exposed loans	Provisions for individual loan losses	Net defaulted and loss-exposed loans
Eastern Norway	16 098.6	275.6	1 915.4	18 289.6	79.7	92.7	172.4	89.0	83.5
Western Norway	1 298.3		339.1	1 637.4	17.5	5.0	22.5	3.9	18.6
Southern Norway	149.4		29.6	179.0	4.6	0.2	4.8	0.1	4.6
Mid-Norway	305.2		51.7	356.9	0.4	0.2	0.6	0.3	0.4
Northern Norway	147.9	0.3	41.0	189.2	3.4	4.3	7.7	3.2	4.6
Rest of world	151.7		11.5	163.2	0.3	19.2	19.5	18.8	0.7
Total	**18 151.1**	**275.9**	**2 388.2**	**20 815.2**	**105.9**	**121.7**	**227.6**	**115.2**	**112.3**

2011

NOK million	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments	Non-performing loans without evidence of impairment	Non-performing and loss-exposed loans with evidence of impairment	Gross defaulted and loss-exposed loans	Provisions for individual loan losses	Net defaulted and loss-exposed loans
Eastern Norway	15 048.2	332.2	1 646.0	17 026.3	93.6	173.3	266.8	96.7	170.1
Western Norway	1 048.7	15.2	257.7	1 321.6	16.5	1.0	17.5	1.1	16.4
Southern Norway	90.4	0.0	26.3	116.8	6.2		6.2		6.2
Mid-Norway	451.5		44.8	496.3	0.6	0.3	0.9	0.3	0.6
Northern Norway	170.1	0.3	38.6	208.9	1.6		1.6		1.6
Rest of world	154.9		13.7	168.6	0.1	19.6	19.7	19.1	0.6
Total	**16 963.8**	**347.7**	**2 027.1**	**19 338.5**	**118.6**	**194.2**	**312.7**	**117.2**	**195.5**

Total engagement amount by remaining term to maturity

NOK million	2012 Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments
Up to 1 month	78.0	0.0	2.7	80.7
1 - 3 months	171.8	0.2	14.8	186.8
3 months - 1 year	1 256.4	9.2	132.1	1 397.7
1 - 5 years	6 172.0	243.8	1 187.8	7 603.6
More than 5 years	10 472.9	22.7	1 050.8	11 546.4
Total	**18 151.1**	**275.9**	**2 388.2**	**20 815.2**

NOK million	2011 Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments
Up to 1 month	36.6	0.1	4.5	41.3
1 - 3 months	370.4	0.5	26.0	396.9
3 months - 1 year	1 628.8	3.1	183.9	1 815.8
1 - 5 years	3 577.6	337.8	567.8	4 483.1
More than 5 years	11 350.4	6.1	1 244.9	12 601.4
Total	**16 963.8**	**347.7**	**2 027.1**	**19 338.5**

Age distribution of overdue engagements without impairment

2012				
NOK million	**Loans to and due from customers**	**Guarantees**	**Undrawn credit limits**	**Total commitments**
Overdue 1 - 30 days	737.4	31.8	2.1	771.3
Overdue 31 - 60 days	43.4		0.4	43.8
Ovedue 61- 90 days	25.7		0.1	25.8
Overdue more than 90 days	105.0		0.9	105.9
Total	**911.5**	**31.8**	**3.6**	**946.8**
Engagements overdue more than 90 days by geographical area:				
Eastern Norway	79.0		0.7	79.7
Western Norway	17.3		0.2	17.5
Southern Norway	4.6			4.6
Mid-Norway	0.4			0.4
Northern Norway	3.4			3.4
Rest of world	0.3		0.1	0.3
Total	**105.0**	**0.0**	**0.9**	**105.9**

2011				
NOK million	**Loans to and due from customers**	**Guarantees**	**Undrawn credit limits**	**Total commitments**
Overdue 1 - 30 days	1 260.6	10.0	0.7	1 271.3
Overdue 31 - 60 days	83.8	0.1	3.9	87.7
Ovedue 61- 90 days	9.4	0.2	0.2	9.8
Overdue more than 90 days	117.8		0.8	118.6
Total	**1 471.6**	**10.3**	**5.5**	**1 487.3**
Engagements overdue more than 90 days by geographical area:				
Eastern Norway	93.1		0.5	93.6
Western Norway	16.3		0.2	16.5
Southern Norway	6.2			6.2
Mid-Norway	0.6			0.6
Northern Norway	1.6			1.6
Rest of world	0.1			0.1
Total	**117.8**	**0.0**	**0.8**	**118.6**

Only non-performing and loss-exposed loans are classified by geographical area in this overview. The same definition is used for due commitments as the one in the capital requirements regulations, however the number of daysin the definition equals the age distribution.

Commitments are regarded as non-performing and loss-exposed:
- when a credit facility has been overdrawn for more than 90 days
- when an ordinary mortgage has arrears older than 90 days
- when a credit card has arrears older than 90 days and the credit limit has been overdrawn. If a repayment plan has been agreed with the customer and is being adhered to, the overdraft is not regarded as a non-performing loan.

When one of the three situations described above occurs, the commitment and the rest of the customer's commitments are regarded as non-performing. The number of days is counted from when the arrears exceed NOK 2,000. The account is given a clean bill of health when there are no longer any arrears. The amount in arrears at the time of reporting can be less than NOK 2,000.

Credit risk per customer group

NOK million	2012 Non-performing and loss-exposed loans with evidence of impairment	Non-performing loans without evidence of impairment	Gross defaulted and loss-exposed loans	Total provisions for individual loan losses	Net defaulted and loss-exposed loans	Total value changes	Total value change recognised in the profit and loss account during period
Development of building projects	12.2		12.2	12.4	-0.2		-4.4
Sale and operation of real estate	40.7		40.7	45.4	-4.7		1.1
Service providers		7.7	7.7		7.7		0.0
Wage-earners	49.5	97.9	147.4	38.6	108.8		2.0
Other	19.2	0.3	19.5	18.8	0.7		-0.7
Total	**121.7**	**105.9**	**227.6**	**115.2**	**112.3**	**0.0**	**-2.0**

NOK million	2011 Non-performing and loss-exposed loans with evidence of impairment	Non-performing loans without evidence of impairment	Gross defaulted and loss-exposed loans	Total provisions for individual loan losses	Net defaulted and loss-exposed loans	Total value changes	Total value change recognised in the profit and loss account during period
Development of building projects	13.6		13.6	16.8	-3.1		-7.0
Sale and operation of real estate	81.7	0.4	82.0	44.3	37.7		-4.2
Service providers		0.0	0.0		0.0		-4.4
Wage-earners	79.3	118.1	197.3	36.6	160.7		-47.9
Other	19.6	0.1	19.8	19.5	0.3		-6.9
Total	**194.2**	**118.6**	**312.7**	**117.2**	**195.5**	**0.0**	**-70.4**

Repossessed assets

In the event of non-performing loans Storebrand Bank ASA will sell the collateral or repossessed assets if this is most appropriate. The bank has two repossessed assets at the end of 2012. The commitments applies to development of building projects and amount to NOK 13 million. The commitments are classified as non-performing loans with evidence of impairment. The individual loan loss provisions which have been made, are considered as sufficient.

Fiancial assets at fair value through profit and loss (FVO)

	Lending to customers		Liquidity portfolio	
NOK million	**2012**	**2011**	**2012**	**2011**
Book value maximum exposure to credit risk	1 240.8	787.7	5 624.6	9 319.6
Book value of related credit derivatives that reduce credit risk				
Collateral				
This year's change in fair value of financial assets due to change in credi risk			42.1	-14.7
Accumulated change in fair value of financial assets due to change in credit risk			33.8	-8.4
This year's change in value of related credit derivatives				
Accumulated change in value of related credit derivatives				

Lending to customers is measured at fair value based on valuation techniques. The valuation techniques use interest rate curves from Reuters and credit spreads for equivalent new loans as per the end of December. The values are calculated by using the risk management system PortWin.

Financial assets are designated at fair value through the profit and loss account (FVO) the first time they are recognised where another measurement would result in an inconsistency in the profit and loss account. Objective market prices are used for papers where these exist. Valuation techniques involving the use of interest rate curves from Reuters and credit spreads from external providers are used for the remaining papers. The latter values are calculated in PortWin.

Financial liabilities at fair value through profit and loss (FVO)

NOK million	**2012**	**2011**
The year's change in fair value of liabilities due to changes in credit risk	2.4	-1.6
Difference between book value of liabilities and contractual amount due at maturity	1.4	3.8
Accumulated change in fair value of liabilities due to changes in credit risk	1.4	-1.6
Difference between book value of liabilities and contractual amount due at maturity	1.4	3.8

CREDIT RISK DERIVATIVES

The purpose of the use of financial derivatives is to identify and reduce currency and interest rate risk. Counterparty risk in connection with the trading of financial derivatives is included in credit risk. The bank's risk strategies and policies establish limits for how much credit risk the bank group is willing to accept. Storebrand Bank hedges all customer derivative trades by opposite derivatives to minimise foreign exchange and interest rate exposure.

The overview shows gross credit exposure, the bank has only collateral for credit risk against non-financial companies. Net credit exposure for 2012 is NOK 86.5 million.

Credit risk per counterparty

	AAA	AA	A	BBB	NIG	Total 2012	Total 2011
NOK million	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Norway		43.2	28.3	573.5		645.0	589.0
Sweden			13.7			13.7	14.7
Denmark			1.3			1.3	2.4
Total	**0.0**	**43.2**	**43.3**	**573.5**	**0.0**	**660.0**	**606.1**
Change in value:							
Total change in value on the balance sheet	0.0	43.2	43.3	573.5	0.0	660.0	606.1
Change in value recognised in the profit and loss during period	0.0	6.9	-57.7	573.5	-468.8	53.9	136.1

Equity options, interest rate swaps, basis swaps and forward foreign exchange contracts

Derivatives are entered into for hedging purposes. Derivative transactions are entered into with counterparties that are"investment grade" rated.

Note 5 | Liquidity risk

The risk that the Bank Group , the parent bank and the subsidiaries are unable to fulfil their obligations without incurring substantial additional expense in the form of low price for assets that must be realised, or in the form of especially expensive financing.

Risk management

The risk strategy establishes overall limits for how much liquidity risk the bank group is willing to accept. The liquidity risk policy builds on the strategy and describes the principles for liquidity management and specifies stress testing, minimum liquidity reserves and financial indicators for measuring liquidity risk. In addition to this, the bank's Treasury Department prepares an annual funding strategy and funding plan that set out the overall limits for the bank's funding activities. Stress tests are used to illustrate the expected effects of various scenarios on the balance sheet and on cash flows. The stress tests are used to evaluate the actual risk capacity against the desired willingness to accept risk. The bank prepares a contingency plan annually to safeguard effective management of the liquidity situation during stressful periods.

The treasury function in the bank's Capital Market Products Department is responsible for the bank's liquidity management, and Middle Office in the Risk Management unit monitors and reports on the utilisation of limits pursuant to the liquidity strategy and policy.

Risk control

The means of controlling liquidity risk include monthly reports of the liquidity indicators and monitoring developments in the bank's maturity profile. Both of these activities are included in the administration's ongoing reporting to the Board through the risk reports and the CEO's business briefings. The risk strategy and liquidity policy specify which liquidity indicators are followed. Middle Office performs checks on trades undertaken by Treasury to ensure conformance with the applicable policies.

Non-discounted cash flows - financial liabilties

NOK million	0 - 6 months	6 months - 12 months	1 - 3 years	3 - 5 years	More than 5 years	Total	Book value
Liabilities to credit institutions	1 324.8	508.8	1 001.7			2 835.3	2 797.0
Deposits from and due to customers	19 948.5					19 948.5	19 948.5
Commercial papers and bonds issued	498.2	437.9	2 270.4	1 490.6	326.7	5 023.8	4 666.9
Other liabilities	301.4					301.4	301.4
Subordinated loan capital	6.0	10.9	292.2	157.5	13.3	479.8	441.4
Undrawn credit limits	2 342.0					2 342.0	
Lending commitments	796.1					796.1	
Total financial liabilities 2012	**25 217.0**	**957.6**	**3 564.3**	**1 648.1**	**340.0**	**31 727.0**	**28 155.2**
Derivatives related to funding 31.12.2012	**-28.9**	**-8.6**	**-80.2**	**-29.4**	**-11.5**	**-158.5**	**75.4**
Total financial liabilities 2011	26 156.4	964.1	6 875.8	670.3	74.4	34 740.9	30 840.3

The amounts includes accrued interests.

The overview of non-discounted cash flows includes interest. Implicit forward interest rates based on the yield curve on 31 December 2012 are used to calculate interest costs for lending with FRN conditions. The maturity profile was set up using the PortWin risk management system. The call date is used as the maturity date on borrowing which has a call date.

Specification of subordinated loan capital

NOK million ISIN code	Issuer	Net nominal value	Currency	Interest	Call-date	Book value
Dated subordinated loan capital						
NO001064165	Storebrand Bank ASA	150.0	NOK	Floating	12.04.2017	151.2
Other subordinated loan capital						
NO00177116	Storebrand Bank ASA	9.3	NOK	Fixed	Perpetual	9.3
Tier 1 hybrid capital						
NO001024206	Storebrand Bank ASA	107.0	NOK	Fixed	29.10.2014	112.2
NO001024207	Storebrand Bank ASA	168.0	NOK	Floating	29.10.2014	168.6
Total subordinated loan capital 2012						**441.4**
Total subordinated loan capital 2011						692.3

Specification of liabilites to credit institutions

NOK million	2012	2011
Total liabilites to credit institutions without fixed maturity at amortised cost	**309.9**	**307.2**
F-loan:		
Maturity 2012		1 413.1
Maturity 2013	500.3	
Loan with floating interest rate:		
Maturity 2012		350.0
Maturity 2013		750.0
Accrued expenses	0.8	0.8
Total liabilities to credit institutions with fixed maturity at amortised cost	**501.0**	**2 513.9**
Borrowings under the Norwegian Government's Swap scheme:		
Maturity 2013	990.3	2 508.4
Maturity 2014	995.7	988.4
Total liabilities to credit institutions with fixed maturity at fair value (FVO)	**1 986.0**	**3 496.9**
Total liabilities to credit institutions	**2 797.0**	**6 318.0**

As per 31 December 2012, Storebrand Bank ASA had only one current credit facility. A NOK 750 million Revolving Credit Facility was signed in October 2010. The credit facility agreement for NOK 750 million contains certain special covenants. In 2012, Storebrand Bank ASA fulfilled all the terms and conditions of the agreement.

Specification of commercial paper and bonds issued

NOK million

ISIN code	Issuer	Net nominal value	Currency	Interest	Maturity	Book value
Bond loans						
NO001043982	Storebrand Bank ASA	310.0	NOK	Fixed	04.06.2015	343.4
NO001051323	Storebrand Bank ASA	300.0	NOK	Fixed	25.05.2016	329.1
NO001066080	Storebrand Bank ASA	300.0	NOK	Fixed	08.10.2019	305.1
NO001059077	Storebrand Bank ASA	408.0	NOK	Floating	10.05.2013	409.5
NO001047340	Storebrand Bank ASA	385.5	NOK	Floating	21.11.2013	389.4
NO001050777	Storebrand Bank ASA	773.0	NOK	Floating	30.04.2014	782.8
NO001059982	Storebrand Bank ASA	198.0	NOK	Floating	11.08.2014	198.6
NO001063562	Storebrand Bank ASA	350.0	NOK	Floating	26.01.2015	352.3
NO001065451	Storebrand Bank ASA	450.0	NOK	Floating	06.07.2015	453.6
NO001064107	Storebrand Bank ASA	800.0	NOK	Floating	27.03.2017	802.0
NO001066275	Storebrand Bank ASA	300.0	NOK	Floating	13.11.2017	301.0
Total commercial papers and bonds issued 2012						**4 666.9**
Total commercial papers and bonds issued 2011						4 448.9

The loan agreements contain standard covenants.Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS were in compliance with all relevants covenants in 2012.

Note 6 | Market risk

The risk of losses on open positions in financial instruments due to changes in market variables and/or market conditions within a specified time horizon. Covers counterparty risk in financial instruments trading, as well as stock market risk, interest rate risk and exchange rate risk.

Risk management

The risk strategy sets general limits for the management and control of market risk which primarily relates to the bank's long term investments in equity instruments and fixed income securities. The bank is also exposed to currency risk to a lesser degree.

Market risk policies specify limits for market risk that the bank is willing to accept. Storebrand Bank ASA's market risk is primarily managed and controlled through daily monitoring of risk exposure pursuant to the policy and continuous analyses of outstanding positions.

The exposure limits are reviewed and renewed by the Board at least annually. The sizes of these limits are set on the basis of stress tests and analyses of market movements, as well as risk capacity and willingness.

Risk management

Middle Office in the Risk Management unit is responsible for the ongoing, independent monitoring of market risk. The means of controlling market risk include monthly reports of the market risk indicators. The market risk indicators that are followed are specified in the risk strategy, interest rate risk policy and currency risk policy. Monthly reports for the individual portfolios are produced for the bank's balance sheet management committee and the bank's Board.

For changes in market risk that occur during the first year, the effect on the result and equity will be as shown below based on the balance sheet as at 31 December 2012:

Effect on accounting income

NOK million	**Amount**
Interest rate -1,0%	0.5
Interest rate +1,0%	-0.5

Effect on accounting result/equity 1)

NOK million	**Amount**
Interest rate -1,0%	0.5
Interest rate +1,0%	-0.5

Financial interest rate risk

NOK million	**Amount**
Interest rate -1,0%	11.3
Interest rate +1,0%	-11.3

1) Before taxes.

The note presents the accounting effect over a 12 month period and the immediate financial effect of an immediate parallel change in interest rates of +1.5 percentage points and -1.5 percentage points respectively. When the accounting risk is calculated, account is taken of the non-recurring effect that such an immediate change in interest rates would have on the items recognised at fair value and the value of hedging, and the effect that the change in interest rates would have on the net profit for the remaining duration of the interest rate before the change in interest rates has an effect on income and expenses. Items that would be affected by the non-recurring effect and are recorded at fair value are the investment portfolio, fixed interest rate loans, borrowing via the swap scheme with the government, deposits with returns linked to the stock market and derivatives. Items that would be affected by the one-time effects and which are recorded using hedging accounting are borrowings with fixed interest rate. The change in market value that such an immediate change in interest rates would have is looked at for all items on the statement of financial position when calculating the financial effect. The sensitivity calculations are performed using the risk management system PortWin.

See also note 29 regarding foreign exchange risk.

Note 7 | Operational risk

Operational risk: The risk of financial loss due to ineffective, inadequate or failing internal processes or systems, human error, external events or faliure to comply with internal guidelines. Breach of laws and regulations can ubstruct the Group from achieving its objectives and this part of compliance risk is included in operational risk.

RISK MANAGEMENT

Operational risk management and compliance with laws, regulations and internal rules are an integral part of the management responsibilities of all managers in the Storebrand Group. Risk assessments and internal control reporting are linked to a unit's ability to achieve its goals. Risk assessments are continually recorded and documented in Easy Risk Manager (ERM, a risk management system supplied by Det Norske Veritas).
The Business Management Department in Storebrand has the responsibility for coordinating the risk assessment process and owns the ERM system. The governing structure for operational risk management follows the group organisation (the corporate governance model).
Operational risk in Storebrand Bank is governed through an operational risk policy. The Risk Management unit is responsible for monitoring operational risk in the bank.

RISK MANAGEMENT

If the risk assessment requires the implementation of planned improvement measures, the measures must be documented and reported via ERM. Routines for any spot checks or other forms of regular quality control and the results from these must also be documented.

The work on operational risk is documented in an internal control status report that is considered by the bank's Board.

Middle Office in the Risk Management unit carries out numerous checks and reconciliations in conjunction with monthly, quarterly and annual financial statements in order to check and reduce operational risk. In addition to this, the bank's compliance officer, financial crime unit and internal auditor carry out spot checks in a number of the bank's most important work processes. The results of these are reported to the bank's management team and the Board.

COMPLIANCE RISIKO
Compliance risk: The risk that the bank incurs public sanctions or financial losses due to faliures to comply with external and internal regulations.

RISK MANAGEMENT

- The compliance risk in Storebrand Bank is managed through routines for the bank's compliance manager. Furthermore, the compliance risk is governed through the compliance manager's processes which include:
- ● Maintaining an overview of the applicable laws and regulations at all times, and how the division of responsibilities for ensuring compliance is assigned within the organisation.
- ● Monitoring that the company complies with its commitments under the Securities Trading Act and accompanying regulations and other requirements.
- ● Regularly assessing the company's routines and guidelines, in regard to the company's risk profile.
- ● Functioning as an internal adviser to employees on questions relating to compliance.

RISK MANAGEMENT

The compliance manager is responsible for keeping and updating the compliance journal in accordance with special routines and carrying out ongoing spot checks pursuant to compliance with own account trading regulations, Mifid and similar. In order to be able to identify problem areas by gaining a complete overview of problems that arise internally, the bank has implemented routines for continuously reporting incidents to the compliance manager, who is responsible for inputting the reported incidents into a separate event journal. The event journal provides the operational risk with a good basis for evaluating/implementing measures to reduce the unit's operational risk.

Note 8 | Valuation of financial instruments at fair value

Specification of financial assets at fair value

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	Book value 31.12.2012	Book value 31.12.2011
Equities and units		1,8		1,8	1,8
Lending to customers		1 240,8		1 240,8	787,7
Sovereign and Government Guaranteed bonds	492,7	0,0		492,7	0,0
Credit bonds	0,0	526,2		526,2	564,1
Mortage and asset backed bonds	64,7	4 541,0		4 605,7	8 755,5
Total bonds	557,4	5 067,2	0,0	5 624,6	9 319,6
Interest rate derivatives		58,9		58,9	108,8
Currency derivatives				0,0	-2,9
Total derivatives	0,0	58,9	0,0	58,9	105,9
Derivatives with a positive fair value		660,0		660,0	606,1
Derivatives with a negative fair value		601.1		601.1	-500.2

Changes between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units		
Bonds and other fixed-income securities		
Derivatives		
Liabilities		

Storebrand Bank Group conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Bonds are generally valued based on prices collected from Reuters and Bloomberg. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by well recognised brokerage houses.

Unlisted derivatives, including primarily interest rate and foreign exchange instruments, are also valued theoretically. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Reuters, Bloomberg and Norges Bank.

Storebrand Bank Group carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

The Storebrand Group categorises financial instruments that are valued at fair value into three different levels which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models that gather information from a wide range of well-informed sources with reference to minimize uncertainty related to the valuation.

Level 1: Financial instruments valued on the basis of quoted prices in active markets for identical assets
Bonds, certificates or equivalent instruments issued by nation states are generally classified as level 1. When it comes to derivatives, standardised stock index futures and interest rate futures they will also be included at this level.

Level 2: Financial instruments valued on the basis of observable market information not covered by level 1
This category encompasses financial instruments that are valued based on market information that in directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level. Moreover, interest rate and foreign exchange swaps, non-standardised interest rate and foreign exchange derivatives are classified in level 2.

Level 3: Financial instruments valued on the basis of information that is not observable according to the definition for level 2 financial instruments
Investments classified as level 3 largely include investments in unlisted/private companies. The bank group did not have any investments that were classified at this level at year-end.

Note 9 | Segment reporting

The management's segment reporting for Storebrand Bank is only done at a group level.

See note 9 under the Storebrand Bank Group.

Note 10 | Net income from financial instruments

NOK million

Net interest income	2012	2011
Interest and other income on loans to and deposits with credit institutions	139.6	151.8
Interest and other income on loans to and due from customers	802.0	831.2
Interest on commercial paper, bonds and other interest-bearing securities	209.6	340.5
Other interest income and related income	6.8	6.1
Total interest income *)	**1 158.1**	**1 329.6**
Interest and other expenses on debt to credit institutions	-109.8	-245.2
Interest and other expenses on deposits from and due to customers	-520.1	-480.1
Interest and other expenses on securities issued	-156.9	-170.0
Interest and expenses on subordinated loan capital	-29.5	-39.5
Other interest expenses and related expenses	-2.0	-24.7
Total interest expenses **)	**-818.2**	**-959.6**
Net interest income	**339.8**	**370.0**
*) Of which total interest income on financial assets that are not at fair value through the profit and loss account	906.6	955.1
**) Of which total interest expenses on financial liabilities that are not at fair value through the profit and loss account	-751.3	-788.3

Interest expense and changes in value of issued funding at FVO:	2012	2011
Interest expense issued funding at FVO	-66.9	-171.3
Changes in value of issued funding at FVO	2.4	-7.9
Net expense issued funding at FVO	**-64.5**	**-179.2**

Net income and gains from financial assets and liabilities at fair value:	2012	2011
Equity instruments		
Dividends received from equity investments	0.0	0.1
Net gains/losses on realisation of equity investments	0.0	0.0
Net change in fair value of equity investments	0.1	0.2
Total equity instruments	0.2	0.3
Commercial paper and bonds		
Realised gain/loss on commercial papers and bonds	10.4	3.2
Unrealised gain/loss on commercial papers and bonds	42.1	-14.7
Total gain/loss on commercial papers and bonds	52.5	-11.5
Lending to customers		
Unrealised gain/loss on lending to customers, FVO	22.4	7.6
Total gain/loss on lending to customers, FVO	22.4	7.6
Liabilities to credit institutions and other funding		
Realised gain/loss on liabilities to credit institutions and other funding, FVO	-8.8	-1.9
Unrealised gain/loss on liabilities to credit institutions and other funding, FVO	2.4	-7.9
Total gain/loss on liabilities to credit institutions and other funding, FVO	-6.4	-9.9
Financial derivatives and foreign exchange		
Realised gain/loss on financial derivatives, held for trading	18.3	-57.6
Unrealised gain/loss on financial derivatives, held for trading	-39.4	61.0
Total financial derivatives and foreigh exchange, held for trading	-21.1	3.4
Net income and gains from financial assets and liabilities at fair value	**47.6**	**-10.0**
Fair vaule hedging		
Realised gain/loss on derivatives and bonds issued, fair value hedging	-4.6	
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	3.4	
Net gain/loss on fair value hedging	**-1.1**	**0.0**
Commercial papers and bonds		
Realised gain/loss on commercial papers and bonds at amortised cost	2.6	
Total gain/loss on commercial papers and bonds at amortised cost	2.6	0.0
Bonds issued		
Realised gain/loss on bonds issued at amortised cost	20.0	-1.6
Total gain/loss on bonds issued at amortised cost	20.0	-1.6
Net income and gains from financial assets and liabilities at amortised cost	**22.6**	**-1.6**
Net income and gains from financial assets and liabilities	**69.1**	**-11.6**

Net gain/loss on financial assets at fair value through the profit and loss account:		
Financial assets designated at fair value upon initial recognition	74.7	17.6
Financial assets classified as held for trading	-19.2	-21.4
Changes in fair value of assets due to changes in credit risk	33.8	-8.4
Net gain/loss on financial liabilities at fair value through the profit and loss account:		
Financial liabilities designated at fair value upon initial recognition	-6.4	-7.9
Financial liabilities classified as held for trading		

The note includes gain and loss on investments in bonds and commercial papers, all of the financial derivatives, lending at FVO, other funding at FVO, net gain and loss on fair vaule hedging and total bonds and commercial papers issued. Other financial assets and liabilities are not included in the note.

Note 11 | Net commission income

NOK million	2012	2011
Fees related to banking operations	52.6	53.8
Commissions from sale of group products	0.0	1.5
Commissions from saving products	25.1	26.3
Commissions from stockbroking	2.3	4.9
Fees from loans	19.1	18.5
Other fees and commissions receivable	0.0	0.4
Total fees and commissions receivable *)	**99.1**	**105.3**
Fees and commssisions payable relating to banking operations	-10.9	-13.2
Commissions payable on saving products	-3.2	-4.9
Commissions payable on stockbroking	-0.1	-0.4
Other fees and commissions payable	-0.2	0.0
Total fees and commissions payable **)	**-14.3**	**-18.5**
Net commission income	**84.7**	**86.9**
**) Of which total fees and commission income on book value of financial assets and liabilities that are not at fair value through the profit and loss account*	71.7	72.3
***) Of which total fees and commission expense on book value of financial assets and liabilities that are not at fair value through the profit and loss account*	-10.9	-13.2

Note 12 | Other income

NOK million	2012	2011
Gain on sale of subsidiaries and associated companies	6.2	8.1
Write-downs/reversal of write-downs of shares in subsidiaries	23.0	-140.4
Receipts of group contribution from subsidiaries	122.3	60.3
Income from capital market products	0.0	0.1
Other income	0.0	0.6
Total other income	**151.4**	**-71.4**

NOTE 13 | Remuneration paid to auditor

Remuneration excluding value added tax:

NOK 1000	**2012**	**2011**
Statutory audit	860	670
Other reporting duties	0	0
Taxation advice	0	0
Other non-audit services	0	123
Total	**860**	**793**

All remuneration for statutory auditing concerns Deloitte AS.

NOTE 14 | Operating expenses

NOK million	**2012**	**2011**
Ordinary wages and salaries	88.6	80.3
Employer's social security contributions	13.4	12.3
Other staff expenses	24.2	6.4
Pension cost (see note 15)	20.4	21.8
Total staff expenses	**146.5**	**120.8**
IT costs	58.1	78.1
Printing, postage etc.	2.5	3.5
Travel, entertainment, courses, meetings	2.1	2.1
Other sales and marketing costs	1.7	0.9
Total general administration expenses	**64.5**	**84.6**
Total staff expenses and general administration expenses	**210.9**	**205.4**
Depreciation fixed assets and intangible assets	30,6	26,3
Contract personnel (see note 13)	5,9	9,6
Operating expenses on rented premises (see note 34)	11,9	12,2
Inter-company charges for services 1)	114,5	70,4
Other operating expenses	22,0	22,3
Total other operating expenses	**184,9**	**140,7**
Total operating expenses	**395,9**	**346,1**

1) Services purchased from the group contain costs relating to bank production, IT services, joint administrative functions, financial and legal services, marketing activities, HR and skills development, purchasing, information services and savings advice.

From 2012 the inter-company charges for services includes some IT-services wich earlier were reported as IT costs in this note.

NOTE 15 | Pensions

Storebrand's employees in Norway have both defined contribution and defined benefit pension schemes that are established in Storebrand Livsforsikring AS, but the Group will not become a member of the contractual pension scheme (AFP) until 1 January 2013. From 1 January 2011 the defined benefit scheme was closed to new members. At the same date a defined contribution pension scheme was established. The contribution based scheme applies to all new employees from 1 January 2011 and to those who chose to transfer from a defined benefit to a defined contribution pension arrangement. For the contribution based scheme, the cost is equal to the employee's pension savings contribution during the period, which totals 5 per cent annually of the contribution basis between 1 and 6 G (G = the National Insurance Scheme's basic amount which was NOK 82,122 as of 31.12.12), 8 per cent of the contribution basis between 6 and 12 G, and a contribution based scheme over operations that annually amounts to 20 per cent of the contribution basis for salaries above 12 G. The contributions are deposited in the employees' pension accounts each month. The future pension depends upon the amount of the contributions and the return on pension savings.

The employees who are members of the defined benefit pension scheme are secured a pension of about 70 per cent of pensionable salary at the time of retirement. Full pension entitlement is reached after 30 years of membership in the pension scheme. The cost for the period shows the employees' accrued future pension entitlements during the financial year. From 1 July 2011 the retirement age is 67 years old. Nonetheless employees are given the right to retire at 65 years old and receive a pension from Storebrand until they reach 67 years old.

The pension for employees aged between 65 and 67 years old and pensions linked to salaries over 12 G are paid out directly from the companies and apply to both members of the defined contribution scheme and the defined benefit scheme. A guarantee has been granted for earned pensions on salaries over 12 G for employees retiring before the age of 65. The pension conditions are determined by the pension regulations. Storebrand is obliged to have an occupational pension scheme pursuant to the Act relating to mandatory occupational pensions. The company's pension scheme satisfies the requirements of the Act.

Everyone who is a member of the pension scheme has a named survivor and disability cover.

Reconciliation of pension assets and liabilities in the balance sheet

NOK million	**2012**	**2011**
Present value of insured pension liability	127.8	147.5
Pension assets at fair value	-103.5	-92.4
Net pension liability/surplus for the insured schemes	24.3	55.0
Present value of uninsured pension liability	46.9	48.7
Net pension liabilities in the balance sheet	**71.3**	**103.7**

Includes employer's NI contributions on net underfunded liabilities.

Recognised in the balance sheet

NOK million	**2012**	**2011**
Pension assets	0.0	0.0
Pensions liabilities	71.3	103.7

Experience adjustments applied to equity

NOK million	**2012**	**2011**
Year's change in experience adjustments included in equity after tax	25.1	2.8
Accumulated experience adjustments included in equity	43.4	18.3

Changes in the net defined benefits pension liabilities in the period

NOK million	**2012**	**2011**
Net pension liability at 01.01. incl. provision for employer's NI contribution	196.2	192.5
Net pension cost recognised in the period incl. provision for employer's NI contribution	18.0	19.2
Interest on pension liabilities	5.9	7.5
Experience adjustments	-40.0	-16.8
Gain/loss of curtailment	0.0	-1.6
Pension paid	-3.3	-2.8
Reversed employer's NI contribution	-2.0	-1.8
Net pension liability at 31.12.	**174.7**	**196.2**

Change in the fair value of pension assets

NOK million	2012	2011
Pension assets at fair value at 01.01.	92.4	90.5
Expected return	3.8	4.3
Experience adjustments	-5.2	-13.0
Gain/loss of curtailment	0.0	-0.6
Premium paid	14.0	12.8
Pensions paid	-1.7	-1.6
Net pension assets at 31.12.	**103.5**	**92.4**
Expected premium payments (benefit) in 2013:	12.4	
Expected premium payments (contribution) in 2013:	0.9	
Expected payments AFP in 2013:	1.2	
Expected payments over operations (unsecured scheme) in 2013:	1.4	

Pension assets are based on the financial assets held by Storebrand Livsforsikring composed as of 31.12.

	2012	2011
Properties and real estate	17 %	17 %
Bonds at amortised cost	35 %	38 %
Secured and other lending	2 %	2 %
Equities and units	14 %	22 %
Bonds	18 %	14 %
Commercial paper	14 %	6 %
Other short-term financial assets	0 %	1 %
Total	**100 %**	**100 %**
The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Livsforsikring. The book (realised) return on the assets	5.8 %	4.5 %

Net pension cost booked to the profit and loss account specified as follows:

NOK million	2012	2011
Current service cost including employer's NI contributions	18.0	19.2
Interest on pension liabilities	5.9	7.5
Expected return on pension assets	-3.8	-4.3
Gain/loss of curtailment		-1.0
Total defined benefit pension schemes	**20.0**	**21.4**
Payment to defined contribution pension scheme in the period	0.4	0.4
Net pension cost booked to profit and loss account in the period	**20.4**	**21.8**

Net pension cost includes national insurance contributions and is included in operating expenses. See note 14.

Main assumptions used when calculating net pension liability	31.12.2012	31.12.2011
Discount rate	4.0 %	3.1 %
Expected return on pension fund assets in the period	4.0 %	4.6 %
Expected earnings growth	3.3 %	3.6 %
Expected annual increase in social security pensions	3.3 %	3.8 %
Expected annual increase in pensions payment	1.5 %	1.5 %
Disability table	KU	KU
Mortality table	K2005	K2005

Financial assumptions:

The financial assumptions have been determined on the basis of the regulations in IAS 19. Long-term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic National Insurance amount G are particularly subject to a high degree of uncertainty.

IAS 19.78 states that a high quality corporate bond rate must be used as the discount rate. In countries where there is no deep market in such bonds, the market yields on government bonds shall be used. As per 31 December 2011, Storebrand uses the yield on government bonds as the discount rate. Recently assessments have been made of whether or not a deep market for covered bonds exists in Norway and whether such papers satisfy the definition of corporate bonds in IAS 19.78. With the exception of a few unrated papers, all rated covered bonds in Norway have an AA rating or higher. The Norwegian market for covered bonds is young, but has grown strongly in the last few years. The outstanding volume of covered bonds amounts to more than NOK 530 billion as per the 4th quarter 2012. Bid/ask spreads normally do not exceed more than a 2-3 basis points yield in this market. Average daily trading in 2012 amounted to around NOK 650 million, and average new issues amounted to around NOK 7.5 billion per month in 2012. Around 20 per cent of the market consists of fixed rate papers, while around 80 per cent of the market consists of variable rate papers. As for the rest of the Norwegian credit bond market, Norwegian swap rates are used as a basis for calculating price/yield. Norwegian swap rates are considered highly liquid.

Based on observed market and volume trends the Norwegian covered bonds market must, in the opinion of Storebrand, be defined as a deep market in relation to the provisions of IAS 19. This conclusion is based on the regular activity that takes place in both the primary and secondary markets, and the transparency that exists due to the observed trading being registered in the stock exchange lying close to the indicative levels the banks quote. The broad participation of all of the largest bond brokers in the reporting system to the Norwegian Fund and Asset Management Association supports the reliability of the available data. Please also refer to the statement dated 13 December 2012 by the Norwegian Accounting Standards Board concerning the use of covered bonds as a discount rate. From and including the 4th quarter 2012, Storebrand has used a discount rate based on covered bond rates in Norway. The changed is considered a change to estimates.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

Actuarial assumptions:
In Norway standardised assumptions on rates of mortality and disability as well as other demographic factors are prepared by Finance Norway. The mortality table K2005 will be used until new common mortality rates for the industry are adopted and can provide a basis for more accurate calculations. The average employee turnover rate has been set at 2-3 per cent of the entire workforce as a whole and an assumption of reduced rates of turnover with increasing age has been included.

Netto pension liability at 31.12

NOK million	2012	2011	2010	2009	2008
Discounted current value of defined benefit pension liabilities 1)	174.7	196.2	192.5	161.9	154.2
Fair value of pension assets	103.5	92.4	90.5	82.4	74.0
Deficit (surplus)	71.3	103.7	102.0	102.0	80.1
Fact based adjustments liabilities	5.4	32.1			
Fact based adjustments pension assets	-5.2	-13.0			

Sensitivity analysis pension calculations	2012	
Change in discount rate	0.5%	-0.5%
Percentagewise change in pension:		
Pension liabilities	-9.5 %	10.9 %
The period's net pension costs	-10.3 %	11.9 %

Pensions liabilities are especially sensitive to changes in the discount rate. A reduction in the discount rate will, in isolation, entail an increase in the pension liability. The experience adjustments have been significantly reduced because of the switch from the yield on government bonds to covered bond rates.

1) When the government interest rate is used the bank has estimated gross liabilities in order to produce an increase of around 35 per centwhen the other conditions remain unchanged.

Note 16 | Loan losses

NOK million	2012	2011
Change in loan loss provisions for the period		
Change in loan loss provisions on individual loans for the period	9,8	70,4
Change in loan loss provisions on groups of loans for the period	13,3	30,1
Other corrections to loan loss provisions	-3,6	-2,7
Realised losses in period on commitments specifically provided for previously	-9,1	-106,2
Realised losses on commitments not specifically provided for previously	-5,8	-6,7
Recoveries on previously realised losses	5,8	17,7
Loan losses for the period	**10,4**	**2,5**
Interest recognised to the profit and loss account on loans subject to loan loss provisions	9.7	4.6

NOTE 17 | Tax

Tax basis for the year

NOK million	**2012**	**2011**
Profit before taxes	260.8	31.2
+ Group contribution received, difference between the carrying amount and the tax base	-2.6	0.8
+/- Share of results from associated companies	-1.2	-0.9
+/- Realised gains/losses on shares within EEA	-6.2	-7.8
+/- Taxable realised gains on shares within EEA	0.2	0.1
Other permanent differences	-23.0	152.7
Changes in temporary differences	8.3	-2.0
Tax basis for the year	**236.3**	**173.9**
Reduction for tax deductible loss		
- Application of tax loss carryforward		-138.0
Tax basis for the year for current taxes 1)	**236.3**	**35.8**
Tax rate	28 %	28 %
1) Allocated group contribution with tax effect	236.3	35.8

Tax charge for the year

NOK million	**2012**	**2011**
Tax payable for the period	-66.2	-10.0
Change in deferred tax assets	2.4	-61.1
Total tax charge for the year	**-63.7**	**-71.1**

Reconciliation of expected and actual tax charge

NOK million	**2012**	**2011**
Ordinary pre-tax profit	260,8	31,2
Expected tax on income at nominal rate	73,0	8,7
Tax effect of:		
Realised shares	-2,0	-2,4
Permanent differences	-6,4	42,7
Group contribution received	-0,7	0,2
Change of tax assessment earlier years	-0,1	21,9
Tax charge	**63,7**	**71,1**

Tax payable	66.2	10.0
- tax effect of group contribution paid	66.2	10.0
Tax payable in the balance sheet	**0.0**	**0.0**

Analysis of the tax effect of temporary differences and tax losses carried forward

NOK million	2012	2011
Tax increasing timing differences		
Fixed assets		6.5
Financial instruments	15.9	55.4
Total tax increasing timing differences	**15.9**	**61.9**
Tax reducing timing differences		
Fixed assets	-9.7	
Pensions	-71.3	-103.7
Provisions	-18.1	-3.3
Financial instruments	33.0	-31.5
Total tax reducing timing differences	**-66.0**	**-138.6**
Losses/allowances carried forward		
Net base for deferred tax/tax assets	-50.1	-76.7
Net deferred tax/tax asset in the balance sheet	**14.0**	**21.5**

Analysis of tax payable and deferred tax applied to equity	2012	2011
Pension experience adjustments	-9.8	-1.1
Total	-9.8	-1.1

Deferred tax assets principally relate to tax reducing temporary differences on fixed assets, pension liabilities and financial instruments.The bank produces an annual profit, and is expected to continue to produce a profit in future years. Deferred tax assets in respect of Storebrand Bank ASA are capitalised to the extent that it is considered likely that it will be possible to make use of the assets.

Note 18 | Classification of financial instruments

NOK million	Loans and receivables	Fair value, trading	Fair value, FVO	Liabilities at amortised cost	Total book value
Financial assets					
Cash and deposits with central banks	8.8				8.8
Loans to and deposits with credit institutions	4 763.3				4 763.3
Equity instruments			1.8		1.8
Bonds and other fixed-income securities	990.0		5 624.6		6 614.6
Derivatives		660.0			660.0
Lending to customers	16 756.4		1 240.8		17 997.2
Other current assets	1 086.2				1 086.2
Total financial assets 2012	**23 604.7**	**660.0**	**6 867.2**	**0.0**	**31 131.9**
Total financial assets 2011	22 834.4	606.1	10 109.1	0.0	33 549.5
Financial liabilities					
Deposits from and due to credit institutions			1 986.0	811.0	2 797.0
Deposits from and due to customers				19 948.5	19 948.5
Commercial papers and bonds issued				4 666.9	4 666.9
Derivatives		601.1			601.1
Other liabilities				301.4	301.4
Subordinated loan capital				441.4	441.4
Total financial liabilities 2012	**0.0**	**601.1**	**1 986.0**	**26 169.1**	**28 756.3**
Total financial liabilities 2011	0.0	500.2	3 496.9	27 343.4	31 340.5

Note 19 | Fair value of financial assets and liabilities at amortised cost

	2012		2011	
NOK million	**Book value**	**Fair value**	**Book value**	**Fair value**
Assets				
Loans and receivables:				
Bonds, amortised cost	990.0	994.2	651.2	649.8
Loans to and deposits with credit institutions, amortised cost	4 763.3	4 763.3	4 404.4	4 404.4
Lending to customers, amortised cost	16 910.3	16 701.3	16 176.1	15 961.9
Other current assets	1 086.2	1 086.2	1 263.4	1 263.4
Liabilities				
Deposits from and due to credit institutions, amortised cost	811.0	811.0	2 821.1	2 816.2
Deposits from and due to customers, amortised cost	19 948.5	19 948.5	18 492.4	18 492.4
Commercial papers and bonds issued, amortised cost	4 666.9	4 744.5	4 448.9	4 476.0
Other liabilities	301.4	301.4	888.7	888.7
Subordinated loan capital, amortised cost	441.4	443.8	692.3	685.4

The fair value of lending to customers subject to variable interest rates is stated as book value. However, the fair value of lending to corporate customers with margin loans is slightly lower than book value since some loans have lower margins than they would have had had they been taken out at year-end 2012. The shortfall is calculated using a discounted difference between the agreed margin and the current market price over the remaining term to maturity. Fair value is also adjusted for individual loan loss provisions. The fair values of lending, liabilities to financial institutions and securities issued are based on valuation techniques. The valuation techniques use interest rate curves and credit spreads from external providers with exception of lending which are assessed to spreads on new loans correspondingly. The calculations are made using the PortWin risk management system.

Note 20 | Cash and deposits with central banks

	2012	2011
NOK million	**Book value**	**Book value**
Cash	8.8	2.5
Deposits with central banks at amortised cost, loans and receivables		506.0
Total cash and deposits with central banks	**8.8**	**508.4**

Note 21 | Loans to and deposits with credit institutions

	2012	2011
NOK million	**Book value**	**Book value**
Total loans to and deposits with credit institutions without fixed maturity at amortised cost	4 763.3	4 404.4
Total loans to and deposits with credit institutions at amortised cost	**4 763.3**	**4 404.4**

Note 22 | Shares and other equity instruments

		2012	2011
NOK million	**Eierandel**	**Balanseført verdi**	**Balanseført verdi**
Storebrand Institusjonelle Investor ASA	5,15%	1,0	1,1
Visa Inc. A-shares		0,7	0,5
Other		0,2	0,2
Total		**1,8**	**1,8**
Of which			
Listed shares			
Unlisted shares		1,8	1,8

Shares and other equity instruments are classified as financial assets at fair value through the profit and loss account.

Note 23 | Investments in associated companies

Associated companies

Main accounting figures for associated companies - figures shown are the Storebrand Bank Group share.

NOK million	**2012**	**2011**
Revenue:		
Storebrand Baltic UAB	1.2	12.1
Profit & Loss:		
Storebrand Baltic UAB	1.2	0.9
Assets:		
Storebrand Baltic UAB	0.0	3.5
Liabilities:		
Storebrand Baltic UAB	0.0	0.8

Investments in associated companies are accounted for on the equity method. The ownership interest in Storebrand Baltic UAB have been sold to Storebrand AS in 2012.

Ownership interests in associated companies

NOK million	**Ownership interest**	**Acquisition cost**	**Book value at 01.01.**	**Additions/ disposals**	**Share in profit**	**Book value at 31.12.**
Storebrand Baltic UAB	50 %	0.5	1.4	-2.6	1.2	0.0
Total		0.5	1.4	-2.6	1.2	0.0

Storebrand Banks ownership interest in Storebrand Baltic UAB has been sold in 2012

Note 24 | Investments in subsidiaries

NOK million	**Business registration number**	**Registered office**	**Ownership interest**	**Share of votes**	**Share capital**	**Acquisition cost**	**Book value 31.12.2012**	**Book value 31.12.2011**
Storebrand Boligkreditt AS	990645515	Lysaker	100.0%	100.0%	350.0	661.2	661.2	661.2
Ring Eiendomsmegling AS 1)	987227575	Lysaker	100.0%	100.0%	2.0	140.4	7.1	3.1
Hadrian Eiendom AS 2)	976145364	Oslo	100.0%	100.0%	0.1	59.6	48.2	46.2
Filipstad Tomteselskap AS	984133561	Lysaker	100.0%	100.0%	0.5	2.1	2.1	2.0
Bjørndalen Panorama AS	991742565	Lysaker	100.0%	100.0%	2.7	72.5	6.0	6.0
Ullensaker Boligbygg AS 3)	983658628	Ullensaker	89.0%	89.0%	2.5	0.0	0.0	0.0
Ullensaker Boligbygg KS 3)	983775578	Ullensaker	89.0%	89.0%	45.0	0.0	0.0	0.0
Storebrand Eiendomskreditt AS 4)	991853634	Lysaker	100.0%	100.0%	0.0	0.0	0.0	300.4
Filipstad Invest AS	995215918	Lysaker	100.0%	100.0%	0.1	0.4	0.2	0.1
Total investments in subsidiaries						**936.2**	**724.8**	**1 019.1**

1) The ownership in Ring Eiendomsmegling AS is being discontinued.

2) Hadrian Eiendom AS and Hadrian Utvikling AS have been merged in 2012 and the companyname Hadrian Eiendom AS is continued.

3) The subsidiaries Ullensaker Boligbygg AS and Ullensaker Boligbygg KS petitioned for winding up in November 2010 and were subject to liquidation proceedings as per 31 December 2012.

4) Storebrand Eiendomskreditt AS has been wound up in 2012. Storebrand Bank ASA has received a liquidation dividend of NOK 0.2 million.

Note 25 | Bonds and other fixed-income securities at fair value through the profit and loss account

	2012		2011
NOK million	**Acquisition cost**	**Fair value**	**Fair value**
Sovereign and Government Guaranteed bonds	491.8	492.7	
Credit bonds	525.2	526.2	564.1
Mortgage and asset backed bonds	4 559.9	4 605.7	8 755.5
Total bonds and other fixed-income securities at fair value through the profit and loss account	**5 576.9**	**5 624.6**	**9 319.6**
Modified duration		0.16	0.15
Average effective yield per 31.12.		1.93 %	2.91 %

The portfolio is mainly denominated in NOK, as per 31 December 2012 the bank had only one covered bond in EUR. The effective yield for each asset is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 26 | Bonds at amortised cost - Loans and receivables

	2012				2011	
NOK MILLION	**Nominal value**	**Acquisition cost**	**Book value**	**Fair value**	**Book value**	**Fair value**
Public issuers and Government Guaranteed Bonds	625,0	624,8	626,9	627,3	528,0	526,5
Credit bonds	50,0	50,0	50,1	50,0		
Mortgage and asset backed bonds	316,0	311,9	313,1	316,8	123,3	123,4
Total bonds at amortised cost	**991,0**	**986,7**	**990,0**	**994,2**	**651,2**	**649,8**
Modified duration				0.12		0.16
Average effective yield per 31.12.				2.05 %		3.24 %

All securities are denominated in NOK. The effective yield for each asset is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 27 | Transferred financial assets (swap scheme)

NOK million	**2012 Book value**	**2011 Book value**
Covered bonds:		
Covered bonds	2 762.9	6 664.6
Swap scheme	1 986.0	3 496.9

Transferred financial assets consist of swap agreements with the state through the Ministry of Finance concerning the posting of financial collateral (see note 44). The swap agreements were entered into through auctions that are administrated by Norges Bank. In the swap agreement, the state sells treasury bills to the bank through a timerestricted swap for covered bonds. The bank can either keep the treasury bills and receive payment from the state when the swap agreement falls due for repayment, or it may sell the treasury bills in the market. When the bills become due within the term of the swap agreement, the bank must purchase new bills from the state at the price that is determined by the market price for treasury bills. This rollover will be ongoing throughout the entire term of the agreement. Upon expiry of the swap agreement, the bank is obliged to purchase the covered bonds back from the state at the same price that the state purchased them for. Storebrand Bank ASA will receive the interest on the transferred covered bonds. All risk concerning the covered bonds continues to lie with Storebrand Bank ASA.

Note 28 | Financial derivatives

Nominal volum

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 the 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. A long position in an equity derivative produces a gain in value if the share price increases. For interest rate derivatives, a long position produces a gain if interest rates fall, as is the case for bonds. A long position in a currency derivative produces a gain if the currency strengthens against the NOK. Average gross nominal volume is based on monthly calculations of gross nominal volume.

	2012				
	Gross	Average nom.	Net nom.	Fair value 2)	
NOK million	nom. value 2)	value 3)	value 2)	Asset	Liability
Equity derivatives	0.0	0.0	0.0	0.0	0.0
Interest rate derivatives 1)	21 347.0	20 840.7	6 920.2	654.0	595.1
Currency derivatives	2 962.3	3 595.3	-99.9	6.0	6.0
Total derivatives	**24 309.3**	**24 436.0**	**6 820.2**	**660.0**	**601.1**

	2011				
	Gross	Average nom.	Net nom.	Fair value 2)	
NOK million	nom. value 2)	value 3)	value 2)	Asset	Liability
Equity derivatives	0.0	114.6	0.0	0.0	0.0
Interest rate derivatives 1)	22 457.4	23 552.2	9 131.2	598.5	489.7
Currency derivatives	4 180.1	4 786.6	-53.3	7.6	10.5
Total derivatives	**26 637.5**	**28 453.4**	**9 077.9**	**606.1**	**500.2**

1) Interest rate swaps includes accrued interest.

2) Value at 31.12.

3) Average for the year.

Note 29 | Foreign exchange risk

Financial assets and liabilities in foreign currency	Statement of financial position items		Currency forwards	Net position	
NOK million	Assets	Liabilities	Net sale	in currency	in NOK
CHF	49.2	0.6	-48.6	0.0	0.0
DKK	10.4	10.0	0.0	0.4	0.4
EUR	82.4	40.1	-42.6	0.0	-0.2
GBP	2.6	3.3	0.5	0.0	-0.2
JPY	0.8	0.0	-0.8	-0.4	0.0
SEK	53.1	8.2	-45.6	-0.2	-0.7
USD	51.9	28.7	-23.6	0.0	-0.4
Other	0.3	0.0	0.0	0.4	0.2
Total net currency positions 2012					**-0.9**
Total net currency positions 2011					0.8

Storebrand Bank ASA hedges the net currency position on its balance sheet with forward contracts, accordingly forward sales and forward purchases are not shown separately in respect of assets and liabilities.

NOTE 30 | Loan portfolio and guarantees

NOK million	2012 Book value	2011 Book value
Lending to customers at amortised cost	16 910.3	16 176.1
Lending to customers at fair value	1 240.8	787.7
Total gross lending to customers	**18 151.1**	**16 963.8**
Loan loss provisions on individual loans (see note 31)	-115.2	-117.2
Loan loss provisions on groups of loans (see note 31)	-38.6	-51.9
Net lending to customers	**17 997.2**	**16 794.7**

See note 4 for analysis of loan portfolio and guarantees per customer group.

NOTE 31 | Loan loss provisions

NOK million	2012 Book value	2011 Book value
Loan loss provisions on individual loans 01.01	117.2	187.6
Losses realised in the period on individual loans previously written down	-9.1	-106.2
Loan loss provisions on individual loans for the period	16.8	38.5
Reversals of loan loss provisions on individual loans for the period	-10.4	-11.4
Other corrections to loan loss provisions 1)	0.6	8.8
Loan loss provisions on individual loans at 31.12	**115.2**	**117.2**
Loan loss provisions on groups of loans and guarantees etc. 01.01	51.9	82.0
Grouped loan loss provisions for the period	-13.3	-30.1
Loan loss provisions on groups of loans and guarantees etc. 31.12	**38.6**	**51.9**
Total loan loss provisions	**153.9**	**169.1**

1) Other corrections to loan loss provisions relates to effects of amortisation.

The bank has no provisions for guarantees as at 31.12.2012 and as at 31.12.2011.

Note 32 | Intangible assets

NOK million	IT systems	2012 Total book value	IT systems	Total book value 2011
Acquistion cost at 01.01	127.2	127.2	153.6	153.6
Additions in the period:				
Purchased separately	29.4	29.4	44.8	44.8
Disposals in the period	-3.4	-3.4	-71.2	-71.2
Acquisition cost at 31.12	**153.2**	**153.2**	**127.2**	**127.2**
Accumulated depreciation and write-downs at 01.01	62,9	62,9	111,4	111,4
Depreciation in the period (see note 14)	27,1	27,1	17,9	17,9
Disposals in the period	-3,4	-3,4	-71,0	-71,0
Write-downs in the period (se note 14)	0,9	0,9	4,6	4,6
Accumulated depreciation and write-downs at 31.12	**87,5**	**87,5**	**62,9**	**62,9**
Book value at 31.12	**65,7**	**65,7**	**64,3**	**64,3**

For each class of intangible assets:

Depreciation method	linear method	linear method
Economic life	3 - 8 years	3 - 8 years
Rate of depreciation	12.5% -33.33%	12.5% -33.33%

Depreciation and write-downs of intangible assets are included in the line "Other operating costs" in the profit and loss account. During 2012 Storebrand Bank has made a write-down of intangible assets by NOK 0.9 million. The write-down are mainly related to IT systems for the stockbroking business which have been decided to wound-up.

IT systems in this note refers to the development of systems, data warehouses, user licenses to systems, etc. All capitalised expenses in respect of systems development
relate to work carried out by external resources. The estimate of economic liftetime are reviewed annually.

Corresponding figures for 2011 have been changed compared to the note reported in the 2011 annual accounts. Acquisition cost and accumulated depreciation and write-downs have been changed with NOK 71 mill. due to scrapping of assets in 2011.

Note 33 | Fixed assets

NOK million	Fixture and fittings	IT	Real estate 1)	2012 Total book value	2011 Total book value
Book value at 01.01	7.4	0.6	2.7	10.7	15.5
Additions				0.0	0.0
Disposals				0.0	-1.2
Depreciation (see note 14)	-1.6	-0.6	-0.4	-2.5	-3.6
Write-downs in the period (see note 14)				0.0	0.0
Book value at 31.12.	**5.8**	**0.0**	**2.3**	**8.1**	**10.7**
Opening acquisition cost	10.2	6.8	5.7	22.7	24.5
Closing acquisition cost	10.2	6.8	5.7	22.7	22.7
Opening accumulated depreciation and write-downs	2.8	6.2	3.0	12.0	9.0
Closing accumulated depreciation and write-downs	4.3	6.8	3.4	14.6	12.0

For each class of fixed assets:

Method for measuring cost price	Acquisition cost	Acquisition cost	Acquisition cost
Depreciation method	linear	linear	linear
Depreciation period and economic life	3 - 10 years	4 years	15 years

There are no restrictions on rights to fixed assets. No fixed assets have been pledged as collateral for liabilities.

1) Holiday cabins valued using the cost method.

NOTE 34 | Operational leasing

Minimum future payments on operational leases for fixed assets are as follows:

NOK million	**Minimum lease less than 1 year**	**Minimum lease between 1 - 5 years**	**Minimum lease more than 5 years**
Lease agreements less than 1 year			
Lease agreements between 1 -5 years	0.4	0.7	
Lease agreements more than 5 years	9.6	38.3	17.6
Total	**10.0**	**39.0**	**17.6**

Of which future lease income:

Amount through the profit and loss account

NOK million	**2012**	**2011**
Lease payments through the profit and loss account (see note 14)	10.4	8.8

Operational leases are primarily lease for Storebrand's head office in Lysaker, and the rental of coffee machines and photocopiers.

Costs are included in the item "General adminstration expenses" and the item "Other operating costs".

NOTE 35 | Other current assets

NOK million	**2012 Book value**	**2011 Book value**
Interest accrued	76.8	77.5
Other accrued income	8.8	6.5
Due from customers	0.0	6.3
Shares in subsidiaries [1)]	724.8	1 019.1
Due from group companies	267.7	65.4
Due from stockbrokers	0.0	22.8
Due from customers stockbrokerage	3.7	65.5
Other assets	4.4	0.2
Total other assets	**1 086.2**	**1 263.4**

1) See note 24.

Note 36 | Deposits from customers

NOK million	2012 Book value	2011 Book value
Deposits from customers	18 984.7	17 373.6
Term loans and deposits from customers	963.8	1 118.8
Total deposits from customers	**19 948.5**	**18 492.4**

NOK million	2012 Book value	2011 Book value
Sector and industry classification		
Development of building projects	291.4	184.6
Sale and operation of real estate	2 942.3	2 589.7
Professional and financial services	1 965.2	2 828.3
Wage-earners	11 648.9	10 729.3
Other	3 100.8	2 160.5
Total	**19 948.5**	**18 492.4**
Geographic distribution		
Eastern Norway	15 860.7	14 845.2
Western Norway	2 229.1	1 960.5
Southern Norway	309.2	234.5
Mid-Norway	496.0	447.4
Northern Norway	624.5	584.6
Rest of world	429.0	420.2
Total	**19 948.5**	**18 492.4**

Note 37 | Hedge accounting

Storebrand uses fair value hedging for interest risk.The hedging items are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value through the profit or loss (FVO). Changes in the value of the hedged item that relate to the hedged risk are applied to the book value on the item and are recognised in the profit and loss account. Hedging effectiveness is monitored at the individual item level. Hedging effectiveness when the hedge is created measures 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. Subsequently, hedging effectiveness is measured on the basis of the simple Dollar Offset method for both prospective and retrospective calculations. Hedging is expected to be highly efficient in the period.

	2012			2011		
	Contract/	Fair value 1)		Contract/	Fair value 1)	
NOK million	nominal value	Assets	Liabilities	nominal value	Assets	Liabilities
Interest rate swaps	1 017.0	67.5		1 047.0	69.4	0.0
Total interest rate derivatives	1 017.0	67.5		1 047.0	69.4	0.0
Total derivatives	1 017.0	67.5		1 047.0	69.4	0.0

	Contract/ nominal value	Fair value 1) Assets	Liabilities	Contract/ nominal value	Fair value 1) Assets	Liabilities
Total underlying items	1 017.0		1 089.9	1 044.0		1 120.1
Hedging effectiveness - prospective			107 %			102 %
Hedging effectiveness - retrospective			96 %			-98 %

Gain/loss on fair value hedging: 2)

NOK million	2012 Gain/loss	2011 Gain/loss
On hedging instruments	0.4	9.7
On items hedged	-2.6	-13.5

1) Book value at 31.12.
2) Amounts included in the line "Net interest income".

Note 38 | Bonds and commercial papers issued

NOK million	2012 Book value	2011 Book value
Commercial papers		501.4
Bond loans	4 666.9	3 947.4
Total bonds and commercial papers issued	**4 666.9**	**4 448.9**

See also note 5 for analysis of bonds and commercial papers issued.

Note 39 | Subordinated loan capital

NOK million	2012 Book value	2011 Book value
Dated subordinated loan capital	151.2	401.5
Other subordinated loan capital	9.3	9.3
Tier 1 hybrid capital	280.9	281.5
Total subordinated loan capital	**441.4**	**692.3**

NOK million	2012	2011
Subordinated loan capital included in capital adequacy calculation	441.4	692.3
Interest expense		
Interest expense booked in respect of subordinated loan capital	29.5	33.6

All subordinated loans are denominated in NOK.
See also note 5 for analysis of subordinated loan capital and Tier 1 hybrid capital.

Note 40 | Provisions

	Provisions for restructuring	
NOK million	2012	2011
Provisions 1 January	0.8	3.7
Provisions during the period	17.6	
Provisions used during the period	-0.8	-2.9
Total provisions 31 December	**17.7**	**0.8**
Classified as:		
Provision for accrued expenses and liabilities	17.7	0.8

Storebrand has decided to implement a major cost reduction programme. In the financial statements for Storebrand Bank Group NOK 17.7 million has been reserved to cover costs associated with the restructuring in 2012. These costs relate to headcount reductions, and chiefly apply to early retirees, ant to IT costs. This provision has been considered in accordance with IAS 37, and the restructuring plan has been announced to all parties affected by the changes.

NOTE 41 | Other liabilities

NOK million	2012 Book value	2011 Book value
Payable to Storebrand group companies	7.1	329.7
Money transfers	7.9	43.2
Group contribution payable to group companies	236.3	85.8
Accounts payable	3.5	4.6
Payable to stockbrokers	3.7	42.1
Payable to customers stockbrokerage	0.0	45.0
Accrued interest expenses financial debt	13.1	14.3
Accrued expenses and prepaid income	25.8	22.2
Due to brokers related to settlement of financial instruments	0.0	296.1
Other debt	4.1	5.6
Total other liabilities	**301.4**	**888.7**

NOTE 42 | Off balance sheet liabilities and contingent liabilities

NOK million	2012	2011
Guarantees	226.0	293.6
Undrawn credit limits	4 268.6	4 263.1
Lending commitments	796.1	1 408.5
Total contingent liabilities	**5 290.7**	**5 965.2**

Guarantees are mainly payment guarantees and contract guarantees. See also note 4. Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on flexible mortgages.

In 2012 Storebrand Bank received no new complaint cases concerning retail customers' investments in various stock index bonds in Storebrand Bank ASA. A total of 70 private customers have complained to the Norwegian Financial Services Complaints Board about their investments in various stock index bonds in Storebrand Bank. The bank is awaiting the final guidelines from the Norwegian Financial Services Complaints Board. There are not made any provisions in the accounts related to these legal disputes.

NOTE 43 | Collateral

Received and pledged collateral

Storebrand Bank ASA has not received or pledged any collateral except securities pledged as collateral for F-loans in Norges Bank and securities pledged as collateral in connection with the scheme for swapping covered bonds for government papers (see table below).

Collateral and security pledged

NOK million	2012	2011
Booked value of bonds pledged as collateral for the bank's lending from Norges Bank	1 854.0	3 164.4
Booked value of bonds pledged as collateral for swap scheme	2 043.1	3 542.3
Booked value of securities pledged as collateral in other financial institutions	384.3	286.5
Total	**4 281.5**	**6 993.2**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank's deposits in Norges bank. Storebrand Bank ASA has a F-loan for NOK 500 million in Norges Bank as per 31.12.2012.

In connection with the package of measures by the authorities concerning the banks, Storebrand Bank ASA has entered into an agreement involving the following amounts to conditions and terms for a swap scheme of covered bonds for treasury bills:

NOK million	Amount	Issued	Maturity	Interest rate
Borrowings under the Norwegian Government's Swap scheme	499,2	06.05.2009	19.03.2014	NIBOR MINUS 20BP
Borrowings under the Norwegian Government's Swap scheme	496,5	04.06.2009	19.03.2014	NIBOR MINUS 20BP
Borrowings under the Norwegian Government's Swap scheme	497,0	17.06.2009	20.03.2013	NIBOR MINUS 20BP
Borrowings under the Norwegian Government's Swap scheme	493,3	09.09.2009	18.12.2013	NIBOR PLUS 24BP

Note 44 | Capital Adequacy

Capital adequacy calculations are subject to special consolidation rules in accordance with the Regulation on consolidated application of the capital adequacy rules etc. (the "Consolidation Regulation"). The Storebrand Bank group is defined pursuant to Section 5 of the Consolidation Regulation as a financial group comprising solely or mainly undertakings other than insurance companies. Profit for the year is included in the primary capital.

Net primary capital

NOK million	2012	2011
Share capital	960.6	960.6
Other equity	1 414.0	1 241.8
Total equity	**2 374.6**	**2 202.4**
Deductions:		
Intangible assets	-65.7	-64.3
Deferred tax assets	-14.0	-21.5
Core capital excl. Tier 1 hybrid capital	**2 294.9**	**2 116.6**
Addition:		
Tier 1 hybrid capital	278.8	279.0
Core capital	**2 573.6**	**2 395.6**
Supplementary capital	158.6	409.2
Deductions		
Net primary capital	**2 732.2**	**2 804.9**

Minimum capital requirement

NOK million	2012	2011
Credit risk	1 433.6	1 340.7
Of which:		
Local and Regional authorities	9.2	2.5
Publicly owned companies	0.0	8.0
Institutions	167.6	193.5
Corporates	947.6	666.1
Loans secured on real estate	189.9	316.6
Retail market	47.8	44.2
Loans past-due	10.6	19.6
Covered bonds	39.1	71.1
Other	21.8	19.1
Total minimum requirement for credit risk	**1 433.6**	**1 340.7**
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk	69.4	60.8
Deductions		
Loan loss provisions on groups of loans	-3.1	-4.2
Minimum requirement for capital base	**1 499.9**	**1 397.4**

Capital adequacy

	2012	2011
Capital ratio	14.6 %	16.1 %
Core capital ratio	13.7 %	13.7 %

The company uses the standard method for credit risk and market risk, and the basic method for operational risk.
The minimum requirement for the capital ratio is 8 per cent.

Basis of calculation (risk-weighted volume)

NOK million	2012	2011
Credit risk	17 920.0	16 758.7
Of which:		
Local and Regional authorities	115.3	31.3
Publicly owned companies	0.0	100.3
Institutions	2 095.1	2 418.2
Corporates	11 844.6	8 326.5
Loans secured on real estate	2 373.3	3 957.3
Retail market	597.8	552.4
Loans past-due	132.4	245.2
Covered bonds	488.6	888.4
Other	272.9	239.0
Total minimum requirement for credit risk	**17 920.0**	**16 758.7**
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk	867.8	760.6
Deductions	-38.6	-51.9
Total basis of calculation of minimum requirements for capital base	**18 749.2**	**17 467.4**

NOTE 45 | Remuneration of senior employees and elected officers of the company

NOK 1000	**Ordinary salary**	**Bonus paid in 2012**	**Other benefits [2]**	**Salary guarantee (months)**	**Pension accrued for the year [9]**	**Present value of pension [9]**	**Loans [4]**	**Interest rate at 31.12.2012**	**Repayment period [5]**
Senior employees									
Truls Nergaard (CEO)	2 346	240	172	18	840	3 053	3 900	2.25-3.85%	2022/2042
Bernt Uppstad [10]	1 082		106		214	1 508	1 401	2.25%	2027
Anne Grete T. Wardeberg	1 318		143		367	3 822			
Monica K. Hellekleiv	937	37	120		250	3 044	3 566	2.25-3.5%	2021/2041
Robert Fjelli	1 425	133	135		416	2 165	3 296	2.25-3.7%	2019/2041
Torstein Hagen	1 517	54	137	6	94		2 894	2.25%	2041
Total 2012	**8 626**	**465**	**814**		**2 182**	**13 592**	**15 057**		
Total 2011	8 013	1 243	704		3 041	13 529	14 724		

NOK 1000	**No. of shares owed [3]**	**Bonus earned in 2012 [1]**	**Bonus to be paid in 2013**	**Bonus transferred to share bank in 2013**
Senior employees				
Truls Nergaard (CEO)	14 658	717	359	599
Bernt Uppstad		67	67	
Anne Grete T. Wardeberg	4 128			
Monica K. Hellekleiv	3 300	244	122	159
Robert Fjelli	1 100	444	222	356
Torstein Hagen	1 323	380	190	245
Total 2012	**24 509**	**1 852**	**959**	**1 358**

NOK 1000	**Remuneration**	**Number of shares owed [3]**	**Loans [4]**	**Interest rate at 31.12.2012**	**Repayment period [5]**
Board of Directors [6]					
Stein Wessel-Aas	210		1 410	3.50 %	2022
Heidi Skaaret [7]			8 522	2.25-3.50 %	2042
Geir Holmgren [7]		4 460	3 237	2.25 %	2022
Inger Roll-Matthiesen			5 247	3.69-3.75 %	2041
Heidi Storruste	157	1 228	2 517	2.25 %	2019/2037
Total 2012	**367**	**5 688**	**20 934**		
Total 2011	612	130 148	22 076		

NOK 1000					
Control Committee [8]					
Finn Myhre	264		5 404	3.64-3.94%	2025/2036
Tone Margrethe Reierselmoen	233	1 734	460	4.1%	2021
Elisabeth Wille	324	163			
Harald Moen	233	595			
Anne Grete Steinkjer	233	1 800			
Ole Klette	233				
Total 2012	**1 520**	**4 292**	**5 864**		
Total 2011	1 375	2 492	8 753		

1) Earned bonus at 31.12.2012. Senior executives are contractually entitled to performance related bonuses . 50% of the earned bonus is paid in cash. The remaining amount is converted to synthetic shares based on the market priice. These are registered in a share bank with a lock-in period of three years. At the end of three years, the value of the synthetic share is calculated at a new market price. Half of the amount paid from the share bank shall, after tax, be used to purchase shares in Storebrand ASA at market price, with a new three-year lock -in period.

2) Comprises company car, telephone, insurance, concressionary interest rate and other contractual benefits.

3) 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 (cf. Accounting Act 7-26) influence.

4) 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 3.5 million at an interest rate equal to the norm interest rate (for tax purposes) defined by the Norwegian Minstry of Finance.

5) Loan payment due but not yet paid.

6) Remuneration paid represents remuneration paid in connection with the individual's appointment to the Board of Directors of Storebrand Bank ASA.

7) Neither Geir Holmgren nor Heidi Skaaret receives any remuneration from Storebrand Bank ASA for their appointments as members of the Board.

8) Remuneration to the Control Committee covers all the Norwegian companies in the group which are required to have a control committee.

9) All employees are members of Storebrand's pension scheme. From 1 January 2011 the defined benefit scheme was closed to new members. At the same date a defined contribution pension scheme was established which applies to new employees from 1 January 2011 and to those who chose to transfer from a defined benefit to a defined contribution pension arrangement. For further information about the pension schemes refer to note 15.

10) Bonus to be paid in 2013 includes NOK 25.000 for bonus to purchase of shares.

For the 2013 AGM, the Board of Storebrand Bank ASA will present the following statement on the determination of salaries and other compensation for executive employees pursuant to Section 6-16a of the Public Limited Liability Companies Act, based on the Group's previously adopted guidelines for compensation for executive employees in Storebrand

THE BOARD OF DIRECTORS' STATEMENT ON THE FIXING OF SALARIES AND OTHER REMUNERATION FOR EXECUTIVE EMPLOYEES

The Board of Directors of Storebrand ASA has had a special Compensation Committee since 2000. The Compensation Committee is tasked with providing a recommendation to the Board of Directors concerning all matters to do with the company's remuneration of its Chief Executive Officer. The Committee is responsible for keeping itself informed and proposing guidelines for the determination of remuneration for executive employees in the Group. The committee is also an advisory body for the CEO in relation to remuneration schemes that encompass all the employees in Storebrand Group, including Storebrand's bonus system and pension scheme. The Compensation Committee ensure the requirement to follow-up the Remuneration Regulations is met.

1. INDICATIVE GUIDELINES FOR THE NEXT FINANCIAL YEAR

Storebrand aims to base remuneration on competitive and stimulating principles that help to attract, develop and retain highly qualified staff. Optimised financial remuneration helps to create a performance culture with clear goals for all employees and correct assessments by managers that differentiate between performances that are good and less good.

Financial remuneration shall be designed to:
1. Help support continuous improvement, stimulate internal cooperation and create a value-based performance culture
2. Help focus the efforts of employees
3. Ensure that the Group's strategy and plans provide a basis for the goals and requirements set for the employees' performance
4. Ensure that remuneration is based on long-term thinking, balanced goal-oriented management and real value creation
5. Be based on evaluations of the individual's results and compliance with our core values
6. Facilitate a clear, transparent and team-based process for setting goals and goal structures
7. Ensure that both the development of financial remuneration and job requirements are embedded in the employee's role, responsibilities and influence in the Group Ensure that the composition and level of the components of the financial remuneration are balanced and in line with the market

The salaries of executive employees are determined based on the position's responsibilities and complexity. Pay levels are adjusted on the basis of regular comparisons with corresponding positions in the market Storebrand does not wish to be a pay leader in relation to the sector.

In addition to their fixed salary, executive employees in Storebrand may receive compensation in the form of an annual bonus, participate in the Group's pension scheme, and receive other fringe benefits. Executive employees may also be entitled to a termination pay arrangement, which guarantees that they will receive their salary less other income for a specific period of up to 24 months upon the conclusion of their employment.

2. BINDING GUIDELINES FOR SHARES, SUBSCRIPTION RIGHTS, OPTIONS, ETC. FOR THE NEXT FINANCIAL YEAR 2012

2.1 The bonus system

Executive employees and employees who influence the company's risk are divided into two categories with regard to financial remuneration. Executive employees for whom accounting and control functions make up a large part of their duties receive fixed salaries only. The other executive employees have a bonus scheme linked to value creation in the Group, in the unit and through the performances of individual employees.

The Storebrand Group's bonus scheme for the 2013 financial year complies with the regulations laid down by the Ministry of Finance on 1 December 2010 relating to remuneration schemes in financial institutions. The bonus scheme is robust with respect to ensuring the overarching goals of increasing compatibility between the owners' and the executive employees' incentives as well as helping to ensure executive employees refrain from taking inappropriately large risks.

General structure of the bonus scheme
The general structure of the bonus scheme consists of the following elements:
- Funding
- Allocation
- Payment

Bonuses are funded by the value created in the Group, while the allocation of a bonus is dependent upon the value created in the unit and the employee's own performance.

Funding
Specific quantitative goals for how the value created in the company will fund bonuses are set each year. The value creation target is based on the risk-adjusted result, which excludes market dependent-results and profit sharing. Significant non-recurring effects must also be eliminated by adjustment. Funding is calculated on the basis of the value created over the last two years. For 2012, the value created will be an average of the percentage of goals achieved in 2011 and 2012. In addition, the total group profit must exceed a predefined level in order to avoid a reduction in the bonus earned based on the risk-adjusted result. Negative group results before tax result in a full reduction and no bonuses. In addition, the return on equity (before tax) must be greater than 5 per cent and the Group's solvency must be satisfactory.

The Board of Storebrand ASA sets the risk-adjusted value creation target for funding the bonus.

Allocation
The profit allocation is dependent upon both the unit's results and individual goal attainment. The value created by a unit is measured using a scorecard that is based on the unit's strategic, financial and operational goals. Scorecards contain both quantitative and qualitative goals. Specific performance goals for executive employees are also set each year. These are documented using a special monitoring system. The unit's result and individual goal attainment have equal weight.

The intended target bonus for executive employees is between 20 and 40 per cent of their fixed salary over time. The maximum target attainment for funding and awarding is 150 per cent. The bonus awarded to executive employees is determined using the following formula:
Target bonus level x Funding result x Allocation result

The maximum possible bonus entitlement cannot exceed 90 per cent of annual salary. The maximum allocated bonus for executive employees in Storebrand Bank is 50 per cent.

Payment of the bonus
Of the variable remuneration for the CEO and executive employees, 50 per cent of the allocated bonus will be paid in cash and 50 per cent will be converted to a number of synthetic shares. The number of shares is registered in a share bank and remains in the share bank for 3 years. At the end of the 3-year period an amount corresponding to the market price of the awarded shares is paid. Half of the amount paid, after tax, from the share bank must be used to purchase actual shares in Storebrand ASA at market price with a lock-in period of 3 years. No payments are made from the share bank until the end of the 3-year period, even if the employee withdraws from the scheme or leaves the company. Payment is made on the date specified at the time the allocation was made. The Board can in special circumstances decide to fully or partially reduce assets in the share bank. Such circumstances include subsequent evidence that the employee or company did not satisfy the result criteria or the financial position of the company or Group having been considerably weakened.

2.2. Pension scheme
The company shall arrange and pay for an ordinary group pension insurance for all employees from the date of employment and in accordance with the applicable pension rules at any given time.

2.3. Severance pay
The Chief Executive Officer and executive vice presidents are entitled to severance pay if their contracts are terminated by the company. These employees are also entitled to severance pay if they decide to leave the company due to substantial changes in the organisation or equivalent circumstances which make it unnatural for the employee to continue in his or her position. If the employment relationship ends as a result of the person concerned being guilty of a gross breach of duty or other material breach of the employment contract, the provisions in this section do not apply.

Deductions are made to the severance pay for all work-related income, including fees from the provision of services, offices held etc. Severance pay corresponds to the pensionable salary at the end of the employment relationship, excluding any bonus schemes. The Chief Executive Officer is entitled to 24 months' severance pay. Other executive vice presidents are entitled to a maximum 18 months' severance pay.

2.4. Share programme for employees
Like other employees in Storebrand, executive employees have an opportunity to purchase a limited number of shares in Storebrand ASA at a discount as part of a share programme for employees

3. REPORT ON EXECUTIVE PAY POLICY FOR THE PREVIOUS ACCOUNTING YEAR
The guidelines for the executive pay policy for 2012 have been followed.

4. STATEMENT CONCERNING THE EFFECTS OF SHARE-BASED REMUNERATION AGREEMENTS FOR THE COMPANY AND SHAREHOLDERS
In accordance with the new guidelines, cf. section 2.1 above, half of the amount paid from the share bank shall be used to purchase shares in Storebrand ASA at the market price with a new 3-year lock-in period.
Executive employees thereby have up to 6 years of withheld bonus and substantial exposure to the company's share price. In the opinion of the Board, this does not have any negative effect on the company and the shareholders, given the structure of the scheme and the size of each Group director's portfolio of shares in Storebrand ASA.

Note 46 | Close associates

TRANSACTIONS WITH GROUP COMPANIES

NOK million	**Subsidiaries**	**Other group companies**	**Subsidiaries**	**Other group companies**
Interest income	245.7		367.0	
Interest expense	5.9		24.7	0.2
Services sold	13.6	3.5	13.9	3.4
Services purchased		114.5		82.6
Gain on sale of shares		5.9		
Due from	4 876.7	74.4	4 379.7	0.2
Liabilities to	450.8	150.0	667.9	65.4

Transaction with group companies are based on the principle of transactions at arm's length.

Loans transferred to Storebrand Boligkreditt AS

Storebrand Bank ASA sells loans to the mortgage company Storebrand Boligkreditt AS. Once the loans are transferred, Storebrand Boligkreditt AS assumes all the risks and benefits of owning the loan portfolio. It is Storebrand Boligkreditt that receives all the cash flows from the loan customer. The bank and Storebrand Boligkreditt have not signed any agreements concerning guarantees, options "or similar in relation to the loan portfolio in Storebrand Boligkreditt AS. Storebrand Bank ASA will ensure the transfer and return of loans as needs" change, i.e. when there is a need to increase borrowing, switches from fixed to variable interest rates, switches to employee loans and switches to home equity loans. The costs form part of the contractual management fees.

Loans in Storebrand Boligkreditt AS that do not perform remain in the company. According to the service agreement with Storebrand Bank ASA, these loans will be treated in the same way as non-performing loans in the bank. A special report on non-performing loans in Storebrand Boligkreditt AS is prepared. These loans are not included in the mortgage company's total collateral.

Loan to employees can be transferred to Storebrand Boligkreditt AS. The difference between the market interest rate and the subsidised interest rate is covered monthly by the company in which the debtor is employed.

Overview of transferred lending:

NOK million	**2012**	**2011**
To Storebrand Boligkreditt AS - accumulated transfer	17 301.6	16 537.8
Fra Storebrand Boligkreditt AS - this year's transfer	396.4	822.0
To Storebrand Eiendomskreditt AS under avvikling	0.0	0.0
From Storebrand Eiendomskreditt AS under avvikling	0.0	2 261.7

Storebrand Eiendomskreditt AS has been wound up in 1st quarter of 2012.
Storebrand Bank AS has not pledged any guarantees in connection with loans to Storebrand Boligkreditt AS.

Transactions with other related parties

Storebrand Bank ASA defines Storebrand Optimér ASA as a related party as the company's objective is to offer alternative savings products to the bank's customers. Storebrand Optimér ASA has no employees and the company has entered into an agreement with Storeband Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Optimér ASA. The bank has booked NOK 8.7 million as revenue in the accounts for 2012 and the bank has a receivable due from the company of NOK 1.4 million as of 31.12.2012. The fees paid to the bank are based on the arm's length principle.

Storebrand Bank ASA also defines Storebrand Infrastruktur ASA as a related party since the general manager of Storebrand Infrastruktur ASA is an employee of Storebrand Bank ASA and the company's objective is to offer alternative savings products to the bank's customers. Storebrand Infrastruktur ASA has no employees and the company has entered into an agreement with Storeband Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Infrastruktur ASA. The bank has booked NOK 0.6 million as revenue in the accounts for 2012. The fees paid to the bank are based on the arm's length principle.

Sale of shares in Storebrand Baltic UAB

In 2012 the bank sold its 50 per cent ownership interest in Storebrand Baltic UAB to Storebrand ASA. The Bank recognised a gain of NOK 5.9 million on the sale.

LOANS TO EMPLOYEES

NOK million	**2012**	**2011**
Loans to employees of Storebrand Bank ASA	61.1	48.0
Loans to employees of Storebrand group including Storebrand Bank ASA	443.8	326.7

Loans to employees are granted in part on the normal terms and conditions for loans to employees, i.e. loan to and individual of up to NOK 3.5 million at an interest rate equal to the norm interest rate (for tax purposes) defined by the Norwegian Ministry of Finance. Loans in excess of NOK 3.5 million are granted on normal commercial terms and conditions. The bank has not provided guarantees or security for borrowing by employees.

NUMBER OF EMPLOYEES:

NOK million	**2012**	**2011**
Number of employees at 31 December	128	128
Number of employees expressed as full-time equivalent positions	126	126

Storebrand Bank ASA

- Statement from the Board of Directors and the CEO

Today the Board members and the CEO have considered and approved the annual report and annual financial statements of Storebrand Bank ASA for the 2012 financial year and as of 31 December 2012 (2012 annual report).

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards approved by the EU and appurtenant interpretations, as well as the other disclosure obligations stipulated by the Norwegian Accounting Act and the current applicable regulations relating to annual accounts of banks and finance companies etc. as of 31 December 2012. The annual accounts for the parent bank have been prepared in accordance with the Norwegian Accounting Act, the regulations relating to annual accounts of banks and finance companies etc. and simplified IFRS as of 31 December 2012, as well as the additional requirements in the Norwegian Securities Trading Act. The annual report complies with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard no. 16 as of 31 December 2012.

In the best judgement of the Board and the CEO, the annual financial statements for 2012 have been prepared in accordance with the applicable accounting standards, and the information presented in the the financial accounts provides a true and fair view of the parent company's and group's assets, liabilities, financial position and results as a whole as of 31 December 2012. In the best judgement of the Board and the CEO, the annual report provides a true and fair view of the material events that occurred during the accounting period and their effects on the annual financial statements of Storebrand Bank ASA. In the best judgement of the Board and the CEO, the descriptions of the most important elements of risk and uncertainty that the group faces in the next accounting period, and a description of related parties' material transactions, also provide a true and fair view.

Lysaker, 12 February 2013
The Board of Directors of Storebrand Bank ASA

Translation – not to be signed

Stein Wessel-Aas Chairman of the Board	Heidi Skaaret Deputy chairman	Inger Roll-Matthiesen Board member
Geir Holmgren Board member	Heidi Storruste Board member	Truls Nergaard CEO

Deloitte AS
Karenslyst allé 20
Postboks 347 Skøyen
NO-0213 Oslo
Norway

Tel: +47 23 27 90 00
Fax: +47 23 27 90 01
www.deloitte.no

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand Bank ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Storebrand Bank ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the statement of financial position as at December 31, 2012, and the profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the statement of financial position as at December 31, 2012, and the profit and loss account, statement of comprehensive income, statement of changes in equity, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with simplified application of international accounting standards according to the Norwegian accounting act § 3-9 for the company accounts and in accordance with International Financial Reporting Standards as adopted by EU for the group accounts, and for such internal control as The Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Deloitte.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements for the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Storebrand Bank ASA as at December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to the Norwegian accounting act § 3-9.

Opinion on the financial statements for the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group Storebrand Bank ASA as at December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and statement of corporate governance principles and practices

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and statement of corporate governance principles and practices concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, February 12, 2013
Deloitte AS

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

Storebrand Bank ASA - Control Committee's Statement for 2012

At its meeting on 26 February 2013, the Control Committee of Storebrand Bank ASA reviewed the Board of Directors' proposed Annual Report and Accounts for 2012 for Storebrand Bank ASA and the Storebrand Bank Group.

With reference to the auditor's report of 12 February 2013, 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 2012.

Lysaker, 26 February 2013

Translation – not to be signed

Elisabeth Wille
Chair of the Control Committee

Storebrand Bank ASA - Board of Representatives' Statement 2012

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 the 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.

Lysaker, 4 March 2013

Translation – not to be signed

Terje Venold
Chairman of the Board of Representatives

Layout: CopyCat Pluss

Company information

Adress:
Storebrand Bank ASA
Professor Kohts vei 9
PO Box 474
N-1327 Lysaker

Telephone: + 47 22 31 50 50
Callsenter: 08880 (within Norway)
Website: www.storebrand.no

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