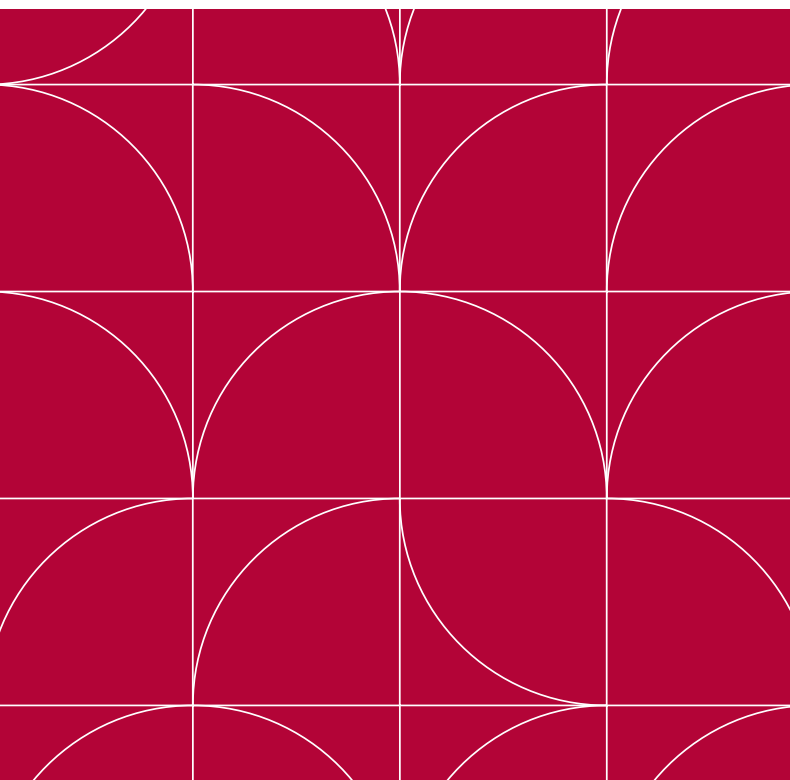


# Storebrand Bank Group

4th Quarter 2006

 storebrand



# Storebrand Bank - Group

## - interim results for Q4 2006 and preliminary results for 2006

(Figures for the corresponding period in 2005 shown in brackets)

- Storebrand Bank reported consolidated pre-tax profit of NOK 36.0 million for Q4
- NOK 6.3 million write-back in Q4 of earlier loan loss write-downs
- Increase of NOK 2.6 billion in lending in Q4
- Decline in non-performing and loss-exposed loans continues as expected
- Deposit-to-loan ratio of 43.4% at the close of Q4
- Good inflow of new customers, with over 6,000 new accounts opened in Q4

Storebrand Bank group reported ordinary operating profit for Q4 2006 of NOK 29.7 million (NOK 43.4 million) before write-downs for loan losses. After a net write-back of earlier loan loss write-downs of NOK 6.3 million, pre-tax profit for Q4 was NOK 36.0 million (NOK 58.8 million). Ordinary pre-tax profit for the year as a whole was therefore NOK 190.0 million (NOK 241.1 million).

Net interest income amounted to NOK 101.3 million (NOK 116.3 million) in Q4. Net interest income for the year as a whole totalled NOK 418.8 million (NOK 447.2 million), representing a net interest margin calculated on average total assets of 1.32% (1.59%). The decline reflects continuing strong competition and pressure on margins in the lending market.

Net fee and commission income amounted to NOK 11.1 million in Q4 (NOK 9.2 million). This included net commission income on sales of Storebrand Optimèr ASA and real estate investment funds. Storebrand Optimèr ASA was launched in October, and is a product that combines equity and real estate investments in a single portfolio. Net fee and commission income for the year as a whole was NOK 31.9 million (NOK 17.6 million).

With effect from Q4, commission income and sales costs arising in connection with sales of real estate funds have been reclassified in the profit and loss account from other operating income and other operating costs to commission income and commission expenses respectively (net fee and commission income).

Other operating income amounted to NOK 13.2 million in Q4 (NOK 11.4 million). For the year as a whole, other operating income totals NOK 46.8 million (NOK 76.3 million). Income from real estate brokerage amounted to NOK 4.5 million in Q4 (NOK 2.9 million) and NOK 14.2 million (NOK 9.3 million) for the year as a whole.

Operating expenses amounted to NOK 95.8 million in Q4 (NOK 93.4 million), bringing expenses for the year as a whole to NOK 354.5 million (NOK 334.5 million). The bank is committed to a continuous program of measures to reduce the level of other operating expenses relative to its total assets and income. As part of this, the bank has implemented measures to ensure continuous improvement and greater efficiency for its internal processes.

Changes in realised loan losses and loan loss write-downs in Q4 resulted in a net write-back of NOK 6.3 million. This was principally due to a decline in the volume of loans with identified impairment. Gross non-performing and loss-exposed loans totalled NOK 532.7 million at the close of Q4. This represents a reduction of NOK 58.2 million from the previous quarter and a reduction of NOK 221.3 million for 2006 as a whole. The bank's loan loss write-downs (both individual and grouped write-downs) totalled NOK 433.3 million at the end of Q4, of which grouped write-downs accounted for NOK 73.3 million. This represents a level of provisioning relative to non-performing and loss-exposed loans of 81.3% (63.5%), an increase of 7 percentage points from Q3.

The bank's assets totalled NOK 34.2 billion at the close of Q4. Gross lending increased by NOK 2.6 billion in Q4, bringing the increase for the year as a whole to NOK 4.4 billion. The increase in Q4 was made up of NOK 1.4 billion of lending to the retail market and NOK 1.2 billion to the corporate market. In addition, lending by Storebrand Life Insurance managed by Storebrand Bank ASA increased by NOK 486.6 million in Q4. The bank's deposit-to-loan ratio fell in Q4 to stand at 43.4% by the end of the quarter as compared to 45.8% at the close of Q3 and 41.8% at the start of the year.

The bank's capital ratio at the end of Q4 was 11.0% and its core capital ratio was 8.8%. Net primary capital amounted to NOK 2.4 billion at the close of Q4. The capital ratio calculations at the close of Q4 include profit for the year and a group contribution of NOK 200 million received from Storebrand ASA in core capital. The level of capital ratio is in line with expectations given the growth in the bank's total assets.

The marketing activities and pricing changes implemented by Storebrand Bank in 2005 and 2006 have played a major role in maintaining the bank's competitiveness, and this is reflected in growth in lending and new customer numbers. Lending to the retail market increased by 21% in 2006, while corporate lending increased by 14%. The bank opened over 6,000 new customer accounts in Q4, bringing the total number of new accounts for the year as a whole to over 21,000. Storebrand Bank accordingly achieved a stronger performance than the market as a whole.

Oslo, 13 February 2007

The Board of Directors of Storebrand Bank ASA

# Storebrand Bank Group

## PROFIT AND LOSS ACCOUNT <sup>1)</sup>

NOK MILLION	4 <sup>th</sup> Quarter		GROUP	
	2006	2005	1.1. - 31.12. 2006	2005
Interest income	338.6	241.1	1 220.0	1 027.1
Interest expense	-237.3	-124.9	-801.2	-579.9
<b>Net interest income</b>	<b>101.3</b>	<b>116.3</b>	<b>418.8</b>	<b>447.2</b>
Fee and commission income from banking services	37.6	15.6	112.3	44.5
Fee and commission expenses for banking services	-26.6	-6.4	-80.3	-26.9
<b>Net fee and commission income</b>	<b>11.1</b>	<b>9.2</b>	<b>31.9</b>	<b>17.6</b>
Net income and gains from associated companies	-0.8	0.5	10.6	6.4
Net gains on financial instruments at fair value	10.4	4.4	22.9	32.5
Other income	3.6	6.5	13.3	37.3
<b>Total other operating income</b>	<b>13.2</b>	<b>11.4</b>	<b>46.8</b>	<b>76.3</b>
Staff expenses and general administration expenses	-63.9	-58.2	-218.9	-211.9
Other operating costs	-31.9	-35.2	-135.6	-122.5
<b>Total non-interest expenses</b>	<b>-95.8</b>	<b>-93.4</b>	<b>-354.5</b>	<b>-334.5</b>
<b>Operating profit before losses and other items</b>	<b>29.7</b>	<b>43.4</b>	<b>143.0</b>	<b>206.6</b>
Net write-back in loan losses	6.3	15.4	47.0	34.4
<b>Profit before tax</b>	<b>36.0</b>	<b>58.8</b>	<b>190.0</b>	<b>241.1</b>
Tax	-3.0	0.7	-42.7	-47.0
<b>Profit for the year</b>	<b>33.0</b>	<b>59.5</b>	<b>147.3</b>	<b>194.1</b>
Allocated to:				
Shareholders	32.8	59.4	147.1	194.1
Minority interests	0.2	0.1	0.2	0.0

1) Items in the profit and loss account have been reclassified in the fourth quarter. Comparable figures have been reclassified accordingly.

# Storebrand Bank Group

## BALANCE SHEET

NOK MILLION	31.12.06	GROUP 31.12.05*)
Cash and deposits with central banks	394.4	423.9
Loans to and deposits with credit institutions	114.9	41.7
Financial assets designated at fair value through profit or loss:		
Equity instruments	8.2	8.8
Bonds and other fixed-income securities	1 698.6	1 703.1
Derivatives	642.9	515.0
Other current assets	293.7	165.7
Gross lending	31 181.1	26 764.9
- Write-downs of individual loans	-360.0	-389.6
- Write-downs of groups of loans	-73.3	-89.2
Net lending to customers	30 747.8	26 286.0
Investments in associated companies	29.2	38.3
Tangible assets	7.2	10.1
Intangible assets	46.1	26.0
Deferred tax assets	172.5	211.4
<b>TOTAL ASSETS</b>	<b>34 155.5</b>	<b>29 430.0</b>
Liabilities to credit institutions	2 786.0	1 464.6
Deposits from and due to customers	13 533.7	11 187.0
Other financial liabilities:		
Derivatives	607.2	452.3
Commercial paper and bonds issued	14 396.7	13 657.2
Other liabilities	339.0	204.8
Provision for accrued expenses and liabilities	4.0	4.9
Pension liabilities	70.1	53.4
Subordinated loan capital	759.3	658.9
<b>TOTAL LIABILITIES</b>	<b>32 495.9</b>	<b>27 683.0</b>
Paid in capital	916.6	916.6
Retained earnings	739.6	827.4
Minority interests	3.5	3.0
<b>TOTAL EQUITY</b>	<b>1 659.6</b>	<b>1 747.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>34 155.5</b>	<b>29 430.0</b>

\*) Comparable figures for 31.12.05 have been restated due to changes in accounting principles, see note 2.

# Storebrand Bank Group

## RECONCILIATION OF CHANGES IN EQUITY

NOK MILLION	31.12.06				GROUP				31.12.05			
	MAJORITY'S SHARE OF EQUITY			TOTAL EQUITY	MAJORITY'S SHARE OF EQUITY			TOTAL EQUITY				
	PAID IN CAPITAL	OTHER EQUITY	MINORITY INTEREST		PAID IN CAPITAL	OTHER EQUITY	MINORITY INTEREST					
Equity as at 31.12.05 / 31.12.04	916.6	792.9	3.0	1 712.4	1 315.9	659.3	0.8	1 976.0				
New accounting principle for pensions		34.5		34.5		30.4		30.4				
<b>Equity at the beginning of the period</b>	<b>916.6</b>	<b>827.4</b>	<b>3.0</b>	<b>1 747.0</b>	<b>1 315.9</b>	<b>689.7</b>	<b>0.8</b>	<b>2 006.4</b>				
The year's change in estimate regarding new accounting principle pensions		-12.5		-12.5		4.1		4.1				
Profit for the period		147.1	0.2	147.3		194.1		194.1				
Equity transactions with the owner:												
Dividend paid		-222.4		-222.4		-61.7		-61.7				
Reduction in equity		0.0		0.0	-399.3	0.0	0.0	-399.3				
Other changes		0.0	0.4	0.4		1.2	2.2	3.4				
<b>Equity at the end of the period</b>	<b>916.6</b>	<b>739.5</b>	<b>3.5</b>	<b>1 659.6</b>	<b>916.6</b>	<b>827.4</b>	<b>3.0</b>	<b>1 747.0</b>				

## ANALYSIS OF CASH FLOW

NOK MILLION	GROUP	
	31.12.06	31.12.05
<b>Cash flow from operations</b>		
Net receipts/payments of interest, commissions and fees from customers	431.1	534.1
Net disbursement/payments on customer loans	-4 488.0	-2 600.6
Net receipts/payments of deposits from banking customers	3 668.1	-963.2
Net receipts/payments on other operating activities	-191.4	118.7
<b>Net cash flow from operating activities</b>	<b>-580.2</b>	<b>-2 911.0</b>
<b>Cash flow from investment activities</b>		
Net receipts from sale of subsidiaries and associated companies	14.7	250.1
Net payments on purchase/sale of fixed assets etc.	-35.6	-21.8
<b>Net cash flow from investment activities</b>	<b>-20.9</b>	<b>228.3</b>
<b>Cash flow from financing activities</b>		
Net receipts/payment from borrowing	794.1	3 036.3
Dividend/group contribution payments	-222.4	-61.7
Paid back share capital	0.0	-399.3
<b>Net cash flow from financing activities</b>	<b>571.7</b>	<b>2 575.3</b>
<b>Net cash flow in period</b>	<b>-29.4</b>	<b>-107.4</b>
Cash and cash equivalent assets at the start of the period	423.9	531.3
<b>Cash and cash equivalent assets at the end of the period</b>	<b>394.4</b>	<b>423.9</b>

# Notes to the accounts

## NOTE 1 ACCOUNTING PRINCIPLES

The consolidated interim accounts for the group include Storebrand Bank ASA together with subsidiaries and associated companies. The interim accounts for the year have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required for full annual accounts prepared in accordance with IFRS.

The annual report and accounts of Storebrand Bank ASA for 2005 is available on request from the company's registered office at Filipstad Brygge 1, Oslo, and is also available at [www.storebrand.no](http://www.storebrand.no). Information on the accounting principles used in the interim accounts can be found in the accounting principles note to the 2005 accounts, with the exception of the change in accounting principles set out in note 2 below.

In preparing the quarterly accounts, Storebrand Bank has used assumptions and estimates that affect reported amounts of assets, liabilities, revenues, costs and information in the notes to the accounts, as well as the information provided on contingent liabilities. Actual results may differ from these estimates.

## NOTE 2 CHANGE IN ACCOUNTING PRINCIPLES

The Storebrand Bank group changed its accounting principles for the recognition of pension liabilities in the second quarter. The group previously amortised the effect of differences between assumptions and actual experience (experience adjustments) and changes in assumptions over the average remaining period for accrual of pensions entitlement to the extent that the effect exceeded 10% of the higher of either the pension liability or pension assets (corridor approach). With effect from Q2 2006, the effect of such differences is applied directly to equity, and changes will be reported in the reconciliation of changes in equity. Figures for previous periods have been restated to be comparable.

Storebrand Bank is of the view that this change in accounting principles will provide more reliable and relevant information since the effect of experience adjustments and changes in assumptions will now be shown in the balance sheet as part of pension liabilities. The change in accounting principles has caused changes in the following balance sheet items:

NOK MILLION	31.12.06	GROUP 31.12.05
<b>Assets</b>		
Deferred tax assets	-8.6	-13.4
<b>Equity and liabilities</b>		
Pension liabilities	-30.6	-48.0
Other equity	22.0	34.6

Changes were made to the assumptions used to calculate pension commitments for own employees in the fourth quarter. The changes are set out in the table below.

NOK MILLION	31.12.06	31.12.05
Discount rate	4.3 %	4.7 %
Expected return on pension fund assets in the period	5.6 %	6.0 %
Expected earnings growth	4.3 %	3.0 %
Expected annual increase in social security pensions	4.3 %	3.0 %
Expected annual increase in pensions in payment	1.7 %	2.0 %

## NOTE 3 DIVIDEND

Storebrand Bank ASA distributed a dividend of NOK 3.47 per share in March 2006 in respect of the 2005 financial year. The dividend amounts to NOK 222.4 million and has been deducted from consolidated equity in Q1.

## NOTE 4 TAX

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

# Notes to the accounts

## NOTE 5 KEY FIGURES

NOK MILLION	GROUP	
	31.12.06	31.12.05
<b>Profit and Loss account: (as % of avg. total assets) <sup>1)</sup></b>		
Net interest income	1.32 %	1.59 %
Net provision income	0.10 %	0.06 %
Other operating income	0.15 %	0.27 %
Total non-interest expenses	-1.12 %	-1.19 %
Operating profit before losses and other items	0.45 %	0.74 %
Profit before tax	0.60 %	0.86 %
Profit for the year	0.46 %	0.69 %
<b>Main balance sheet figures:</b>		
Total assets	34 155.5	29 430.0
Average total assets	31 691.8	28 114.5
Total lending to customers	31 181.1	26 764.9
Equity	1 659.6	1 747.0
<b>Other key figures:</b>		
Total non-interest income as % of average total assets	0.25 %	0.33 %
Loan losses and provisions as % of average total lending	-0.17 %	-0.13 %
Costs as % of operating income	71.25 %	61.81 %
Return on equity after tax	8.39 %	9.76 %

Definitions:

1) Average total assets is calculated on the basis of quarterly total assets for the year.

## NOTE 6 CAPITAL ADEQUACY <sup>2)</sup>

NOK MILLION	31.12.06	31.12.05
Core capital	1 925.5	1 528.0
Supplementary capital	484.1	430.5
<b>Net primary capital</b>	<b>2 409.7</b>	<b>1 958.5</b>
Total assets	21 868.3	18 858.8
Total off-balance sheet items	482.8	355.6
Foreign exchange risk	4.0	9.9
Deduction for loss provisions	-437.3	-482.8
<b>Total risk-weighted assets</b>	<b>21 917.7</b>	<b>18 741.5</b>
Capital ratio	11.0 %	10.5 %
Excess capital	656.3	459.1
<b>Core capital ratio</b>	<b>8.8 %</b>	<b>8.2 %</b>

2) Key figures are based on NGAAP as the Financial Supervisory Authority of Norway has not yet issued regulations in accordance with IFRS.

## NOTE 7 QUARTERLY PROFIT AND LOSS

### Quarterly profit and loss - Group <sup>3)</sup>

NOK MILLION	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Interest income	338.6	311.5	291.2	278.9	241.1
Interest expense	-237.3	-202.8	-188.8	-172.4	-124.9
<b>Net interest income</b>	<b>101.3</b>	<b>108.7</b>	<b>102.4</b>	<b>106.5</b>	<b>116.3</b>
Fee and commission income from banking services	37.6	32.7	30.9	11.1	15.6
Fee and commission expenses for banking services	-26.6	-20.5	-25.9	-7.4	-6.4
<b>Net fee and commission income</b>	<b>11.1</b>	<b>12.2</b>	<b>5.0</b>	<b>3.7</b>	<b>9.2</b>

continues next page

# Notes to the accounts

## NOTE 7 QUARTERLY PROFIT AND LOSS <sup>3)</sup> (continued)

NOK MILLION	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Net income and gains from associated companies	-0.8	0.0	9.9	1.6	0.5
Net gains on financial instruments at fair value	10.4	4.6	3.7	4.2	4.4
Other income	3.6	3.3	-5.1	11.6	6.5
<b>Total other operating income</b>	<b>13.2</b>	<b>7.9</b>	<b>8.5</b>	<b>17.3</b>	<b>11.4</b>
Staff expenses and general administration expenses	-63.9	-53.0	-48.5	-53.5	-58.2
Other operating costs	-31.9	-40.0	-23.4	-40.3	-35.2
<b>Total non-interest expenses</b>	<b>-95.8</b>	<b>-93.0</b>	<b>-71.9</b>	<b>-93.8</b>	<b>-93.4</b>
<b>Operating profit before losses and other items</b>	<b>29.7</b>	<b>35.7</b>	<b>43.9</b>	<b>33.7</b>	<b>43.4</b>
Net write-back in loan losses	6.3	10.9	15.1	14.6	15.4
<b>Profit before tax</b>	<b>36.0</b>	<b>46.6</b>	<b>59.1</b>	<b>48.3</b>	<b>58.8</b>
Tax	-3.0	-13.7	-13.1	-12.9	0.7
<b>Profit for the year</b>	<b>33.0</b>	<b>32.9</b>	<b>46.0</b>	<b>35.3</b>	<b>59.5</b>

3) Items in the profit and loss account have been reclassified in the fourth quarter. Previous quarters have been reclassified accordingly.

## NOTE 8 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

NOK MILLION	31.12.06	GROUP	31.12.05
Guarantees	290.2		275.8
Undrawn credit limits	1 687.4		1 448.9
<b>Total contingent liabilities</b>	<b>1 977.6</b>		<b>1 724.7</b>
Book value of bonds pledged as security for the bank's D-loan facility with the Norwegian central bank	1 698.6		1 777.5
<b>Total book value of off balance sheet liabilities</b>	<b>1 698.6</b>		<b>1 777.5</b>

## NOTE 9 LOSSES AND PROVISIONS FOR NON-PERFORMING AND LOSS-EXPOSED LOANS, GUARANTEES ETC.

NOK MILLION	31.12.06	GROUP	31.12.05
<b>Non-performing and loss-exposed loans</b>			
Non-performing loans without evidence of impairment	109.0		112.9
Non-performing and loss-exposed loans with evidence of impairment	423.7		641.1
<b>Gross defaulted and loss-exposed loans</b>	<b>532.7</b>		<b>754.0</b>
Provisions for individual impairment losses	-360.0		-389.6
<b>Total provisions</b>	<b>-360.0</b>		<b>-389.6</b>
<b>Net defaulted and loss-exposed loans</b>	<b>172.7</b>		<b>364.4</b>

Individual losses in respect of guarantees amount to NOK 4 million and are recognised in the balance sheet under "Provisions for accrued expenses and liabilities"

NOK MILLION	01.01.06 - 31.12.06	GROUP	01.01.05 - 31.12.05
<b>Losses on loans and guarantees etc. during period</b>			
Change in individual impairment loss provisions	29.6		107.5
Change in grouped impairment loss provisions	15.9		26.5
Other write-down effects	22.4		-19.3
Realised losses specifically provided for previously	-17.2		-81.9
Realised losses not specifically provided for previously	-6.2		-0.9
Recoveries on previous realised losses	2.4		2.5
<b>Net write-back in loan losses</b>	<b>47.0</b>		<b>34.4</b>