

Storebrand Bank ASA - Notice to the stock exchange regarding interim results for Q1 2004

*Storebrand Bank ASA is a company in the Storebrand Group.
The Storebrand Group interim report is available at www.storebrand.no*

- Storebrand Bank delivers positiv result of 20,9 million
- Costs significantly reduced in line with communicated plans
- New loan loss provisions of NOK 13.8 million, and level of provisioning relative to non-performing and loss-exposed loans strengthened

Storebrand Bank reported a profit of NOK 34.8 million for Q1 before loan losses and write-downs (NOK 29.6 million). Net new loan loss provisions and write-downs totalled NOK 13.9 million (NOK 65.2 million). Pre-tax profit for the quarter was NOK 20.9 million (pre-tax loss of NOK 35.6 million).

Net interest income amounted to NOK 108.2 million in Q1 (NOK 131 million). This represents a net interest margin calculated on average total assets of 1.68%. The bank maintained its loan margins at an acceptable level in Q1 despite the continuing shift towards a lower risk profile for the lending portfolio. Net interest margin continues to be affected by the volume of loans on which interest is not accrued.

Operating expenses amounted to NOK 165 million in Q1 (NOK 178 million). This represents a significant reduction in the bank's cost base and is in line with the planned cost savings. The group's banking activities operate with a lower and more predictable cost base following the merger of Storebrand Bank AS and Finansbanken ASA in 2003.

Net new loan loss provisions for the quarter were at a low level relative to previous periods at NOK 13,8 million. In view of the lower level of risk in the loan portfolio, the bank has reduced general loan loss provisions with NOK 5 million. Gross non-performing and loss-exposed loans totalled NOK 1,420 million at the close of Q1, representing a reduction of NOK 297 million for the quarter. The bank's loan loss provisions totalled NOK 781 million at the close of Q1, of which specific loan loss provisions accounted for NOK 473 million. This represents a level of provisioning relative to non-performing and loss-exposed loans of 55%, up from 49% at the start of the year. The fall in the volume of non-performing and loss-exposed loans demonstrates that the bank's focus on reducing its risk exposure is producing the desired results.

The bank's total assets increased by NOK 0.4 billion in Q1 to NOK 25.9 billion. This increase is principally the result of a higher level of liquidity. The deposit-to-loan ratio was 51.4%, down from 54.5% at the close of 2003. Storebrand Bank's net primary capital amounted to NOK 2.1 billion at the close of Q1, giving a capital ratio of 12.8% and a core capital ratio of 10.2%.

The Storebrand group's unit for retail distribution operates as a separate unit within the bank. The Retail Sales unit reported a year-on-year improvement in profitability for Q1. This is due in part to favourable conditions in the market for savings products and very strong sales of life insurance savings products in the quarter. Sales of personal risk products were somewhat lower than in Q1 2003. The unit has improved its sales efficiency.

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PROFIT AND LOSS ACCOUNT

NOK million	GROUP			PARENT BANK		
	01.01.04 - 31.03.04	01.01.03 - 31.03.03	01.01.03 - 31.12.03	01.01.04 - 31.03.04	01.01.03 - 31.03.03	01.01.03 - 31.12.03
Total interest income and related income	296,6	551,3	1 803,9	284,7	537,8	1 759,8
Total interest expenses and related expenses	-188,4	-420,4	-1 311,2	-184,6	-414,5	-1 300,2
Net interest and related income	108,2	130,9	492,7	100,1	123,3	459,5
Total dividends and other income from securities with a variable return	1,3	0,0	2,3	0,8	0,0	2,5
Total commission income and other income from banking services	28,9	20,8	89,1	24,0	15,8	69,0
Total commission expenses and other expenses from banking services	-4,8	-6,8	-19,1	-3,7	-5,7	-14,8
Net gain/loss on foreign exchange and securities held as current assets	6,2	14,1	32,4	4,9	13,6	26,4
Other operating income	59,6	48,3	214,5	59,3	47,0	212,8
Total non-interest income	91,3	76,4	319,2	85,3	70,7	295,9
Staff costs and general administration expenses	-124,5	-132,7	-481,4	-116,1	-121,6	-440,9
Depreciation of fixed and intangible assets	-4,5	-7,5	-37,2	-4,2	-5,5	-34,7
Other operating expenses	-35,7	-37,5	-190,2	-33,6	-32,9	-176,4
Total non-interest expenses	-164,7	-177,7	-708,8	-153,9	-160,0	-652,0
Operating profit before losses and write-downs	34,8	29,6	103,1	31,5	33,9	103,5
Loan losses and provisions	-13,8	-65,2	-173,8	-13,6	-64,2	-175,2
Profit/losses from fixed asset securities	-0,1	0,0	-38,3	-0,1	0,0	-38,1
Profit before tax	20,9	-35,6	-109,0	17,8	-30,3	-109,9
Tax	-2,8	9,7	63,1	-5,0	8,5	15,6
Profit after tax	18,0	-26,0	-45,9	12,8	-21,8	-94,3

BALANCE SHEET

NOK million	GROUP			PARENT BANK		
	31.03.2004	31.03.2003	31.12.03	31.03.2004	31.03.2003	31.12.03
Cash and deposits with central banks	177,3	185,9	55,0	136,2	168,4	24,4
Loans to and receivables from credit institutions	269,1	185,5	284,4	248,4	65,9	263,1
Total lending before specific and general loss provisions	22 588,5	24 776,4	22 697,1	21 588,3	24 106,7	21 720,2
- Specific loss provisions	-472,7	-503,2	-527,9	-455,6	-480,1	-509,4
- General loss provisions	-308,4	-311,0	-313,4	-308,4	-311,0	-313,4
Total net lending and due from customers	21 807,4	23 962,2	21 855,8	20 824,4	23 315,6	20 897,4
Assets repossessed	137,6	122,2	169,4	137,6	122,2	169,4
Short-term debt instruments, bonds and other int.bearing fixed-return sec.	2 661,5	1 670,2	2 082,5	2 607,7	1 619,8	2 031,3
Shares, other equity inv. and other sec. with a variable return	37,6	28,7	24,6	7,8	12,5	7,9
Shareholdings in associated companies	6,6	5,2	7,2	6,6	5,5	7,2
Shareholdings in group companies	0,0	0,0	0,0	306,3	229,2	306,3
Intangible assets	307,0	298,7	310,1	292,1	295,7	297,4
Fixed assets	32,2	42,1	35,8	28,9	36,7	32,9
Other assets	350,0	187,5	438,3	305,5	657,5	387,1
Prepaid expenses and accrued income	143,9	360,8	262,3	141,5	360,0	261,4
Total Assets	25 930,1	27 049,0	25 525,3	25 043,0	26 889,1	24 685,8
Debt to credit institutions	2 939,0	3 813,1	3 211,3	2 686,7	4 318,3	3 088,1
Deposits from and due to customers	11 614,7	13 280,3	12 362,4	11 005,6	12 575,4	11 645,6
Securities issued	8 207,3	6 857,2	6 853,3	8 207,3	6 857,2	6 853,3
Other debt	483,5	267,2	462,0	457,6	254,3	457,1
Accrued expenses and prepaid income	237,3	363,8	207,4	236,8	363,8	206,9
Provisions for accrued commitments and expenses	37,6	48,9	38,5	35,9	43,8	36,8
Subordinated loan capital	423,3	426,8	421,1	423,3	426,8	421,1
Total Liabilities	23 942,8	25 057,4	23 556,0	23 053,3	24 839,7	22 708,9
Paid-in share capital	2 030,4	2 030,4	2 030,4	2 030,4	2 030,4	2 030,4
Accrued reserves	-43,0	-38,8	-61,1	-40,7	19,0	-53,5
Total Equity	1 987,4	1 991,5	1 969,3	1 989,7	2 049,4	1 976,9
Total Liabilities and Equity	25 930,1	27 049,0	25 525,3	25 043,0	26 889,1	24 685,8

QUARTERLY RESULTS - GROUP

NOK million	1st Qtr. 2004	4th Qtr. 2003	3rd Qtr. 2003	2nd Qtr. 2003	1st Qtr. 2003
Total interest income and similar income	296,6	350,7	416,9	485,0	551,3
Total interest expenses and relatet expenses	-188,4	-242,3	-288,6	-359,9	-420,4
Net interest and related income	108,2	108,4	128,4	125,1	130,9
Total dividends and other income from securities with a variable return	1,3	-0,5	2,5	0,4	0,0
Total commission income and other income from banking services	28,9	24,6	20,3	23,3	20,8
Total commission expenses and other expenses from banking services	-4,8	-3,8	-4,4	-4,1	-6,8
Net gain/loss on foreign exchange and securities held as current assets	6,2	7,9	5,2	5,2	14,1
Other operating income	59,6	68,4	51,9	45,9	48,3
Total non-interest income	91,3	96,5	75,5	70,8	76,4
Salaries and general administration expenses	-124,5	-130,1	-101,5	-117,1	-132,7
Depreciation of fixed and intangible assets	-4,5	-15,4	-6,8	-7,5	-7,5
Other operating expenses	-35,7	-62,6	-47,0	-43,1	-37,5
Total non-interest expenses	-164,7	-208,1	-155,3	-167,7	-177,7
Operating profit before losses and write-downs	34,8	-3,2	48,6	28,2	29,6
Loan losses and provisions	-13,8	-19,5	-56,9	-32,2	-65,2
Profit/losses from long term shares	-0,1	-37,6	0,0	-0,7	0,0
Profit before tax	20,9	-60,3	-8,4	-4,7	-35,6
Tax	-2,8	50,3	2,2	0,9	9,7
Profit after tax	18,0	-10,0	-6,2	-3,8	-26,0

QUARTERLY RESULTS - PARENT BANK

NOK million	1st Qtr. 2004	4th Qtr. 2003	3rd Qtr. 2003	2nd Qtr. 2003	1st Qtr. 2003
Total interest income and related income	284,7	338,4	406,5	477,1	537,8
Total interest expenses and relatet expenses	-184,6	-239,1	-286,9	-359,8	-414,5
Net interest and credit commission income	100,1	99,3	119,6	117,3	123,3
Total dividends and other income from securities with a variable return	0,8	0,1	2,5	0,0	0,0
Total commission income and other income from banking services	24,0	18,8	17,0	17,4	15,8
Total commission expenses and other expenses from banking services	-3,7	-3,2	-3,2	-2,6	-5,7
Net gain/loss on foreign exchange and securities held as current assets	4,9	5,4	4,6	2,9	13,6
Other operating income	59,3	68,9	50,6	46,4	47,0
Total non-interest income	85,3	89,8	71,4	64,0	70,7
Staff costs and general administration expenses	-116,1	-120,9	-91,2	-107,3	-121,6
Depreciation of fixed and intangible assets	-4,2	-17,7	-5,8	-5,6	-5,5
Other operating expenses	-33,6	-58,9	-43,5	-41,0	-32,9
Total non-interest expenses	-153,9	-197,5	-140,6	-153,9	-160,0
Operating profit before losses and write-downs	31,5	-8,3	50,4	27,4	33,9
Loan losses and provisions	-13,6	-21,3	-57,5	-32,2	-64,2
Profit/losses from fixed asset securities	-0,1	-37,4	0,0	-0,7	0,0
Profit before tax	17,8	-67,0	-7,1	-5,5	-30,3
Tax	-5,0	3,6	2,0	1,5	8,5
Profit after tax	12,8	-63,4	-5,1	-3,9	-21,8

NON-PERFORMING LOANS AND LOSSES ON LOANS, GUARANTEES, ETC.

NOK million	GROUP			PARENT BANK		
	01.01.04 - 31.03.04	01.01.03 - 31.03.03	01.01.03 - 31.12.03	01.01.04 - 31.03.04	01.01.03 - 31.03.03	01.01.03 - 31.12.03
Non-performing loans						
Non-performing loans where interest continues to accrue	153,6	930,9	364,4	153,4	859,6	364,4
Non-performing loans where interest is not accrued	1 180,3	1 536,7	1 266,4	1 180,3	1 525,9	1 266,4
Other doubtful loans where interest is not accrued	0,0	0,0	0,0	0,0	0,0	0,0
Total non-performing loans	1 333,9	2 467,6	1 630,8	1 333,7	2 385,5	1 630,8
Specific loss provisions	-452,6	-448,0	-499,6	-452,6	-424,9	-499,6
Net non-performing loans	881,3	2 019,6	1 131,2	881,1	1 960,6	1 131,2
Doubtful loans						
Doubtful loans where interest continues to accrue	79,4	171,4	78,1	13,2	171,4	17,4
Doubtful loans where interest is not accrued	6,6	0,0	8,1	0,0	0,0	0,0
Specific loss provisions	-20,1	-55,2	-28,3	-3,0	-55,2	-9,8
Net doubtful loans	65,9	116,2	57,9	10,2	116,2	7,6
Total non-performing and doubtful loans	947,2	2 135,8	1 189,1	891,3	2 076,8	1 138,8
Losses on loans and guarantees etc. during period						
Change in specific loss provisions during period	29,3	66,9	27,3	29,1	66,0	31,3
Change in general loss provisions during period	-5,0	-1,6	0,7	-5,0	-1,6	0,7
Realised losses specifically provided for previously	-10,5	-0,7	147,6	-10,5	-0,7	144,9
Realised losses not specifically provided for previously	0,0	0,6	-0,6	0,0	0,5	-0,7
Recoveries on previous realised losses	0,0	0,0	-1,2	0,0	0,0	-1,0
Losses on loans and guarantees etc.	13,8	65,2	173,8	13,6	64,2	175,2
Breakdown of net loan losses by sector						
Wholesale/retail trade, hotels and restaurants	0,0	0,0	0,0	0,0	0,0	0,0
International shipping and pipelines	1,3	6,4	47,0	1,3	6,4	47,0
Other transportation and communications	0,0	0,0	0,0	0,0	0,0	0,0
Services and real estate operations	16,8	53,1	80,9	16,8	53,1	80,9
Retail customers	0,5	5,5	27,5	0,5	5,4	27,5
Foreign	0,2	1,8	17,7	0,0	0,9	19,1
General loss provisions	-5,0	-1,6	0,7	-5,0	-1,6	0,7
Total loan losses	13,8	65,2	173,8	13,6	64,2	175,2
Assets repossessed	137,6	122,2	169,4	137,6	122,2	169,4

KEY FIGURES

NOK million and percentage	GROUP			PARENT BANK		
	31.03.2004	31.03.2003	31.12.03	31.03.2004	31.03.2003	31.12.03
Profit and Loss account: (as % of average total assets)						
Interest income and related income	4,60 %	7,93 %	6,77 %	4,57 %	7,93 %	6,77 %
Interest expenses and related expenses	-2,92 %	-6,05 %	-4,92 %	-2,96 %	-6,11 %	-5,00 %
Net interest and related income	1,68 %	1,88 %	1,85 %	1,61 %	1,82 %	1,77 %
Income on securities with variable yield	0,02 %	0,00 %	0,01 %	0,01 %	0,00 %	0,01 %
Commission income and other income from banking services	0,45 %	0,30 %	0,33 %	0,39 %	0,23 %	0,27 %
Commission expenses and other expenses from banking services	-0,07 %	-0,10 %	-0,07 %	-0,06 %	-0,08 %	-0,06 %
Net gain/loss on securities and foreign exchange	0,10 %	0,20 %	0,12 %	0,08 %	0,20 %	0,10 %
Other operating income	0,93 %	0,69 %	0,80 %	0,95 %	0,69 %	0,82 %
Total non-interest income	1,42 %	1,10 %	1,20 %	1,37 %	1,04 %	1,14 %
Staff costs and general administration expenses	-1,93 %	-1,91 %	-1,81 %	-1,86 %	-1,79 %	-1,70 %
Depreciation of fixed and intangible assets	-0,07 %	-0,11 %	-0,14 %	-0,07 %	-0,08 %	-0,13 %
Other operating expenses	-0,55 %	-0,54 %	-0,71 %	-0,54 %	-0,48 %	-0,68 %
Total non-interest expenses	-2,56 %	-2,55 %	-2,66 %	-2,47 %	-2,36 %	-2,51 %
Operating profit before losses and write-downs	0,54 %	0,42 %	0,39 %	0,51 %	0,50 %	0,40 %
Loan losses and provisions	-0,21 %	-0,94 %	-0,65 %	-0,22 %	-0,95 %	-0,67 %
Profit/losses from fixed asset securities	0,00 %	0,00 %	-0,14 %	0,00 %	0,00 %	-0,15 %
Ordinary profit before tax	0,32 %	-0,51 %	-0,41 %	0,29 %	-0,45 %	-0,42 %
Tax	-0,04 %	0,14 %	0,24 %	-0,08 %	0,13 %	0,06 %
Ordinary profit after tax	0,28 %	-0,37 %	-0,17 %	0,21 %	-0,32 %	-0,36 %
Main balance sheet figures						
Total assets	25 930,1	27 049,0	25 525,3	25 043,0	26 889,1	24 685,8
Average total assets	25 775,7	27 813,9	26 657,2	24 924,2	27 138,6	25 979,1
Total lending to customers	22 588,5	24 776,4	22 697,1	21 588,3	24 106,7	21 720,2
Equity	1 987,4	1 991,5	1 969,3	1 989,7	2 049,4	1 976,9
Other key figures						
Total non-interest income as percentage of total income	45,77 %	36,85 %	39,31 %	46,02 %	36,44 %	39,17 %
Loan losses and provision as percentage of average total lending	0,24 %	1,03 %	0,80 %	0,25 %	1,04 %	0,83 %
Costs as percentage of operating income	82,57 %	85,74 %	87,30 %	83,00 %	82,51 %	86,30 %
Return on equity after tax 1)	3,65 %	-5,17 %	-2,30 %	2,58 %	-4,22 %	-4,60 %

Definitions:

1) Profit for the year or period as percentage of average equity p.a.

CAPITAL ADEQUACY

NOK million and percentage	GROUP			PARENT BANK		
	31.03.2004	31.03.2003	31.12.03	31.03.2004	31.03.2003	31.12.03
Core capital	1 669,7	1 682,9	1 656,1	1 690,6	1 748,8	1 676,3
Supplementary capital	423,3	426,8	421,1	423,3	426,8	421,1
Net primary capital	2 093,0	2 109,7	2 077,2	2 113,9	2 175,6	2 097,4
Total assets, other portfolio	16 482,7	19 087,0	17 131,9	15 767,6	18 645,0	16 423,1
Total off-balance sheet items, other portfolio	573,8	496,8	522,9	394,3	384,8	406,3
Foreign exchange risk and trading portfolio	134,7	110,7	100,1	58,0	60,0	43,9
Deduction for loss provisions, revaluation account	-782,7	-814,2	-841,3	-765,6	-792,7	-822,8
Total risk-weighted assets	16 408,5	18 880,3	16 913,6	15 454,3	18 297,1	16 050,5
Capital ratio	12,76 %	11,17 %	12,28 %	13,68 %	11,89 %	13,07 %
Excess capital	780,3	599,3	724,1	877,6	711,8	813,4
Core capital ratio	10,18 %	8,91 %	9,79 %	10,94 %	9,56 %	10,44 %