

Interim report

Storebrand Bank Group



4th quarter
2012 (unaudited)

Storebrand Bank Group

- quarterly report for the 4th quarter of 2012

(Profit figures for the corresponding period in 2011 are shown in brackets. Balance sheet figures in brackets are for the end of 2011.)

- Good earnings performance
- Healthy portfolio quality
- Restructuring cost in the 4th quarter

Earnings performance

The banking group achieved a pre-tax profit of NOK 56 million (NOK 43 million) in the fourth quarter of 2012, and a pre-tax profit of NOK 209 million (NOK 190 million) for the year. Net interest income and other income in particular have performed well. However, operating costs have risen somewhat, driven primarily by the restructuring costs. There is positive lending growth in both the retail and corporate markets. The development of deposits has also been positive.

Net interest income was NOK 133 million (NOK 104 million) for the quarter and NOK 490 million (NOK 443 million) for the year. The interest margin has shown a positive development, driven by good lending margins and falling funding costs. Net interest income as a percentage of average total assets was 1.29 per cent (1.06 per cent) for the quarter and 1.25 per cent (1.13 per cent) for the year.

Net commission income is stable and other income has developed positively compared with the corresponding periods last year. This can largely be explained by good sales of interest rate swaps within the corporate market and healthy revenues in Hadrian. Net commission income represented NOK 18 million (NOK 18 million) in the fourth quarter and NOK 71 million (NOK 73 million) for the year. Other income amounted to NOK 8 million (NOK 7 million) for the quarter and NOK 60 million (NOK 32 million) for the year.

Operating costs totalled NOK 109 million (NOK 82 million) in the fourth quarter and NOK 420 million (NOK 372 million) for the year. Restructuring costs of NOK 5 million were charged in the fourth quarter in connection with the cost program in the Storebrand Group, and NOK 19 million were charged for the year. Operating costs for the year 2011 include write-downs on investment property of NOK 4 million related to loan losses that the bank has taken over and the reversal of write-downs of NOK 5 million in the quarter. The cost percentage for the banking business totalled 59 per cent (64 per cent) for the quarter. After adjusting for the cost of restructuring, the cost percentage would be 56 per cent for the quarter and 61 per cent for the year.

The portfolio quality has improved, the volume of non-performing loans is falling and NOK 7 million has been recognised as income (NOK 5 million recognised as costs) on loan write-downs in the fourth quarter. Group write-downs have been reduced by NOK 14 million during the quarter.

Balance sheet performance

Both the retail and corporate markets have seen growth in the fourth quarter. Gross lending to customers at the end of the year comprises NOK 35.4 billion. This is an increase of NOK 0.8 billion on the bank's balance sheet in the fourth quarter, while the syndicated volume with Storebrand Livsforsikring has increased by NOK 0.3 billion.

The banking group's retail market portfolio totals NOK 23.7 billion, equivalent to 67 per cent of the bank's total lending, and chiefly comprises low risk home mortgages. The average weighted loan to value ratio is about 54 per cent for home mortgages, almost unchanged compared with the end of the first quarter. Corporate market lending accounts for 33 per cent of the portfolio. There are few customers who have defaulted and the portfolio's loss level is low.

The volume of non-performing loans has fallen throughout 2012 and accounts for 0.8 per cent (1.0 per cent) of gross lending. This development is the result of continued good portfolio quality. Non-performing loans that are not impaired amounted to NOK 151 million (NOK 160 million) and impaired non-performing loans totalled NOK 115 million (NOK 171 million).

Liquidity risk and funding

The bank has established good liquidity buffers, and attaches great importance to having a balanced funding structure with different maturities and issuances in different markets. Credit facilities/agreements have been established with other banks that Storebrand Bank can draw down as required. The volume of customer deposits totalled NOK 19.9 billion at year end. Both the retail and corporate markets have grown compared with the same period last year. The deposit-to-loan ratio was 56 per cent at the end of the year.

The banking group issued covered bonds valued at NOK 4.4 billion and senior loans valued at NOK 2.3 billion in 2012.

1) The banking business consists of Storebrand Bank ASA and Storebrand Boligkreditt AS

Capital adequacy

The banking group's capital adequacy was 11.8 per cent and the core capital ratio was 11.2 per cent at the end of the quarter. The bank redeemed a NOK 150 million subordinated loan in December 2012.

Market

The retail market sector continued to show a positive development in the most recent quarter. Good sales results have generated lending and deposit growth, and the fourth quarter was the best quarter this year. We have continued to work on measures to attract deposits, and further development of our everyday banking services has started. Improving the customer experience still has high priority, and new customer satisfaction measurements are showing good results.

The demand for financing in the commercial property market is still high, and financing for good projects is scarce. As a result, lending margins continue to rise. Alternative financing in the bond market is limited to a small number of projects for the time being. Market rents in Oslo are stable, and vacancies are just under 8 per cent. The transaction market is moderate, and life insurance companies are selling properties in order to adjust to the new capital adequacy regulations.

Performance of Storebrand Bank ASA

Storebrand Bank ASA achieved a profit before tax in the fourth quarter of 2012 of NOK 160 million (NOK 38 million), and NOK 261 million (NOK 31 million) for the year.

Net interest income for Storebrand Bank ASA totalled NOK 83 million (NOK 96 million) in the fourth quarter and NOK 340 million (NOK 370 million) for the year.

Other income for the parent company showed a positive development for the quarter amounting to NOK 148 million (minus NOK 1 million), and NOK 222 million (minus NOK 82 million) for the year. The weak performance in

2011 was largely driven by write-downs relating to ownership interests in Ring Eiendomsmegling.

NOK 8 million was recognised as income (NOK 2 million) in write-downs on lending in the fourth quarter, and NOK 10 million (NOK 3 million) for the year. Non-performing loans that are not impaired amounted to NOK 106 million (NOK 119 million) and impaired non-performing loans totalled NOK 122 million (NOK 194 million) for the year to date. Net non-performing loans amounted to NOK 112 million (NOK 196 million) at the end of the year.

The deposit to loan ratio in the parent bank was 109.9 per cent (109.0 per cent) at the end of the year. The change in the deposit to loan ratio in the parent company reflects the increased volume of deposits.

Other

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 continue to prioritise maintaining a moderate risk profile with a good balance sheet and funding composition.

In an environment characterised by much international uncertainty the bank will maintain its focus on sound management of the bank's credit risk, liquidity risk and control of operational risk and also continue to closely monitor developments in non-performing loans and loan losses.

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 Storebrand Bank Group in 2013.

No events of material importance to the interim financial statements have occurred since the balance sheet date.

Storebrand Bank Group

PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q4		FULL YEAR	
		2012	2011	2012	2011
Interest income		385.6	395.9	1 552.8	1 536.9
Interest expense		-252.8	-292.3	-1 062.7	-1 093.9
Net interest income	4	132.8	103.6	490.1	443.0
Fee and commission income from banking services		22.6	24.9	85.5	91.5
Fee and commission expenses for banking services		-5.1	-6.9	-14.3	-18.5
Net fee and commission income		17.5	18.0	71.2	73.0
Net income and gains from associated companies		0.0	0.2	1.2	0.9
Net gains on financial instruments	5	2.1	-1.2	35.3	2.0
Other income		5.6	8.3	23.0	29.1
Total other operating income		7.7	7.3	59.5	32.0
Staff expenses		-36.6	-32.6	-154.8	-130.1
General administration expenses		-20.8	-22.9	-65.2	-85.4
Other operating costs		-51.5	-31.1	-199.8	-152.2
Losses real estate at fair value, assets repossessed	11	0.0	4.7	0.0	-3.9
Total operating costs		-108.9	-81.8	-419.7	-371.6
Operating profit before loan losses		49.1	47.1	201.1	176.4
Loan losses for the period	10	6.9	-4.5	7.7	13.9
Profit before tax		55.9	42.6	208.8	190.2
Tax	6	1.3	1.9	-36.6	-31.5
Result after tax sold/discontinued operations		1.3	-31.7	2.7	-59.8
Profit for the year		58.5	12.8	174.9	98.9
Allocated to:					
Shareholders		58.5	12.5	174.9	98.9
Minority interests		0.0	0.3	0.0	0.0

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q4		FULL YEAR	
	2012	2011	2012	2011
Pension experience adjustments	25.1	2.8	25.1	2.8
Profit for the period	58.5	12.8	174.9	98.9
Total comprehensive income for the period	83.6	15.5	200.0	101.7
Allocated to:				
Shareholders	83.6	15.3	200.0	101.7
Minority interests		0.3		
Total	83.6	15.5	200.0	101.7

Storebrand Bank Group

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.12.2012	31.12.2011
Cash and deposits with central banks		8.8	508.4
Loans to and deposits with credit institutions		255.1	268.6
Financial assets designated at fair value through profit and loss:			
Equity instruments	17	5.2	5.2
Bonds and other fixed-income securities	9, 17	2 861.7	2 655.0
Derivatives	17	1 005.0	920.6
Bonds at amortised cost	9	990.0	651.2
Other assets		121.6	210.3
Gross lending	17	35 445.5	33 474.5
- Write-downs on individual loans	10	-105.0	-103.4
- Write-downs on groups of loans	10	-39.1	-53.2
Net lending to customers		35 301.4	33 317.9
Investments in associated companies			2.8
Tangible assets	11	8.5	11.2
Real estate at fair value	11	0.0	11.7
Intangible assets and goodwill	11	106.3	111.1
Deferred tax assets		7.3	8.1
Assets sold/discontinued operations		0.2	35.4
Total assets		40 671.2	38 717.7
Liabilities to credit institutions	12, 17	2 498.7	6 015.8
Deposits from and due to customers	17	19 932.7	18 485.5
Other financial liabilities:			
Derivatives	17	601.1	500.2
Commercial papers and bonds issued	13	14 540.3	10 082.8
Other liabilities		102.4	501.8
Liabilities sold/discontinued operations		10.1	30.0
Provision for accrued expenses and liabilities		17.7	0.8
Pension liabilities		71.3	103.7
Subordinated loan capital	13	441.4	692.3
Total liabilities		38 215.6	36 412.9
Paid in capital		1 516.8	1 516.8
Retained earnings		938.8	787.9
Minority interests		0.0	0.1
Total equity		2 455.7	2 304.8
Total equity and liabilities		40 671.2	38 717.7

Storebrand Bank ASA

PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q4		FULL YEAR	
		2012	2011	2012	2011
Interest income		274.1	346.4	1 158.1	1 329.6
Interest expense		-191.1	-250.5	-818.2	-959.6
Net interest income	4	82.9	95.9	339.8	370.0
Fee and commission income from banking services		25.9	28.2	99.0	105.3
Fee and commission expenses for banking services		-5.1	-6.9	-14.3	-18.5
Net fee and commission income		20.9	21.3	84.7	86.9
Net income and gains from associated companies		0.0	0.2	1.2	0.9
Net gains on financial instruments	5	4.3	-20.0	69.1	-11.6
Other income		144.0	19.1	151.4	-71.4
Total other operating income		148.2	-0.7	221.7	-82.1
Staff expenses		-32.8	-29.0	-146.5	-120.8
General administration expenses		-20.6	-22.7	-64.5	-84.6
Other operating costs		-47.4	-28.5	-184.9	-140.7
Total operating costs		-100.7	-80.1	-395.9	-346.1
Operating profit before loan losses		151.3	36.4	250.4	28.7
Loan losses for the period	10	8.5	1.7	10.4	2.5
Profit before tax		159.8	38.1	260.8	31.2
Tax	6	-37.3	-15.6	-63.7	-71.1
Profit for the year		122.5	22.5	197.1	-39.9

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q4		FULL YEAR	
	2012	2011	2012	2011
Pension experience adjustments	25.1	2.8	25.1	2.8
Profit for the period	122.5	22.5	197.1	-39.9
Total comprehensive income for the period	147.6	25.3	222.2	-37.2

Storebrand Bank ASA

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.12.2012	31.12.2011
Cash and deposits with central banks		8.8	508.4
Loans to and deposits with credit institutions		4 763.3	4 404.4
Financial assets designated at fair value through profit and loss:			
Equity instruments	17	1.8	1.8
Bonds and other fixed-income securities	9, 17	5 624.6	9 319.6
Derivatives	17	660.0	606.1
Bonds at amortised cost	9	990.0	651.2
Other assets		1 086.2	1 263.4
Gross lending	17	18 151.1	16 963.8
- Write-downs on individual loans	10	-115.2	-117.2
- Write-downs on groups of loans	10	-38.6	-51.9
Net lending to customers		17 997.2	16 794.7
Investments in associated companies			1.4
Tangible assets	11	8.1	10.7
Intangible assets and goodwill	11	65.7	64.3
Deferred tax assets		14.0	21.5
Total assets		31 219.8	33 647.4
Liabilities to credit institutions	12, 17	2 797.0	6 318.0
Deposits from and due to customers	17	19 948.5	18 492.4
Other financial liabilities:			
Derivatives	17	601.1	500.2
Commercial papers and bonds issued	13	4 666.9	4 448.9
Other liabilities		301.4	888.7
Provision for accrued expenses and liabilities		17.7	0.8
Pension liabilities		71.3	103.7
Subordinated loan capital	13	441.4	692.3
Total liabilities		28 845.2	31 445.0
Paid in capital		1 657.0	1 635.2
Retained earnings		717.6	567.2
Total equity		2 374.6	2 202.4
Total equity and liabilities		31 219.8	33 647.4

Key figures

STOREBRAND BANK GROUP

NOK MILLION AND PERCENTAGE	Q4		FULL YEAR	
	2012	2011	2012	2011
Profit and Loss account: (as % of avg. total assets)				
Net interest income	1.29 %	1.06 %	1.25 %	1.13 %
Other operating income 3)	0.24 %	0.26 %	0.33 %	0.27 %
Main balance sheet figures:				
Total assets			40 671.2	38 717.7
Average total assets 1)	40 797.4	39 235.4	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	15.9 %	19.6 %	21.1 %	19.2 %
Loan losses and provisions as % of average total lending 5)	-0.08 %	0.00 %	-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)	59.3 %	64.2 %	64.0 %	65.9 %
Return on equity before tax 2)			8.9 %	8.3 %
Core capital ratio			11.2 %	11.4 %

STOREBRAND BANK ASA

NOK MILLION AND PERCENTAGE	Q4		FULL YEAR	
	2012	2011	2012	2011
Profit and Loss account: (as % of avg. total assets)				
Net interest income	1.06 %	1.12 %	1.09 %	1.06 %
Other operating income 3)	2.15 %	0.73 %	0.98 %	0.42 %
Main balance sheet figures:				
Total assets			31 219.8	33 647.4
Average total assets 1)	31 162.8	34 232.6	31 220.2	34 982.8
Gross lending to customers			18 151.1	16 963.8
Deposits from customers			19 948.5	18 492.4
Deposits from customers as % of gross lending			109.9 %	109.0 %
Equity			2 374.6	2 202.4
Other key figures:				
Total non-interest income as % of total income	67.1 %	39.7 %	47.4 %	28.2 %
Loan losses and provisions as % of average total lending 5)	-0.20 %	-0.18 %	-0.06 %	-0.08 %
Gross non-performing and loss-exposed loans as % of total average lending			1.3 %	1.8 %
Cost/income ratio	40.0 %	50.4 %	61.3 %	67.2 %
Return on equity before tax 2)			11.5 %	1.4 %
Core (tier 1) capital ratio			13.7 %	13.7 %

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.

Reconciliation of changes in equity

STOREBRAND BANK GROUP

NOK MILLION	MAJORITY'S SHARE OF EQUITY								MINORITY INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID IN EQUITY	TOTAL PAID IN EQUITY	OTHER EQUITY					
					REVENUE AND COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY			
Equity at 31.12.2010	960.6	156.0	400.3	1 516.8	17.6	722.9	740.5	3.3	2 260.6	
Profit for the period						98.9	98.9		98.9	
Pension experience adjustments					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
Provision for group contribution							-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		174.9	
Pension experience adjustments					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:										
Provision for group contribution							-50.0	-50.0		-50.0
Other changes							0.9	0.9		0.9
Equity at 31.12.2012	960.6	156.0	400.3	1 516.8	45.4	893.4	938.8	0.0	2 455.7	

Reconciliation of changes in equity

STOREBRAND BANK ASA

NOK MILLION	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	1 635.2	15.6	638.7	654.3	2 289.6
Profit for the period						-39.9	-39.9	-39.9
Pension experience adjustments					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	-37.1	-37.1
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	1 635.2	18.4	548.8	567.2	2 202.4
Profit for the period						197.1	197.1	197.1
Pension experience adjustments					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
Provision for group contribution						-71.8		-71.8
Group contribution received			21.8	21.8				21.8
Equity at 31.12.2012	960.6	156.0	540.4	1 657.0	43.5	674.1	789.4	2 374.6

The share capital is made up of 64.037.183 shares of nominal value NOK 15.

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 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 15.

Cash flow statement

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2011	31.12.2012	NOK MILLION	31.12.2012	31.12.2011
		Cash flow from operations		
1 073.8	1 039.1	Receipts of interest, commissions and fees from customers	1 547.0	1 516.9
-498.2	-534.4	Payments of interest, commissions and fees to customers	-534.4	-498.2
1 514.0	-1 176.2	Net disbursements/payments on customer loans	-1 907.8	981.9
-300.4	1 423.7	Net receipts/payments of deposits from banking customers	1 423.6	-305.9
946.6	3 286.9	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		
-324.1	-378.6	Payments of operating costs	-407.9	-355.8
-56.8	5.0	Net receipts/payments on other operating activities	-20.0	-18.3
2 355.0	3 665.6	Net cash flow from operations	-347.3	1 482.6
		Cash flow from investment activities		
32.5	8.5	Net receipts from sale of subsidiaries and associated companies	8.5	
730.7	-2.1	Net payments on purchase/capitalisation of subsidiaries		-5.1
-43.4	-29.4	Net payments on purchase/sale of fixed assets etc.	-29.4	-43.9
719.8	-22.9	Net cash flow from investment activities	-20.8	-49.0
		Cash flow from financing activities		
-901.2	-1 600.5	Payments - repayments of loans and issuing of bond debt	-1 766.8	-1 481.6
1 299.8	1 909.7	Receipts - new loans and issuing of bond debt	6 004.9	2 801.4
-440.5	-266.2	Payments - interest on loans	-531.0	-573.1
	149.2	Receipts - subordinated loan capital	149.2	
-100.0	-400.4	Payments - repayments of subordinated loan capital	-400.4	-100.0
-43.4	-29.5	Payments - interest on subordinated loan capital	-29.5	-43.4
-2 010.2	-3 518.6	Net receipts/payments of liabilities to credit institutions	-3 521.4	-2 043.8
142.2	58.8	Receipts - group contribution		
-115.5	-85.8	Payments - group contribution / dividends	-50.0	-50.0
-2 168.7	-3 783.3	Net cash flow from financing activities	-145.0	-1 490.5
906.1	-140.7	Net cash flow in the period	-513.2	-56.9
4 006.7	4 912.8	Cash and bank deposits at the start of the period	777.0	838.1
		Cash and bank deposits at the start of the period for new companies		-4.2
4 912.8	4 772.1	Cash and bank deposits at the end of the period	263.9	777.0
		Cash and bank deposits consist of:		
508.4	8.8	Cash and deposits with central banks	8.8	508.4
4 404.4	4 763.3	Loans to and deposits with credit institutions	255.1	268.6
4 912.8	4 772.1	Total cash and bank deposits in the balance sheet	263.9	777.0

The cash flow analysis shows the group's cash flows for operations, investment and financing activities pursuant to the direct method. The cash flows show the overall change in cash and bank deposits over the year.

Operations

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 financing activities.

Cash and bank deposits

Cash and bank deposits are defined as claims on central banks and lending to and claims on financial institutions.

Notes

NOTE 1 ACCOUNTING PRINCIPLES

The consolidated interim accounts for the group include Storebrand Bank ASA together with subsidiaries, joint ventures and associated companies. The interim accounts for Q4 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required in the annual report.

The interim accounts of Storebrand Bank ASA are prepared in accordance with Section 1-5 of the Norwegian regulations for the annual accounts of banks and finance companies etc. that provides for simplified application of international accounting standards, (hereinafter termed simplified IFRS), and with IAS 34 Interim Financial Reporting. Simplified IFRS permits recognition to profit and loss of provisions for dividend and group contribution, and allows the Board of Director's proposal for dividend and group contribution to be recognized as a liability on the balance sheet date. The full application of IFRS stipulates that dividend and group contribution must remain part of equity until approved by the company's general meeting. Other than this, simplified IFRS requires the use of the same accounting principles as the full application of IFRS.

Storebrand Bank Group has not made any changes to the accounting policies applied in 2012. A description of the accounting policies applied in the preparation of the financial statements is provided in the 2011 annual report.

The annual report and accounts of Storebrand Bank ASA and the Storebrand Bank ASA group for 2011 is available at www.storebrand.no.

NOTE 2 ESTIMATES AND PROVISIONS

The preparation of the interim accounts involves the use of estimates and assumptions that have an effect on assets, liabilities, revenue, costs, the notes to the accounts and information on potential liabilities. There is uncertainty related to estimates and assumptions. In the future, actual experience may deviate from the estimates used. Please refer to note 1 and 2 in the annual report and accounts for 2011.

NOTE 3 CHANGES IN THE COMPOSITION OF THE GROUP

In the parent bank, there has been a reversal of write-down of NOK 7 million on shares in Ring Eiendomsmegling in Q4, because the occasion for the write-down no longer exist. There has also been a write-down of NOK 0.2 million on shares in Filipstad Invest AS.

Notes

NOTE 4 NET INTEREST INCOME

STOREBRAND BANK GROUP

NOK MILLION	Q4		FULL YEAR	
	2012	2011	2012	2011
Interest and other income on loans to and deposits with credit institutions	4.1	7.9	12.7	21.5
Interest and other income on loans to and due from customers	358.8	355.1	1 436.3	1 394.0
Interest on commercial paper, bonds and other interest-bearing securities	20.9	31.3	96.9	115.3
Other interest income and related income	1.8	1.5	6.8	6.1
Total interest income	385.6	395.9	1 552.8	1 536.9
Interest and other expenses on debt to credit institutions	-15.9	-63.0	-104.4	-225.2
Interest and other expenses on deposits from and due to customers	-128.1	-122.9	-519.6	-475.4
Interest and other expenses on securities issued	-102.0	-96.9	-408.5	-329.0
Interest and expenses on subordinated loan capital	-6.8	-8.7	-29.5	-39.5
Other interest expenses and related expenses	-0.1	-0.7	-0.8	-24.7
Total interest expenses	-252.8	-292.3	-1 062.7	-1 093.9
Net interest income	132.8	103.6	490.1	443.0

STOREBRAND BANK ASA

NOK MILLION	Q4		FULL YEAR	
	2012	2011	2012	2011
Interest and other income on loans to and deposits with credit institutions	32.1	46.7	139.6	151.8
Interest and other income on loans to and due from customers	202.0	206.0	802.0	831.2
Interest on commercial paper, bonds and other interest-bearing securities	38.1	92.2	209.6	340.5
Other interest income and related income	1.8	1.5	6.8	6.1
Total interest income	274.1	346.4	1 158.1	1 329.6
Interest and other expenses on debt to credit institutions	-17.2	-65.5	-109.8	-245.2
Interest and other expenses on deposits from and due to customers	-127.8	-127.9	-520.1	-480.1
Interest and other expenses on securities issued	-39.2	-47.6	-156.9	-170.0
Interest and expenses on subordinated loan capital	-6.8	-8.7	-29.5	-39.5
Other interest expenses and related expenses	-0.1	-0.7	-2.0	-24.7
Total interest expenses	-191.1	-250.5	-818.2	-959.6
Net interest income	82.9	95.9	339.8	370.0

Notes

NOTE 5 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES

STOREBRAND BANK GROUP

NOK MILLION	Q4		FULL YEAR	
	2012	2011	2012	2011
<i>Equity instruments</i>				
Dividends received from equity investments				0.1
Net gains/losses on realisation of equity investments				0.2
Net change in fair value of equity investments			0.1	0.2
Total equity investments, FVO	0.0	0.0	0.2	0.3
<i>Commercial papers and bonds</i>				
Realised gain/loss on commercial papers and bonds, FVO	1.0	-1.0	6.8	3.2
Unrealised gain/loss on commercial papers and bonds, FVO	0.0	-2.3	11.4	-1.4
Total gain/loss on commercial papers and bonds, FVO	1.0	-3.3	18.3	1.8
<i>Lending to customers</i>				
Unrealised gain/loss on lending to customers, FVO	2.3	2.3	22.4	7.6
Total gain/loss on lending to customers, FVO	2.3	2.3	22.4	7.6
<i>Liabilities to credit institutions and other funding</i>				
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	-3.1	-2.0	2.4	-6.9
Total gain/loss on liabilities to credit institutions and other funding, FVO	-3.1	-2.0	-6.4	-8.9
<i>Financial derivatives and foreign exchange</i>				
Realised gain/loss on financial derivatives, held for trading	2.2	-8.0	18.3	-55.4
Unrealised gain/loss on financial derivatives, held for trading	0.7	9.8	-39.4	58.1
Total financial derivatives and foreign exchange, held for trading	2.9	1.9	-21.1	2.7
Net income and gains from financial assets and liabilities at fair value	3.0	-1.1	13.4	3.5
<i>Fair value hedging</i>				
Realised gain/loss on derivatives and bonds issued, fair value hedging	0.5		-5.5	
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	-1.2		4.8	
Net gain/loss on fair value hedging	-0.7	0.0	-0.7	0.0
<i>Commercial papers and bonds</i>				
Realised gain/loss on commercial papers and bonds at amortised cost			2.6	0.0
Total gain/loss on commercial papers and bonds at amortised cost	0.0	0.0	2.6	0.0
<i>Bonds issued</i>				
Realised gain/loss on bonds issued at amortised cost	-0.3	-0.1	20.0	-1.6
Total gain/loss on bonds issued at amortised cost	-0.3	-0.1	20.0	-1.6
Net income and gains from financial assets and liabilities at amortised cost	-0.3	-0.1	22.6	-1.6
Net income and gains from financial assets and liabilities	2.1	-1.2	35.3	2.0

Notes

NOTE 5 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES *(continues)*

STOREBRAND BANK ASA

NOK MILLION	Q4		FULL YEAR	
	2012	2011	2012	2011
<i>Equity instruments</i>				
Dividends received from equity investments				0.1
Net gains/losses on realisation of equity investments				
Net change in fair value of equity investments			0.1	0.2
Total equity investments, FVO	0.0	0.0	0.2	0.3
<i>Commercial papers and bonds</i>				
Realised gain/loss on commercial papers and bonds, FVO		-1.0	10.4	3.2
Unrealised gain/loss on commercial papers and bonds, FVO	2.2	-20.9	42.1	-14.7
Total gain/loss on commercial papers and bonds, FVO	2.2	-21.9	52.5	-11.5
<i>Lending to customers</i>				
Unrealised gain/loss on lending to customers, FVO	2.3	2.3	22.4	7.6
Total gain/loss on lending to customers, FVO	2.3	2.3	22.4	7.6
<i>Liabilities to credit institutions and other funding</i>				
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	-3.1	-2.0	2.4	-6.9
Total gain/loss on liabilities to credit institutions and other funding, FVO	-3.1	-2.0	-6.4	-8.9
<i>Financial derivatives and foreign exchange</i>				
Realised gain/loss on financial derivatives, held for trading	2.2	-8.2	18.3	-55.6
Unrealised gain/loss on financial derivatives, held for trading	0.7	9.8	-39.4	58.1
Total financial derivatives and foreign exchange, held for trading	2.9	1.6	-21.1	2.4
Net income and gains from financial assets and liabilities at fair value	4.3	-19.9	47.6	-10.0
<i>Fair value hedging</i>				
Realised gain/loss on derivatives and bonds issued, fair value hedging	0.5		-4.6	
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	-1.3		3.4	
Net gain/loss on fair value hedging	-0.8	0.0	-1.1	0.0
<i>Commercial papers and bonds</i>				
Realised gain/loss on commercial papers and bonds at amortised cost	1.0		2.6	
Total gain/loss on commercial papers and bonds at amortised cost	1.0	0.0	2.6	0.0
<i>Bonds issued</i>				
Realised gain/loss on bonds issued at amortised cost	-0.3	-0.1	20.0	-1.6
Total gain/loss on bonds issued at amortised cost	-0.3	-0.1	20.0	-1.6
Net income and gains from financial assets and liabilities at amortised cost	0.8	-0.1	22.6	-1.6
Net income and gains from financial assets and liabilities	4.3	-20.0	69.1	-11.6

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 value hedging and total bonds and commercial papers issued. Other financial assets and liabilities are not included in the note.

Notes

NOTE 6 TAX

STOREBRAND BANK ASA			Tax charge for the year		STOREBRAND BANK GROUP	
2011	2012	NOK MILLION	2012	2011		
-10.0	-66.2	Tax payable for the period	-27.9	-10.0		
-61.1	2.4	Change in deferred tax assets	-8.7	-21.4		
-71.1	-63.7	Total tax charge for the year	-36.6	-31.5		

STOREBRAND BANK ASA			Reconciliation of expected and actual tax charge		STOREBRAND BANK GROUP	
2011	2012	NOK MILLION	2012	2011		
31.2	260.8	Ordinary pre-tax profit	208.8	190.2		
-8.7	-73.0	Expected tax on income at nominal rate	-58.5	-53.3		
		Tax effect of:				
2.4	2.0	Realised shares	1.3	2.4		
0.0	0.0	Associated companies	0.3	10.0		
-0.2	0.7	Group contribution received	0.0	0.0		
-42.7	6.4	Permanent differences	0.0	-2.1		
0.0	0.0	Change in deferred tax assets not recognised in the balance sheet	20.3	0.0		
-21.9	0.1	Change of tax assessment earlier years	0.0	11.4		
-71.1	-63.7	Tax charge	-36.6	-31.5		
10.0	66.2	Tax payable	27.9	10.0		
10.0	66.2	- tax effect of group contribution paid	0.0	0.0		
0.0	0.0	Tax payable in the balance sheet	27.9	10.0		

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

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
2011	2012	NOK MILLION	2012	2011
61.9	15.9	Total tax increasing timing differences	75.2	83.5
-138.6	-66.0	Total tax reducing timing differences	-100.2	-116.1
-76.7	-50.1	Net timing differences	-25.0	-32.6
0.0	0.0	Losses/allowances carried forward	-2.3	-70.1
-76.7	-50.1	Net base for deferred tax/tax assets	-27.4	-102.7
0.0	0.0	Write-down of deferred tax asset	1.2	73.8
-76.7	-50.1	Net base for deferred tax/tax assets in the balance sheet	-26.1	-28.9
21.5	14.0	Net deferred tax/tax asset in the balance sheet	7.3	8.1

Analysis of tax payable and deferred tax applied to equity

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
2011	2012	NOK MILLION	2012	2011
-1.1	-9.8	Pension experience adjustments	-9.8	-1.1
-1.1	-9.8	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.

Notes

NOTE 7 CLOSE ASSOCIATES

Covered bonds issued by Storebrand Boligkreditt AS

Storebrand Bank ASA has invested a total of NOK 2.7 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 December 2012. The investments are included in the liquidity portfolio in the parent company and are classified at fair value option. The investment has been eliminated in the consolidated accounts against bonds issued by Storebrand Boligkreditt AS.

Lending transferred to Storebrand Boligkreditt AS

Storebrand Bank ASA shall arrange the transfer and return of loans when changes have to be made, i.e. if there is a request to increase the loan amount, change from variable to fixed interest, conversion to employee loan or conversion to a flexible mortgage. The costs are included in the contractual administration fee. The mortgages are transferred on commercial terms. Non-performing loans in Storebrand Boligkreditt AS remain in the company. These loans will, pursuant to the service agreement with Storebrand Bank ASA, be treated in the same way as non-performing loans in the bank. Specific reports are prepared for non-performing loans in Storebrand Boligkreditt AS. These loans are not included in the cover pool. Loans 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.

Storebrand Bank ASA has not pledged any guarantees in connection with loans to Storebrand Boligkreditt AS.

Storebrand Bank ASA and Storebrand Boligkreditt AS have signed a management agreement pursuant to which Storebrand Boligkreditt AS will purchase administrative services from the bank. Storebrand Boligkreditt AS also purchases administrative services from Storebrand Livsforsikring AS.

Notes

NOTE 8 - SEGMENT INFORMATION

STOREBRAND BANK GROUP

Profit and loss by segment:

NOK MILLION	CORPORATE				RETAIL			
	Q4		FULL YEAR		Q4		FULL YEAR	
	2012	2011	2012	2011	2012	2011	2012	2011
Profit and loss items:								
Net interest income	52.8	55.4	202.0	216.0	76.2	61.1	273.9	255.0
Net fee and commission income	2.2	3.1	10.3	15.3	15.3	14.6	61.1	57.9
Other income	9.2	8.4	36.5	33.2	0.9	0.0	3.8	3.4
Total operating costs	-36.1	-29.2	-139.0	-125.6	-65.4	-63.3	-268.4	-234.3
Losses real estate at fair value, assets repossessed								
Operating profit before loan losses	28.1	37.7	109.8	138.9	27.0	12.4	70.4	82.0
Loan losses	5.7	-7.4	8.1	-2.9	2.8	0.5	1.1	5.7
Ordinary profit from continuing operations	33.8	30.3	117.9	136.0	29.8	12.9	71.5	87.7
Ordinary profit from discontinued businesses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance sheet items:								
Gross lending to customers			11 670.8	11 184.1			23 734.4	22 028.8
Deposits from and due to customers			7 549.1	6 961.9			12 370.0	10 854.5
Key figures:								
Cost/income ratio	56 %	44 %	56 %	47 %	71 %	84 %	79 %	74 %
Deposits from customers as % of gross lending			65 %	62 %			52 %	49 %
Total level of provisioning			123 %	90 %			13 %	15 %

Notes

NOTE 8 - SEGMENT INFORMATION *(continues)*

STOREBRAND BANK GROUP

Profit and loss by segment:

NOK MILLION	TREASURY / OTHER				TOTAL			
	Q4		FULL YEAR		Q4		FULL YEAR	
	2012	2011	2012	2011	2012	2011	2012	2011
Profit and loss items:								
Net interest income	3.8	-12.9	14.2	-28.0	132.8	103.6	490.1	443.0
Net fee and commission income	0.0	0.3	-0.2	-0.2	17.5	18.0	71.2	73.0
Other income	-2.4	-1.1	19.2	-4.6	7.7	7.3	59.5	32.0
Total operating costs	-7.4	6.0	-12.3	-7.8	-108.9	-86.5	-419.7	-367.7
Losses real estate at fair value, assets repossessed	0.0	4.7		-3.9	0.0	4.7	0.0	-3.9
Operating profit before loan losses	-6.0	-3.0	20.9	-44.5	49.1	47.1	201.1	176.4
Loan losses	-1.6	2.4	-1.5	11.1	6.9	-4.5	7.7	13.9
Ordinary profit from continuing operations	-7.6	-0.6	-19.4	-33.5	55.9	42.6	208.8	190.2
Ordinary profit from sold/discontinued businesses	1.3	-31.7	-2.7	-59.8	1.3	-31.7	2.7	-59.8
Balance sheet items:								
Gross lending to customers			40.2	261.6			35 445.5	33 474.5
Deposits from and due to customers			13.6	669.1			19 932.7	18 485.5
Key figures:								
Cost/income ratio					69 %	67 %	68 %	67 %
Deposits from customers as % of gross lending							56 %	55 %
Total level of provisioning							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".

Notes

NOTE 9 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2011	31.12.2012	NOK MILLION	31.12.2012	31.12.2011
293.6	226.0	Guarantees	226.0	293.6
4 263.1	4 268.6	Undrawn credit limits	4 181.4	3 706.9
1 408.5	796.1	Lending commitments	796.1	1 408.5
5 965.2	5 290.7	Total contingent liabilities	5 203.5	5 409.0
3 164.4	1 854.0	Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank	1 854.0	2 159.4
3 542.3	2 043.1	Booked value of securities pledged as collateral for the government securities for covered bonds swap scheme	0.0	0.0
286.5	384.3	Booked value of bonds pledged as security with other credit institutions	0.0	0.0
6 993.2	4 281.5	Total book value of off balance sheet liabilities	1 854.0	2 159.4

Undrawn credit limits reported in Storebrand Bank ASA as of 31 December 2012 includes NOK 1.9 billion to the subsidiary Storebrand

NOTE 10 NON-PERFORMING LOANS AND LOAN LOSSES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2011	31.12.2012	NOK MILLION	31.12.2012	31.12.2011
		Non-performing loans		
118.6	105.9	Non-performing loans without evidence of impairment	150.9	159.5
194.2	121.7	Loss-exposed loans with evidence of impairment	115.1	170.8
312.7	227.6	Gross non-performing and loss-exposed loans	265.9	330.2
-117.2	-115.2	Provisions for individual loan losses	-105.0	-103.4
195.5	112.3	Net non-performing and loss-exposed loans	161.0	226.9
		Key figures		
-51.9	-38.6	Loan loss provisions on groups of loans (NOK million)	-39.1	-53.2
-169.1	-153.9	Total loan loss provisions (NOK million)	-144.1	-156.6
60 %	95 %	Level of provisioning for individual loss-exposed loans 1)	91 %	61 %
54 %	68 %	Total level of provisioning 2)	54 %	47 %

1) Provisions for individual loan losses in percent of loss-exposed loans with evidence of impairment.

2) Total loan loss provisions in per cent of gross non-performing and loss-exposed loans.

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.

Notes

NOTE 10 NON-PERFORMING LOANS AND LOAN LOSSES *(continues)*

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2011	31.12.2012	NOK MILLION	31.12.2012	31.12.2011
		Losses on loans and guarantees etc. during period		
70.4	9.8	Change in individual loan loss provisions	6.3	70.3
30.1	13.3	Change in grouped loan loss provisions	14.1	30.7
-2.7	-3.6	Other effects on loan loss provisions	-3.6	-2.8
-106.2	-9.1	Realised losses specifically provided for previously	-9.1	-95.2
-6.7	-5.8	Realised losses not specifically provided for previously	-5.8	-6.7
17.7	5.8	Recoveries on previous realised losses	5.8	17.7
2.5	10.4	Loan losses for the period	7.7	13.9

Lending commitments that are continued after collateral is taken over are classified in the financial statements according to their type. Lending commitments, including individual loan loss provisions against debt in taken over company are eliminated in the consolidated financial statements. The volume of non-performing and loss-exposed loans is similarly eliminated. A separate assessment is made in the consolidated financial statements in relation to any loan loss provision/value adjustment of the assets that have been taken over.

NOTE 11 INTANGIBLE ASSETS. FIXED ASSETS AND REAL ESTATE AT FAIR VALUE. ASSETS REPOSSESSED

Year to date, costs of NOK 29.4 million were capitalised as intangible assets and fixed assets in Storebrand Bank ASA and Storebrand Bank Group. Accordingly costs of NOK 1.8 million were capitalised in Q4. This relates principally to costs incurred on systems development, data warehouse, systems licenses and similar costs.

Intangible assets recognised on the balance sheet in connection with the "Hadrian" brand name were previously assessed as having unlimited useful economic life and therefore not previously depreciated. With effect from 01.01.2012, the useful economic life has been changed to 5 years and the book value of NOK 30.7 million is depreciated over the economic life in accordance with IAS 38. In 2012, NOK 6.1 million has been recognised as depreciation of the brand name.

Notes

NOTE 12 LIABILITES TO CREDIT INSTITUTIONS

NOK MILLION	STOREBRAND BANK GROUP	
	31.12.2012	31.12.2011
Total liabilities to credit institutions without fixed maturity at amortised cost	11.6	5.1
F-loans:		
Maturity 2012		1 413.1
Maturity 2013	500.3	
Loans 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 arrangement:		
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 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.

NOTE 13 SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL

NOK MILLION	STOREBRAND BANK GROUP	
	31.12.2012	31.12.2011
Commercial papers	0.0	501.4
Bond loans	14 540.3	9 581.4
Subordinated loan capital	441.4	692.3
Total securities issued and subordinated loan capital	14 981.7	10 775.1

Notes

Specification of bonds issued and subordinated loan capital as of 31 December 2012 - Storebrand Bank Group

NOK MILLION		NET NOMINAL VALUE	CURRENCY	INTEREST	MATURITY 1)	BOOK VALUE 2012
ISIN CODE	ISSUER					
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						14 540.3

1) Maturity date in this summary is the first possible maturity date (Call date).

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

ISIN CODE	ISSUER	NET NOMINAL VALUE	CURRENCY	INTEREST	MATURITY 1)	BOOK VALUE 2012
Dated subordinated loan capital						
NO001064165	Storebrand Bank ASA	150.0	NOK	Floating	12.04.2017	151.2
Other subordinated loan capital						
NO001771168	Storebrand Bank ASA	9.3	NOK	Fixed	perpetual	9.3
Hybrid tier 1 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						441.4
Total securities issued and subordinated loan capital						14 981.7

Notes

NOTE 14 RISK

The market value of Storebrand Bank's financial assets and liabilities varies due to financial market risks. Note 3 to note 7 of the 2011 annual report explains the banking group's financial risks which also is representative of the financial risks as per 31 December 2012. Throughout 2011 credit risk in Storebrand Bank has been gradually reduced. This development has continued in the first nine months of 2012, and the non-performing lending volume, both with and without impairment, is at a low level.

Storebrand Bank has identified the following areas of risk: credit risk, liquidity risk, market risk, operational risk and compliance risk.

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.

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 prices for assets that must be realised, or in the form of especially expensive financing. Refer to notes 12 and 13 for more information.

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 securities risk, interest rate risk and exchange rate risk.

Operational risk

The risk of financial loss due to ineffective, inadequate or failing internal processes or systems, human error, external events or failure to comply with 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.

Compliance risk

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

Notes

NOTE 15 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 mainly carried out in accordance with the same principles as those used in the accounts, with all internal transactions eliminated, including shares, loans and deposits as well as other receivables and liabilities. Companies in which the group has a minority interest are included on a proportional basis applying the percentage interest held by the group at 31 December 2012.

Net primary capital

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2011	31.12.2012	NOK MILLION	31.12.2012	31.12.2011
960.6	960.6	Share capital	960.6	960.6
1 241.8	1 414.0	Other equity	1 495.1	1 344.2
2 202.4	2 374.6	Total equity	2 455.7	2 304.8
		Deductions:		
-64.3	-65.7	Intangible assets	-106.3	-111.1
-21.5	-14.0	Deferred tax asset	-7.3	-22.6
		Provision for group contribution	-50.0	-50.0
2 116.6	2 294.9	Core capital excl. Hybrid Tier 1 capital	2 292.0	2 121.1
		Addition:		
279.0	278.8	Hybrid Tier 1 capital	278.8	279.0
2 395.6	2 573.6	Core capital	2 570.8	2 400.1
409.2	158.6	Supplementary capital	158.6	409.2
		Deductions		
2 804.9	2 732.2	Net primary capital	2 729.4	2 809.3

Notes

NOTE 15 CAPITAL ADEQUACY (continues)

Minimum capital requirement

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2011	31.12.2012		31.12.2012	31.12.2011
1 340.7	1 433.6	Credit risk	1 758.1	1 597.8
		Of which:		
2.5	9.2	Local and regional authorities	9.2	2.5
8.0		Public sector owned corporates		8.0
193.5	167.6	Institutions	15.4	19.8
666.1	947.6	Corporates	938.9	664.3
316.6	189.9	Loans secured on residential real estate	693.6	800.6
44.2	47.8	Retail market	47.8	44.2
19.6	10.6	Loans past-due	12.9	21.1
71.1	39.1	Covered bonds	17.1	17.7
19.1	21.8	Other	23.2	19.6
1 340.7	1 433.6	Total minimum requirement for credit risk	1 758.1	1 597.8
		Settlement risk		
0.0	0.0	Total minimum requirement for market risk	0.0	0.0
60.8	69.4	Operational risk 1)	89.5	91.1
		Deductions		
-4.2	-3.1	Loan loss provisions on groups of loans	-3.1	-4.3
1 397.4	1 499.9	Minimum requirement for net primary capital	1 844.5	1 684.7

Capital adequacy

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2011	31.12.2012		31.12.2012	31.12.2011
16.1 %	14.6 %	Capital ratio	11.8 %	13.3 %
13.7 %	13.7 %	Core (tier 1) capital ratio	11.2 %	11.4 %

1) The figures for 2012 are calculated as an average of total income for 2010, 2011 and 2012.

Capital adequacy is calculated in accordance with the Basel II regulations. 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.

Notes

NOTE 15 CAPITAL ADEQUACY *(continues)*

STOREBRAND BANK ASA		Basis of calculation (risk-weighted volume)	STOREBRAND BANK GROUP	
31.12.2011	31.12.2012		31.12.2012	31.12.2011
		NOK MILLION		
16 758.7	17 920.0	Credit risk	21 976.2	19 972.8
31.3	115.3	Local and regional authorities	115.3	31.3
100.3		Public sector owned corporates		100.3
2 418.2	2 095.1	Institutions	192.0	246.9
8 326.5	11 844.6	Corporates	11 735.9	8 303.7
3 957.3	2 373.3	Loans secured on residential real estate	8 670.1	10 008.0
552.4	597.8	Retail market	597.8	552.4
245.2	132.4	Loans past-due	160.8	264.2
888.4	488.6	Covered bonds	214.0	221.0
239.0	272.9	Other	290.3	244.9
16 758.7	17 920.0	Total basis of calculation credit risk	21 976.2	19 972.8
0.0	0.0	Settlement risk	0.0	0.0
0.0	0.0	Total basis of calculation market risk	0.0	0.0
760.6	867.8	Operational risk	1 119.1	1 138.7
		Deductions		
-51.9	-38.6	Loan loss provisions on groups of loans	-39.1	-53.2
17 467.4	18 749.2	Total basis of calculation of minimum requirements for capital base	23 056.1	21 058.3

Notes

NOTE 16 QUARTERLY PROFIT AND LOSS

STOREBRAND BANK GROUP

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
NOK MILLION	2012	2012	2012	2012	2011	2011	2011	2011
Interest income	385.6	381.8	386.0	399.4	395.9	364.9	401.4	374.8
Interest expense	-252.8	-259.5	-263.3	-286.3	-292.3	-252.2	-290.2	-259.2
Net interest income	132.8	122.3	122.7	113.1	103.6	112.7	111.1	115.6
Fee and commission income from banking services	22.6	21.9	22.2	18.8	24.9	22.4	21.7	22.5
Fee and commission expenses for banking services	-5.1	-3.2	-3.1	-2.9	-6.9	-4.0	-4.8	-2.8
Net fee and commission income	17.5	18.7	19.1	15.9	18.0	18.5	16.9	19.7
Net income and gains from associated companies	0.0	0.0	1.3	0.0	0.2	0.4	0.2	0.0
Net gains on financial instruments	2.1	12.7	6.5	13.2	-1.2	-1.5	-0.6	5.2
Other income	5.6	7.6	8.0	1.7	8.3	1.5	9.6	9.7
Total other operating income	7.7	20.3	15.8	14.9	7.3	0.5	9.2	14.9
Staff expenses	-36.6	-46.6	-37.1	-34.4	-32.6	-32.0	-29.6	-35.9
General administration expenses	-20.8	-14.9	-14.6	-14.9	-22.9	-22.4	-17.3	-22.8
Other operating cost	-51.5	-50.3	-48.9	-49.1	-31.1	-43.6	-37.1	-40.4
Losses real estate at fair value, assets repossessed	0.0	0.0	0.0	0.0	4.7	-1.5	0.0	-7.2
Total operating costs	-108.9	-111.8	-100.6	-98.4	-81.8	-99.5	-84.0	-106.3
Operating profit before loan losses	49.1	49.5	57.0	45.6	47.1	32.1	53.2	43.9
Loan losses for the period	6.9	0.9	-5.8	5.8	-4.5	11.3	3.9	3.1
Profit before tax	55.9	50.4	51.2	51.3	42.6	43.5	57.1	47.1
Tax	1.3	-12.5	-13.5	-11.8	1.9	-12.4	-44.0	22.9
Result after tax sold/discontinued operations	1.3	3.4	-2.0	-0.1	-31.7	-16.2	-10.1	-1.7
Profit for the year	58.5	41.3	35.7	39.4	12.8	14.8	3.0	68.3

Notes

NOTE 16 QUARTERLY PROFIT AND LOSS (continues)

STOREBRAND BANK ASA

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
NOK MILLION	2012	2012	2012	2012	2011	2011	2011	2011
Interest income	274.1	277.6	282.6	323.8	346.4	339.5	326.3	317.3
Interest expense	-191.1	-195.7	-199.5	-231.2	-250.5	-243.9	-236.4	-228.8
Net interest income	82.9	81.9	83.1	92.7	95.9	95.6	90.0	88.5
Fee and commission income from banking services	25.9	25.3	25.5	22.2	28.2	25.7	25.3	26.1
Fee and commission expenses for banking services	-5.1	-3.2	-3.1	-2.9	-6.9	-4.0	-4.8	-2.8
Net fee and commission income	20.9	22.1	22.5	19.3	21.3	21.7	20.6	23.3
Net income and gains from associated companies	0.0	0.0	1.3	0.0	0.2	0.4	0.2	0.0
Net gains on financial instruments	4.3	22.6	4.1	37.3	-20.0	-11.9	12.4	8.0
Other income	144.0	6.0	0.0	1.5	19.1	-78.9	-18.8	7.2
Total other operating income	148.2	28.6	5.4	38.7	-0.7	-90.4	-6.1	15.2
Staff expenses	-32.8	-45.5	-35.5	-32.7	-29.0	-30.6	-27.5	-33.7
General administration expenses	-20.6	-14.8	-14.4	-14.7	-22.7	-22.2	-17.1	-22.6
Other operating cost	-47.4	-47.5	-45.6	-44.4	-28.5	-41.1	-33.9	-37.2
Total operating costs	-100.7	-107.8	-95.5	-91.8	-80.1	-94.0	-78.5	-93.5
Operating profit before loan losses	151.3	24.8	15.4	58.9	36.4	-67.1	25.9	33.5
Loan losses for the period	8.5	1.7	-5.3	5.5	1.7	0.8	4.1	-4.1
Profit before tax	159.8	26.5	10.1	64.4	38.1	-66.3	30.0	29.4
Tax	-37.3	-5.7	-2.7	-18.0	-15.6	-6.3	-41.0	-8.2
Profit for the year	122.5	20.8	7.4	46.3	22.5	-72.6	-11.0	21.2

NOTE 17 VALUATION

Storebrand Bank Group categorises financial instruments valued at fair value on three different levels, which are described in more detail in note 2 and note 8 of the 2011 annual report. There have not been any substantial changes in the categorisation in 2012.

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.