



Storebrand Bank Group

3rd quarter 2012



Storebrand Bank Group

- quarterly report for the 3rd 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 3rd quarter

Earnings performance

The bank group achieved a pre-tax profit of NOK 50 million (NOK 44 million) in the third quarter of 2012, and a pre-tax profit of NOK 153 million (NOK 148 million) for the year to date. Net interest income and other income have shown good performance. However operating costs have risen a little, chiefly driven by restructuring costs of NOK 12 million in the quarter and NOK 13 million for the year to date. Both the retail and corporate markets have shown positive lending growth, however there was a seasonal dip in deposits during the quarter.

Net interest income was NOK 122 million (NOK 113 million) for the quarter, and NOK 357 million (NOK 339 million) for the year to date. The interest rate margin is higher than it was for the same period last year, and has fallen a little from the high level in the second quarter following the change in interest rates that came into effect from the month of June. Net interest income as a percentage of average total assets was 1.21 per cent (1.14 per cent) for the quarter, and 1.22 per cent (1.16 per cent) for the year to date.

Net commission income is stable and other income has developed positively compared to the same periods last year. This can largely be explained by good sales of interest rate swaps within the corporate market, healthy revenues in Hadrian and a positive effect from fair value changes in financial instruments. Net commission income represented NOK 19 million (NOK 19 million) in the third quarter, and NOK 54 million (NOK 55 million) for the year to date. Other income was NOK 20 million (NOK 1 million) for the quarter, and NOK 52 million (NOK 25 million) for the year to date.

Operating costs totalled NOK 112 million (NOK 100 million) in the third quarter and NOK 311 million (NOK 290 million) in the year to date. Restructuring costs of NOK 12 million were charged in the third quarter in connection with the cost programme in Storebrand Group, and NOK 13 million for the year to date. Operating costs for the year to date in 2011 include write-downs on investment property of NOK 9 million related to loan losses that the bank has taken over, and NOK 2 million for the quarter. The banking business¹ cost ratio was 68 per cent in the quarter (73 per cent). After adjusting for the restructuring cost, the cost ratio would be 60 per cent for the quarter and 63 per cent for the year to date.

International financial unrest has not had a detrimental impact on the bank's lending portfolio for the time being, and total non-performing loans remain low and at the same level as for the corresponding period in 2011. NOK 1 million (NOK 11 million) was recognised as revenues on write-downs on loans in the third quarter. Group write-downs have been reduced by NOK 1 million during the quarter.

Balance sheet performance

Both the retail and corporate markets have seen positive portfolio performance in the third quarter. Gross lending to customers totalled NOK 34.6 billion at the end of the 3rd quarter. This is an increase of NOK 0.6 billion on the bank's balance sheet in the 3rd quarter, while syndicated volume with Storebrand Livsforsikring has increased by NOK 0.5 billion.

The Bank Group's retail market portfolio totals NOK 23.3 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 is almost unchanged for the year to date and accounted for 1.0 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 181 million (NOK 160 million) and impaired non-performing loans totalled NOK 159 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 bank group had NOK 3,406 million in tradable securities and NOK 674 million deposited in other banks at the end of the third quarter. The volume of customer deposits totalled NOK 19.7 billion at the end of the quarter. Both the retail and corporate

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

markets have grown compared with the same period last year. The deposit-to-loan ratio was 57 per cent at the end of the quarter. This is an increase in relation to the same period last year and year to date.

The banking group issued covered bonds worth NOK 4.4 billion and senior loans worth NOK 2 billion for the year to date.

Capital adequacy

The banking group's capital adequacy was 12.0 per cent and the core (tier 1) capital ratio was 10.7 per cent at the end of the quarter. The Financial Supervisory Authority of Norway granted the bank approval for early repayment of a subordinated loan maturing in December 2012.

Market

During the quarter, the bank has continued its work on improving the customer experience which has yielded positive results in the form of high level of customer satisfaction and a larger share of wallet. During the period work has been undertaken on measures to promote revenues and sale of high margin products. Sales results continue to develop positively, and growth in lending is now matching market growth.

Demand for financing in the property market is outstripping supply, and there is a shortage of financing for good projects. 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 taxes in the third quarter of 2012 of NOK 27 million (minus NOK 66 million), and NOK 101 million (minus NOK 7 million) for the year to date.

Net interest income for Storebrand Bank ASA totalled NOK 82 million (NOK 96 million) in the third quarter and NOK 257 million (NOK 274 million) for the year to date.

Other income for the parent company showed a positive development for the quarter amounting to NOK 29 million (minus NOK 90 million), and NOK 74 million (minus NOK 81 million) for the year to date. The weak performance in 2011 was largely driven by write-downs relating to ownership interests in Ring Eiendomsmegling.

NOK 2 million was recognised as revenues (NOK 1 million) in write-downs on lending in the third quarter, and NOK 2 million (NOK 1 million) for the year to date. Non-performing loans that are not impaired amounted to NOK 121 million (NOK 119 million) and impaired non-performing loans totalled NOK 164 million (NOK 194 million) for the year to date. Total non-performing loans amounted to NOK 170 million (NOK 196 million) at the end of the third quarter.

The deposit-to-loan ratio in the parent bank was 110.1 per cent (109.6 per cent) at the end of the third quarter.

Other

In 2012 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 2012.

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	Q3			FULL YEAR	
		2012	2011	30.09.2012	30.09.2011	2011
Interest income		381.8	364.9	1 167.3	1 141.0	1 536.9
Interest expense		-259.5	-252.2	-809.9	-801.6	-1 093.9
Net interest income	4	122.3	112.7	357.4	339.4	443.0
Fee and commission income from banking services		21.9	22.4	62.9	66.6	91.5
Fee and commission expenses for banking services		-3.2	-4.0	-9.2	-11.5	-18.5
Net fee and commission income		18.7	18.5	53.7	55.0	73.0
Net income and gains from associated companies		0.0	0.4	1.2	0.7	0.9
Net gains on financial instruments	5	12.7	-1.5	33.2	3.1	2.0
Other income		7.6	1.5	17.4	20.8	29.1
Total other operating income		20.3	0.5	51.9	24.7	32.0
Staff expenses		-46.6	-32.0	-118.1	-97.5	-130.1
General administration expenses		-14.9	-22.4	-44.4	-62.5	-85.4
Other operating costs		-50.3	-43.6	-148.3	-121.2	-152.2
Losses real estate at fair value, assets repossessed	11		-1.5		-8.7	-3.9
Total operating costs		-111.8	-99.5	-310.8	-289.8	-371.6
Operating profit before loan losses		49.5	32.1	152.1	129.3	176.4
Loan losses for the period	10	0.9	11.3	0.8	18.3	13.9
Profit before tax		50.4	43.5	152.9	147.6	190.2
Tax	6	-12.5	-12.4	-37.8	-33.4	-31.5
Result after tax sold/discontinued operations		3.4	-16.2	1.3	-28.1	-59.8
Profit for the year		41.3	14.8	116.4	114.2	98.9
Allocated to:						
Shareholders		41.3	14.6	116.4	86.0	98.9
Minority interests		0.0	0.3	0.0	0.1	0.0

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q3			FULL YEAR	
	2012	2011	30.09.2012	30.09.2011	2011
Pension experience adjustments					2.8
Profit for the period	41.3	14.8	116.4	114.2	98.9
Total comprehensive income for the period	41.3	14.8	116.4	114.2	101.7
Allocated to:					
Shareholders	41.3	14.6	116.4	114.1	101.7
Minority interests		0.3		0.1	
Total	41.3	14.8	116.4	114.2	101.7

Storebrand Bank Group

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	30.09.2012	31.12.2011
Cash and deposits with central banks		405.9	508.4
Loans to and deposits with credit institutions		268.0	268.6
Financial assets designated at fair value through profit and loss:			
Equity instruments	17	5.3	5.2
Bonds and other fixed-income securities	9, 17	3 400.6	2 655.0
Derivatives	17	1 037.5	920.6
Bonds at amortised cost	9	940.2	651.2
Other assets		295.2	210.3
Gross lending	17	34 687.2	33 474.5
- Write-downs on individual loans	10	-102.1	-103.4
- Write-downs on groups of loans		-45.4	-53.2
Net lending to customers		34 539.7	33 317.9
Investments in associated companies			2.8
Tangible assets	11	9.1	11.2
Real estate at fair value	11		11.7
Intangible assets and goodwill	11	114.3	111.1
Deferred tax assets			8.1
Assets sold/discontinued operations		16.8	35.4
Total assets		41 032.7	38 717.7
Liabilities to credit institutions	12, 17	3 047.1	6 015.8
Deposits from and due to customers	17	19 658.9	18 485.5
Other financial liabilities:			
Derivatives	17	623.2	500.2
Commercial papers and bonds issued	13	14 281.4	10 082.8
Other liabilities		301.4	501.8
Liabilities sold/discontinued operations		5.1	30.0
Provision for accrued expenses and liabilities		12.6	0.8
Deferred tax		29.4	
Pension liabilities		103.7	103.7
Subordinated loan capital	13	597.6	692.3
Total liabilities		38 660.5	36 412.9
Paid in capital		1 516.8	1 516.8
Retained earnings		853.5	787.9
Minority interests		1.9	0.1
Total equity		2 372.2	2 304.8
Total equity and liabilities		41 032.7	38 717.7

Storebrand Bank ASA

PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q3			FULL YEAR	
		2012	2011	30.09.2012	30.09.2011	2011
Interest income		277.6	339.5	884.0	983.2	1 329.6
Interest expense		-195.7	-243.9	-627.1	-709.1	-959.6
Net interest income	5	81.9	95.6	256.9	274.1	370.0
Fee and commission income from banking services		25.3	25.7	73.1	77.1	105.3
Fee and commission expenses for banking services		-3.2	-4.0	-9.2	-11.5	-18.5
Net fee and commission income		22.1	21.7	63.9	65.6	86.9
Net income and gains from associated companies			0.4	1.2	0.7	0.9
Net gains on financial instruments	6	22.6	-11.9	64.8	8.4	-11.6
Other income		6.0	-78.9	7.4	-90.5	-71.4
Total other operating income		28.6	-90.4	73.5	-81.4	-82.1
Staff expenses		-45.5	-30.6	-113.7	-91.8	-120.8
General administration expenses		-14.8	-22.2	-43.9	-61.9	-84.6
Other operating costs		-47.5	-41.1	-137.5	-112.2	-140.7
Total operating costs		-107.8	-94.0	-295.2	-266.0	-346.1
Operating profit before loan losses		24.8	-67.1	99.1	-7.7	28.7
Loan losses for the period	11	1.7	0.8	1.9	0.8	2.5
Profit before tax		26.5	-66.3	101.0	-6.9	31.2
Tax	7	-5.7	-6.3	-26.4	-55.6	-71.1
Profit for the year		20.8	-72.6	74.6	-62.5	-39.9

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q3			FULL YEAR	
	2012	2011	30.09.2012	30.09.2011	2011
Pension experience adjustments					2.8
Profit for the period	20.8	-72.6	74.6	-62.5	-39.9
Total comprehensive income for the period	20.8	-72.6	74.6	-62.5	-37.2

Storebrand Bank ASA

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	30.09.2011	31.12.2011
Cash and deposits with central banks		405.9	508.4
Loans to and deposits with credit institutions		4 364.2	4 404.4
Financial assets designated at fair value through profit and loss:			
Equity instruments	18	1.9	1.8
Bonds and other fixed-income securities	10, 18	6 162.7	9 319.6
Derivatives	18	665.8	606.1
Bonds at amortised cost	10	940.2	651.2
Other assets		962.2	1 263.4
Gross lending	18	17 872.1	16 963.8
- Write-downs on individual loans	11	-114.8	-117.2
- Write-downs on groups of loans		-44.2	-51.9
Net lending to customers		17 713.2	16 794.7
Investments in associated companies			1.4
Tangible assets	12	8.7	10.7
Intangible assets and goodwill	12	72.1	64.3
Deferred tax assets			21.5
Total assets		31 325.9	33 647.4
Liabilities to credit institutions	13, 18	3 343.0	6 318.0
Deposits from and due to customers	18	19 673.8	18 492.4
Other financial liabilities:			
Derivatives	18	623.2	500.2
Commercial papers and bonds issued	14	4 378.9	4 448.9
Other liabilities		310.9	888.7
Provision for accrued expenses and liabilities		12.6	0.8
Deferred tax		5.1	
Pension liabilities		103.7	103.7
Subordinated loan capital	14	597.6	692.3
Total liabilities		29 048.9	31 445.0
Paid in capital		1 635.2	1 635.2
Retained earnings		641.8	567.2
Total equity		2 277.0	2 202.4
Total equity and liabilities		31 325.9	33 647.4

Key figures

STOREBRAND BANK GROUP

NOK MILLION AND PERCENTAGE	Q3		FULL YEAR	
	2012	2011	30.09.2012	2011
Profit and Loss account: (as % of avg. total assets)				
Net interest income	1.21 %	1.14 %	1.22 %	1.13 %
Other operating income 3)	0.39 %	0.19 %	0.36 %	0.27 %
Main balance sheet figures:				
Total assets			41 032.7	38 717.7
Average total assets 1)	40 159.4	38 911.0	39 250.3	39 106.5
Total lending to customers			34 687.2	33 474.5
Deposits from customers			19 658.9	18 485.5
Deposits from customers as % of gross lending			56.7 %	55.2 %
Equity			2 372.2	2 304.8
Other key figures:				
Total non-interest income as % of total income	24.2 %	14.4 %	22.8 %	19.2 %
Loan losses and provisions as % of average total lending 5)	-0.01 %	-0.14 %	0.00 %	-0.03 %
Gross non-performing and loss-exposed loans as % of total average lending			1.0 %	1.0 %
Cost/income ratio banking activities 4)	68.0 %	73.1 %	65.8 %	65.9 %
Return on equity before tax 2)			8.8 %	8.3 %
Core capital ratio			10.7 %	11.4 %

STOREBRAND BANK ASA

NOK MILLION AND PERCENTAGE	Q3		FULL YEAR	
	2012	2011	30.09.2012	2011
Profit and Loss account: (as % of avg. total assets)				
Net interest income	1.05 %	1.09 %	1.10 %	1.06 %
Other operating income 3)	0.65 %	-0.78 %	0.59 %	0.42 %
Main balance sheet figures:				
Total assets			31 325.9	33 647.4
Average total assets 1)	31 009.4	34 865.1	31 253.7	34 982.8
Gross lending to customers			17 872.1	16 963.8
Deposits from customers			19 673.8	18 492.4
Deposits from customers as % of gross lending			110.1 %	109.0 %
Equity			2 277.0	2 202.4
Other key figures:				
Total non-interest income as % of total income	38.2 %	-255.2 %	34.8 %	28.2 %
Loan losses and provisions as % of average total lending 5)	-0.04 %	-0.02 %	-0.02 %	-0.08 %
Gross non-performing and loss-exposed loans as % of total average lending			1.6 %	1.8 %
Cost/income ratio	81.3 %	349.4 %	74.9 %	67.2 %
Return on equity before tax 2)			6.0 %	1.4 %
Core (tier 1) capital ratio			13.2 %	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	0.0	-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						116.4	116.4		116.4	
Pension experience adjustments										
Total other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	116.4	116.4	0.0	116.4	
Equity transactions with owners:										
Provision for group contribution							-50.0	-50.0		-50.0
Other changes							-0.8	-0.8	1.8	1.0
Equity at 30.09.2012	960.6	156.0	400.3	1 516.8	20.3	833.2	853.5	1.8	2 372.2	

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	-37.2	-37.2
Equity transactions with owners:								
Provision for group contribution						-50.0	-50.0	-50.0
Equity at 31.12.2011	960.6	156.0	518.7	1 635.2	18.4	548.8	567.1	2 202.4
Profit for the period						74.6	74.6	74.6
Pension experience adjustments								
Total other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	74.6	74.6	74.6
Equity at 30.09.2012	960.6	156.0	518.7	1 635.2	18.4	623.4	641.7	2 277.0

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.

Storebrand Bank view it as necessary to have a core capital ratio of at least 9 per cent at all times, regardless of macro economic environment. In good economic conditions, the core capital ratio should be substantially higher and Storebrand Bank therefore targets a core capital ratio of at least 11 per cent from 2013. In general, the equity of the banking group can be managed without material restrictions if the capital requirements are met and the respective legal entities have adequate solidity.

For further information on the group's fulfilment of the capital requirements, see note 15.

Cash flow statement

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
30.09.2011	30.09.2012	NOK MILLION	30.09.2012	30.09.2011
		Cash flow from operations		
807.4	769.1	Receipts of interest, commissions and fees from customers	1 148.0	1 138.0
-363.8	-401.5	Payments of interest, commissions and fees to customers	-401.5	-365.0
1 770.8	-898.7	Net disbursements/payments on customer loans	-1 177.4	1 632.8
-496.0	1 175.1	Net receipts/payments of deposits from banking customers	1 175.7	-501.5
506.5	2 746.5	Net receipts/payments - securities at fair value	-985.9	-274.5
		Net receipts/payments - real estate at fair value	17.1	50.1
		Payments - taxes		-6.6
-247.7	-278.0	Payments of operating costs	-303.1	-282.3
26.3	61.0	Net receipts/payments on other operating activities	105.7	30.9
2 003.5	3 173.5	Net cash flow from operations	-421.4	1 422.0
		Cash flow from investment activities		
32.5	8.5	Net receipts from sale of subsidiaries and associated companies	8.5	
-19.2	-2.1	Net payments on purchase/capitalisation of subsidiaries		-5.1
-25.0	-27.6	Net payments on purchase/sale of fixed assets etc.	-27.6	-25.4
-11.7	-21.1	Net cash flow from investment activities	-19.1	-30.5
		Cash flow from financing activities		
-1 068.4	-1 577.6	Payments - repayments of loans and issuing of bond debt	-2 128.2	-1 611.8
799.9	1 610.1	Receipts - new loans and issuing of bond debt	6 021.8	1 795.3
-327.7	-206.8	Payments - interest on loans	-407.2	-417.1
	149.2	Receipts - subordinated loan capital	149.2	
	-250.4	Payments - repayments of subordinated loan capital	-250.4	
-28.1	-22.7	Payments - interest on subordinated loan capital	-22.7	-28.1
-241.7	-2 969.9	Net receipts/payments of liabilities to credit institutions	-2 975.1	-1 003.1
142.2	58.8	Receipts - group contribution		
-115.5	-85.8	Payments - group contribution / dividends	-50.0	-50.0
-839.3	-3 295.1	Net cash flow from financing activities	337.4	-1 314.7
1 152.6	-142.7	Net cash flow in the period	-103.1	76.7
4 006.7	4 912.8	Cash and bank deposits at the start of the period	777.0	835.8
5 159.2	4 770.1	Cash and bank deposits at the end of the period	673.9	912.5
683.4	405.9	Cash and deposits with central banks	405.9	683.4
4 475.9	4 364.2	Loans to and deposits with credit institutions	268.0	229.1
5 159.2	4 770.1	Total cash and bank deposits in the balance sheet	673.9	912.5

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 Q3 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required in the annual financial statements.

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.

Storebrand has decided to implement a major cost reduction programme. In the financial statements for Storebrand Bank Group NOK 12 million has been reserved to cover costs associated with the restructuring in the 3rd quarter of 2012. These costs relate to headcount reductions, and chiefly apply to early retirees. This provision has been considered in accordance with IAS 37, and the restructuring plan has been announced to all parties affected by the changes.

NOTE 3 CHANGES IN THE COMPOSITION OF THE GROUP

In Q3 the bank sold its 50 per cent ownership interest in Storebrand Baltic UAB to Storebrand ASA. Gain on sale of the shares is amounted to NOK 4.5 million for the bank group.

Notes

NOTE 4 NET INTEREST INCOME

Storebrand Bank Group

NOK MILLION	Q3				FULL YEAR
	2012	2011	30.09.2012	30.09.2011	2011
Interest and other income on loans to and deposits with credit institutions		2.6	5.4	8.6	21.5
Interest and other income on loans to and due from customers		351.8	351.6	1 077.6	1 394.0
Interest on commercial paper, bonds and other interest-bearing securities		25.7	6.4	76.1	115.3
Other interest income and related income	1.7	1.6	5.0	4.6	6.1
Total interest income	381.8	364.9	1 167.3	1 141.1	1 536.9
Interest and other expenses on debt to credit institutions	-20.7	-60.6	-88.5	-162.2	-225.2
Interest and other expenses on deposits from and due to customers		-129.6	-123.6	-391.5	-475.4
Interest and other expenses on securities issued	-101.9	-54.5	-306.5	-232.1	-329.0
Interest and expenses on subordinated loan capital	-7.3	-11.4	-22.7	-30.7	-39.5
Other interest expenses and related expenses		-2.1	-0.7	-24.0	-24.7
Total interest expenses	-259.6	-252.2	-809.9	-801.6	-1 093.9
Net interest income	122.3	112.7	357.4	339.4	443.0

Storebrand Bank ASA

NOK MILLION	Q3				FULL YEAR
	2012	2011	30.09.2012	30.09.2011	2011
Interest and other income on loans to and deposits with credit institutions		36.4	42.9	107.5	151.8
Interest and other income on loans to and due from customers		194.7	204.0	600.0	831.2
Interest on commercial paper, bonds and other interest-bearing securities		44.9	91.0	171.5	340.5
Other interest income and related income	1.7	1.6	5.0	4.6	6.1
Total interest income	277.6	339.5	884.0	983.2	1 329.6
Interest and other expenses on debt to credit institutions	-22.0	-66.8	-92.6	-179.7	-245.2
Interest and other expenses on deposits from and due to customers	-129.8	-123.5	-392.3	-352.2	-480.1
Interest and other expenses on securities issued		-36.5	-40.0	-117.6	-170.0
Interest and expenses on subordinated loan capital	-7.3	-11.4	-22.7	-30.7	-39.5
Other interest expenses and related expenses		-2.1	-1.9	-24.0	-24.7
Total interest expenses	-195.7	-243.9	-627.1	-709.1	-959.6
Net interest income	81.9	95.6	256.9	274.1	370.0

Notes

NOTE 5 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES

Storebrand Bank Group

NOK MILLION	Q3			FULL YEAR	
	2012	2011	30.09.2012	30.09.2011	2011
<i>Equity instruments</i>					
Dividends received from equity investments		0.1		0.1	0.1
Net gains/losses on realisation of equity investments					
Net change in fair value of equity investments			0.2	0.2	0.2
Total equity investments. FVO	0.0	0.1	0.2	0.3	0.3
<i>Commercial papers and bonds</i>					
Realised gain/loss on commercial papers and bonds. FVO	1.6	2.6	5.8	4.2	3.2
Unrealised gain/loss on commercial papers and bonds. FVO	6.7	-5.9	11.5	0.9	-1.4
Total gain/loss on commercial papers and bonds. FVO	8.2	-3.3	17.3	5.1	1.8
<i>Lending to customers</i>					
Unrealised gain/loss on lending to customers. FVO	12.1	-12.9	20.1	5.3	7.6
Total gain/loss on lending to customers. FVO	12.1	-12.9	20.1	5.3	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	-1.9
Unrealised gain/loss on liabilities to credit institutions and other funding. FVO	-1.4	-0.7	5.5	-5.0	-6.9
Total gain/loss on liabilities to credit institutions and other funding. FVO	-1.4	-0.7	-3.3	-6.9	-8.9
<i>Financial derivatives and foreign exchange</i>					
Realised gain/loss on financial derivatives. held for trading	0.6	-3.7	16.1	-47.4	-55.4
Unrealised gain/loss on financial derivatives. held for trading	-7.3	20.6	-40.0	48.2	58.1
Total financial derivatives and foreign exchange. held for trading	-6.7	16.8	-23.9	0.8	2.7
Net income and gains from financial assets and liabilities at fair value	12.1	0.0	10.4	4.6	3.5
<i>Fair value hedging</i>					
Realised gain/loss on derivatives and bonds issued. fair value hedging	-5.6		-6.0		
Unrealised gain/loss on derivatives and bonds issued. fair value hedging	6.0		6.0		
Net gain/loss on fair value hedging	0.3	0.0	-0.1	0.0	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	0.0
<i>Bonds issued</i>					
Realised gain/loss on bonds issued at amortised cost	-0.8	-1.5	20.3	-1.5	-1.6
Total gain/loss on bonds issued at amortised cost	-0.8	-1.5	20.3	-1.5	-1.6
Net income and gains from financial assets and liabilities at amortised cost	0.2	-1.5	22.9	-1.5	-1.6
Net income and gains from financial assets and liabilities	12.7	-1.5	33.2	3.1	2.0

Notes

NOTE 5 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES

Storebrand Bank ASA

NOK MILLION	Q3			FULL YEAR	
	2012	2011	30.09.2012	30.09.2011	2011
<i>Equity instruments</i>					
Dividends received from equity investments		0.1		0.1	0.1
Net gains/losses on realisation of equity investments					
Net change in fair value of equity investments			0.2	0.2	0.2
Total equity investments. FVO	0.0	0.1	0.2	0.3	0.3
<i>Commercial papers and bonds</i>					
Realised gain/loss on commercial papers and bonds. FVO	1.4	2.6	10.4	4.2	3.2
Unrealised gain/loss on commercial papers and bonds. FVO	17.3	-16.4	39.9	6.2	-14.7
Total gain/loss on commercial papers and bonds. FVO	18.7	-13.7	50.3	10.4	-11.5
<i>Lending to customers</i>					
Unrealised gain/loss on lending to customers. FVO	12.1	-12.9	20.1	5.3	7.6
Total gain/loss on lending to customers. FVO	12.1	-12.9	20.1	5.3	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	-1.9
Unrealised gain/loss on liabilities to credit institutions and other funding. FVO	-1.4	-0.7	5.5	-5.0	-6.9
Total gain/loss on liabilities to credit institutions and other funding. FVO	-1.4	-0.7	-3.3	-6.9	-8.9
<i>Financial derivatives and foreign exchange</i>					
Realised gain/loss on financial derivatives. held for trading	0.6	-3.7	16.1	-47.4	-55.6
Unrealised gain/loss on financial derivatives. held for trading	-7.3	20.6	-40.0	48.2	58.1
Total financial derivatives and foreign exchange. held for trading	-6.7	16.8	-23.9	0.8	2.4
Net income and gains from financial assets and liabilities at fair value	22.6	-10.5	43.4	9.9	-10.0
<i>Fair vaule hedging</i>					
Realised gain/loss on derivatives and bonds issued. fair value hedging	-4.6		-5.1		
Unrealised gain/loss on derivatives and bonds issued. fair value hedging	5.4		4.7		
Net gain/loss on fair value hedging	0.8	0.0	-0.4	0.0	0.0
<i>Commercial papers and bonds</i>					
Realised gain/loss on commercial papers and bonds at amortised cost			1.6		
Total gain/loss on commercial papers and bonds at amortised cost	0.0	0.0	1.6	0.0	0.0
<i>Bonds issued</i>					
Realised gain/loss on bonds issued at amortised cost	-0.8	-1.5	20.3	-1.5	-1.6
Total gain/loss on bonds issued at amortised cost	-0.8	-1.5	20.3	-1.5	-1.6
Net income and gains from financial assets and liabilities at amortised cost	-0.8	-1.5	21.8	-1.5	-1.6
Net income and gains from financial assets and liabilities	22.6	-11.9	64.8	8.4	-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 vaule hedging and total bonds and commercial papers issued. Other financial assets and liabilities are not included in the note.

Notes

NOTE 7 TAX

Tax cost is estimated using the expected average tax rate of 28% on profit before tax adjusted for permanent differences.

NOTE 8 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 30 September 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				
	Q3		FULL YEAR			Q3		FULL YEAR		
	2012	2011	30.09.2012	30.09.2011	2011	2012	2011	30.09.2012	30.09.2011	2011
Profit and loss items:										
Net interest income	49.7	53.9	149.2	160.6	216.0	71.6	64.1	197.7	193.9	255.0
Net fee and commission income	2.2	4.2	8.1	12.2	15.3	16.5	15.3	45.8	43.3	57.9
Other income	8.6	9.4	27.3	24.8	33.2	0.8	2.0	2.9	3.4	3.4
Total operating costs	-39.9	-35.1	-102.9	-96.4	-125.6	-71.9	-49.1	-203.0	-171.0	-234.3
Losses real estate at fair value. assets repossessed										
Operating profit before loan losses	20.7	32.3	81.7	101.2	138.9	17.0	32.2	43.4	69.6	82.0
Loan losses	-0.2	-7.6	2.4	4.5	-2.9	1.1	10.3	-1.7	5.2	5.7
Ordinary profit from continuing operations	20.4	24.6	84.1	105.7	136.0	18.1	42.6	41.7	74.8	87.7
Ordinary profit from discontinued businesses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance sheet items:										
Gross lending to customers			11 391.5	10 854.5	11 184.1			23 256.3	22 028.8	22 028.8
Deposits from and due to customers			7 809.8	6 982.9	6 961.9			11 828.5	10 854.5	10 854.5
Key figures:										
Cost/income ratio	66 %	52 %	56 %	49 %	47 %	81 %	60 %	82 %	71 %	74 %
Deposits from customers as % of gross lending			69 %	64 %	62 %			51 %	49 %	49 %
Total level of provisioning			100 %	90 %	90 %			14 %	16 %	15 %

Notes

NOTE 9 - SEGMENT INFORMATION *(continues)*

Storebrand Bank Group

Profit and loss by segment:

NOK MILLION	TREASURY / OTHER					TOTAL				
	Q3		FULL YEAR			Q3		FULL YEAR		
	2012	2011	30.09.2012	30.09.2011	2011	2012	2011	30.09.2012	30.09.2011	2011
Profit and loss items:										
Net interest income	1.0	-5.3	10.5	-15.1	-28.0	122.3	112.7	357.4	339.4	443.0
Net fee and commission income		-0.9	-0.2	-0.5	-0.2	18.7	18.5	53.7	55.0	73.0
Other income	10.8	-10.8	21.7	-3.5	-4.6	20.3	0.5	51.9	24.7	32.0
Total operating costs		-13.8	-4.9	-13.7	-7.8	-111.8	-98.0	-310.8	-281.1	-367.7
Losses real estate at fair value. assets repossessed		-1.5	0.0	-8.7	-3.9	0.0	-1.5	0.0	-8.7	-3.9
Operating profit before loan losses	11.8	-32.3	27.0	-41.5	-44.5	49.5	32.1	152.1	129.3	176.4
Loan losses	0.1	8.6	0.1	8.6	11.1	0.9	11.3	0.8	18.3	13.9
Ordinary profit from continuing operations	11.9	-23.7	27.1	-32.9	-33.5	50.4	43.5	152.9	147.6	190.2
Ordinary profit from sold/discontinued businesses	3.4	-16.2	1.3	-28.1	-59.8	3.4	-16.2	1.3	-28.1	-59.8
Balance sheet items:										
Gross lending to customers			39.4	-14.4	261.6			34 687.2	32 869.0	33 474.5
Deposits from and due to customers			20.6	462.8	669.1			19 658.9	18 300.2	18 485.5
Key figures:										
Cost/income ratio						69 %	74 %	67 %	67 %	67 %
Deposits from customers as % of gross lending								57 %	56 %	55 %
Total level of provisioning								44 %	45 %	47 %

Business segments are the Group's primary reporting segments.

Description of the segments:

The bank's segment reporting has been changed with effect from the fourth quarter of 2011, and is no longer directly comparable with figures presented in prior reports. The comparable figures in the notes have been restated. The bank now reports for two segments: the Corporate market and the Retail market.

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. In Q3 the bank sold its 50 per cent ownership interest in Storebrand Baltic UAB. The bank's ownership interest has earlier been included in the Retail market segment. 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	30.09.2012	NOK MILLION	30.09.2012	31.12.2011
293.6	325.4	Guarantees	325.4	293.6
4 263.1	4 734.0	Undrawn credit limits	4 226.2	3 706.9
1 408.5	1 891.6	Lending commitments	1 891.6	1 408.5
5 965.2	6 950.9	Total contingent liabilities	6 443.1	5 409.0
3 164.4	1 795.9	Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank	1 795.9	2 159.4
3 542.3	2 021.6	Booked value of securities pledged as collateral for the government securities for covered bonds swap scheme		
286.5	381.8	Booked value of bonds pledged as security with other credit institutions		
6 993.2	4 199.3	Total book value of off balance sheet liabilities	1 795.9	2 159.4

Undrawn credit limits reported in Storebrand Bank ASA as of 30 September 2012 includes NOK 2.3 billion to the subsidiary Storebrand Boligkreditt AS.

NOTE 10 NON-PERFORMING LOANS AND LOAN LOSSES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2011	30.09.2012	NOK MILLION	30.09.2012	31.12.2011
		Non-performing loans		
118,6	120,8	Non-performing loans without evidence of impairment	180,7	159,5
194,2	163,5	Loss-exposed loans with evidence of impairment	158,6	170,8
312,7	284,4	Gross non-performing and loss-exposed loans	339,3	330,2
-117,2	-114,8	Provisions for individual loan losses	-102,1	-103,4
195,5	169,6	Net non-performing and loss-exposed loans	237,2	226,9
		Key figures		
-51,9	-44,2	Loan loss provisions on groups of loans (NOK million)	-45,4	-53,2
-169,1	-158,9	Total loan loss provisions (NOK million)	-147,5	-156,6
60 %	70 %	Level of provisioning for individual loss-exposed loans 1)	64 %	61 %
54 %	56 %	Total level of provisioning 2)	43 %	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

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
30.09.2011	30.09.2012	NOK MILLION	30.09.2012	30.09.2011
		Losses on loans and guarantees etc. during period		
71.5	-7.5	Change in individual loan loss provisions	-8.5	71.4
30.2	7.8	Change in grouped loan loss provisions	7.8	31.0
-3.0	1.7	Other effects on loan loss provisions	1.6	-3.1
-109.4	-3.1	Realised losses specifically provided for previously	-3.1	-92.4
-3.8	-1.9	Realised losses not specifically provided for previously	-1.9	-3.8
15.2	4.9	Recoveries on previous realised losses	4.9	15.2
0.8	1.9	Loan losses for the period	0.8	18.3

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 27.6 million were capitalised as intangible assets and fixed assets in Storebrand Bank ASA and Storebrand Bank Group. Accordingly costs of NOK 8.8 million were capitalised in Q3. 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. For the first nine months of 2012, NOK 4.6 million has been recognised as depreciation of the brand name.

Notes

NOTE 12 LIABILITES TO CREDIT INSTITUTIONS

NOK MILLION	STOREBRAND BANK GROUP	
	30.09.2012	31.12.2011
Total liabilities to credit institutions without fixed maturity at amortised cost	17.5	5.1
F-loans:		
Maturity 2012	300.1	1 413.1
Loans with floating interest rate:		
Maturity 2012		350.0
Maturity 2013	750.0	750.0
Accrued expenses	0.7	0.8
Total liabilities to credit institutions with fixed maturity at amortised cost	1 050.8	2 513.9
Borrowings under the Norwegian Government's Swap arrangement:		
Maturity 2013	991.5	2 508.4
Maturity 2014	987.3	988.4
Total liabilities to credit institutions with fixed maturity at fair value (FVO)	1 978.8	3 496.9
Total liabilities to credit institutions	3 047.1	6 015.8

As per 30 September 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	
	30.09.2012	31.12.2011
Commercial papers		501.4
Bond loans	14 281.4	9 581.4
Subordinated loan capital	597.6	692.3
Total securities issued and subordinated loan capital	14 879.0	10 775.1

Notes

Specification of bonds issued and subordinated loan capital as of 30 September 2012 - Storebrand Bank Group

NOK MILLION		NET				BOOK
ISIN CODE	ISSUER	NOMINAL	CURRENCY	INTEREST	MATURITY 1)	VALUE
		VALUE				30.09.2012
Bond loans						
NO0010590771	Storebrand Bank ASA	408.0	NOK	Floating	10.05.2013	409.8
NO0010473408	Storebrand Bank ASA	408.0	NOK	Floating	21.11.2013	412.7
NO0010507775	Storebrand Bank ASA	773.0	NOK	Floating	30.04.2014	784.1
NO0010599822	Storebrand Bank ASA	198.0	NOK	Floating	11.08.2014	198.7
NO0010635626	Storebrand Bank ASA	350.0	NOK	Floating	26.01.2015	352.6
NO0010439821	Storebrand Bank ASA	310.0	NOK	Fixed	04.06.2015	340.1
NO0010654510	Storebrand Bank ASA	450.0	NOK	Floating	06.07.2015	454.0
NO0010513237	Storebrand Bank ASA	300.0	NOK	Fixed	25.05.2016	324.8
NO0010641079	Storebrand Bank ASA	800.0	NOK	Floating	27.03.2017	802.1
NO0010660806	Storebrand Bank ASA	300.0	NOK	Fixed	08.10.2019	300.0
Total bond loans						4 378.9
Covered bonds						
NO0010466071	Storebrand Boligkreditt AS	1 150.0	NOK	Fixed	24.04.2014	1 232.1
NO0010428584	Storebrand Boligkreditt AS	1 000.0	NOK	Fixed	06.05.2015	1 105.6
NO0010548373	Storebrand Boligkreditt AS	1 250.0	NOK	Fixed	28.10.2019	1 449.7
NO0010638307	Storebrand Boligkreditt AS	1 000.0	NOK	Floating	17.06.2015	1 000.4
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	1 555.8
NO0010660822	Storebrand Boligkreditt AS	500.0	NOK	Floating	20.06.2018	499.6
Total covered bonds						7 334.1
Total commercial papers and bonds issued						14 281.4

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				BOOK
		NOMINAL	CURRENCY	INTEREST	MATURITY 1)	VALUE
		VALUE				30.09.2012
Dated subordinated loan capital						
NO0010402787	Storebrand Bank ASA	150.0	NOK	Floating	19.12.2012	150.2
NO0010641657	Storebrand Bank ASA	150.0	NOK	Floating	12.04.2017	151.3
Other subordinated loan capital						
NO001771168	Storebrand Bank ASA	9.3	NOK	Fixed	perpetual	9.9
Hybrid tier 1 capital						
NO001024206	Storebrand Bank ASA	107.0	NOK	Fixed	29.10.2014	117.6
NO001024207	Storebrand Bank ASA	168.0	NOK	Floating	29.10.2014	168.7
Total subordinated loan capital						597.6
Total securities issued and subordinated loan capital						12 310.6

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 30 September 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, business 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 30 September 2012.

Net primary capital

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2011	30.09.2012		30.09.2012	31.12.2011
960.6	960.6	Share capital	960.6	960.6
1 241.8	1 316.4	Other equity	1 411.6	1 344.2
2 202.4	2 277.0	Total equity	2 372.2	2 304.8
		Deductions:		
	-74.6	Profit not included in the calculation of net primary capital	-116.4	
-64.3	-71.2	Intangible assets	-114.3	-111.1
-21.5	-0.6	Deferred tax asset		-22.6
		Provision for group contribution		-50.0
		Addition:		
279.0	279.3	Perpetual subordinated bonds	279.3	279.0
2 395.6	2 409.9	Core capital	2 420.8	2 400.1
409.2	308.6	Supplementary capital	308.6	409.2
		Deductions		
2 804.9	2 718.5	Net primary capital	2 729.3	2 809.3

Notes

NOTE 15 CAPITAL ADEQUACY

Minimum capital requirement

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2011	30.09.2012		30.09.2012	31.12.2011
1 340.7	1 404.0	Credit risk	1 726.1	1 597.8
		Of which:		
2.5	10.5	Local and regional authorities	10.5	2.5
8.0		Public sector owned corporates		8.0
193.5	168.5	Institutions	20.2	19.8
666.1	909.5	Corporates	908.5	664.3
316.6	192.1	Loans secured on residential real estate	682.8	800.6
44.2	49.0	Retail market	49.0	44.2
19.6	13.3	Loans past-due	16.4	21.1
71.1	40.0	Covered bonds	18.0	17.7
19.1	21.1	Other	20.6	19.6
1 340.7	1 404.0	Total minimum requirement for credit risk	1 726.1	1 597.8
		Settlement risk		
0.0	0.0	Total minimum requirement for market risk	0.0	0.0
60.8	60.8	Operational risk 1)	91.1	91.1
		Deductions		
-4.2	-3.5	Loan loss provisions on groups of loans	-3.6	-4.3
1 397.4	1 461.3	Minimum requirement for capital base	1 813.6	1 684.7

Capital adequacy

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2011	30.09.2012		30.09.2012	31.12.2011
16.1 %	14.9 %	Capital ratio	12.0 %	13.3 %
13.7 %	13.2 %	Core (tier 1) capital ratio	10.7 %	11.4 %

1) The figures for 30.09.2012 and 2011 are calculated as an average of total income for 2009, 2010 and 2011.

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 16 QUARTERLY PROFIT AND LOSS

Storebrand Bank Group

	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
NOK MILLION	2012	2012	2012	2011	2011	2011	2011	2010
Interest income	381.8	386.0	399.4	395.9	364.9	401.4	374.8	383.1
Interest expense	-259.5	-263.3	-286.3	-292.3	-252.2	-290.2	-259.2	-270.1
Net interest income	122.3	122.7	113.1	103.6	112.7	111.1	115.6	113.0
Fee and commission income from banking services	21.9	22.2	18.8	24.9	22.4	21.7	22.5	23.1
Fee and commission expenses for banking services	-3.2	-3.1	-2.9	-6.9	-4.0	-4.8	-2.8	-4.4
Net fee and commission income	18.7	19.1	15.9	18.0	18.5	16.9	19.7	18.6
Net income and gains from associated companies		1.3		0.2	0.4	0.2	0.0	-0.4
Net gains on financial instruments	12.7	6.5	13.2	-1.2	-1.5	-0.6	5.2	3.3
Other income	7.6	8.0	1.7	8.3	1.5	9.6	9.7	11.9
Total other operating income	20.3	15.8	14.9	7.3	0.5	9.2	14.9	14.8
Staff expenses	-46.6	-37.1	-34.4	-32.6	-32.0	-29.6	-35.9	-41.1
General administration expenses	-14.9	-14.6	-14.9	-22.9	-22.4	-17.3	-22.8	-25.0
Other operating cost	-50.3	-48.9	-49.1	-31.1	-43.6	-37.1	-40.4	-31.0
Losses real estate at fair value, assets repossessed				4.7	-1.5		-7.2	-2.1
Total operating costs	-111.8	-100.6	-98.4	-81.8	-99.5	-84.0	-106.3	-99.2
Operating profit before loan losses	49.5	57.0	45.6	47.1	32.1	53.2	43.9	47.1
Loan losses for the period	0.9	-5.8	5.8	-4.5	11.3	3.9	3.1	-15.3
Profit before tax	50.4	51.2	51.3	42.6	43.5	57.1	47.1	31.8
Tax	-12.5	-13.5	-11.8	1.9	-12.4	-44.0	22.9	-38.5
Result after tax sold/discontinued operations	3.4	-2.0	-0.1	-31.7	-16.2	-10.1	-1.7	-5.8
Profit for the year	41.3	35.7	39.4	12.8	14.8	3.0	68.3	-12.5

Notes

NOTE 16 QUARTERLY PROFIT AND LOSS

Storebrand Bank ASA

	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
NOK MILLION	2012	2012	2012	2011	2011	2011	2011	2010
Interest income	277.6	282.6	323.8	346.4	339.5	326.3	317.3	316.8
Interest expense	-195.7	-199.5	-231.2	-250.5	-243.9	-236.4	-228.8	-238.2
Net interest income	81.9	83.1	92.7	95.9	95.6	90.0	88.5	78.5
Fee and commission income from banking services	25.3	25.5	22.2	28.2	25.7	25.3	26.1	26.3
Fee and commission expenses for banking services	-3.2	-3.1	-2.9	-6.9	-4.0	-4.8	-2.8	-4.4
Net fee and commission income	22.1	22.5	19.3	21.3	21.7	20.6	23.3	21.9
Net income and gains from associated companies		1.3	0.0	0.2	0.4	0.2	0.0	-0.4
Net gains on financial instruments	22.6	4.1	37.3	-20.0	-11.9	12.4	8.0	26.5
Other income	6.0	0.0	1.5	19.1	-78.9	-18.8	7.2	76.9
Total other operating income	28.6	5.4	38.7	-0.7	-90.4	-6.1	15.2	103.0
Staff expenses	-45.5	-35.5	-32.7	-29.0	-30.6	-27.5	-33.7	-37.1
General administration expenses	-14.8	-14.4	-14.7	-22.7	-22.2	-17.1	-22.6	-24.2
Other operating cost	-47.5	-45.6	-44.4	-28.5	-41.1	-33.9	-37.2	-24.8
Total operating costs	-107.8	-95.5	-91.8	-80.1	-94.0	-78.5	-93.5	-86.1
Operating profit before loan losses	24.8	15.4	58.9	36.4	-67.1	25.9	33.5	117.3
Loan losses for the period	1.7	-5.3	5.5	1.7	0.8	4.1	-4.1	-19.1
Profit before tax	26.5	10.1	64.4	38.1	-66.3	30.0	29.4	98.2
Tax	-5.7	-2.7	-18.0	-15.6	-6.3	-41.0	-8.2	-33.8
Profit for the year	20.8	7.4	46.3	22.5	-72.6	-11.0	21.2	64.4

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.

Translation from the original Norwegian version

To the board of Storebrand Bank ASA

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statement of financial position of Storebrand Bank ASA (the Group) as of September 30, 2012, and the related statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the nine-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by EU.

Oslo, October 23, 2012
Deloitte AS

Ingebret G. Hisdal (signed)
State Authorized Public Accountant (Norway)

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Company registration number: 953 299 216

Senior Management:

Truls Nergaard	Managing Director
Trond Fladvad	Finance Director
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
Bernt Upstad	Chief officer Business Development

Board of Directors:

Stein Wessel-Aas	Chairman
Odd Arild Grefstad	Deputy chairman
Kristine Schei	Board Member
Geir Holmgren	Board Member
Maria Borch Helsengreen	Board Member
Anne-Kristine Baltzersen	Board Member
Heidi Storruste	Board Member

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Other sources of information:

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