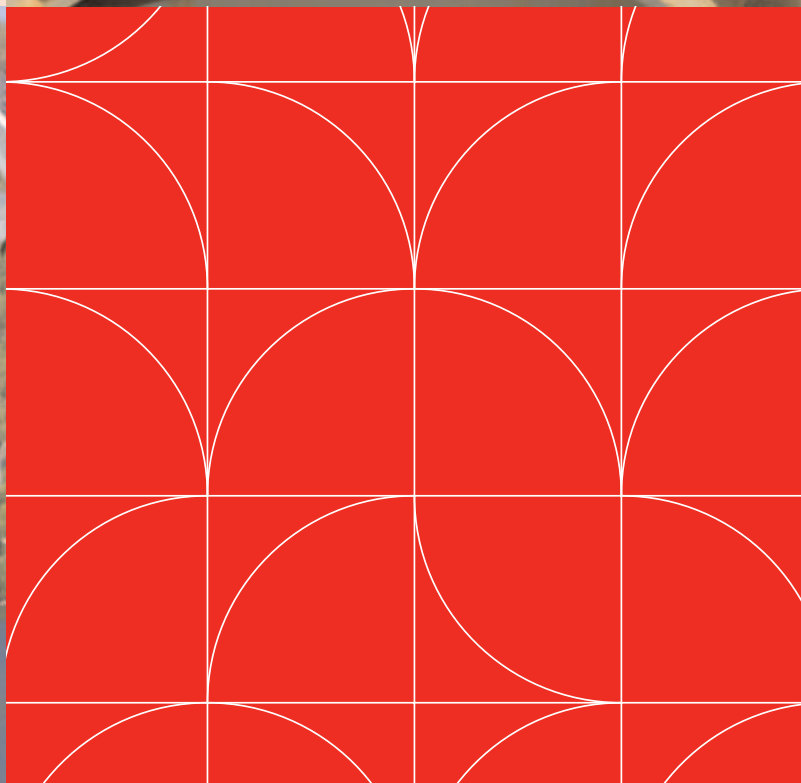


Storebrand Bank Group

1st Half 2010

 storebrand



Storebrand Bank Group

- interim report for and as of 30 June 2010

(Figures for the corresponding period in 2009 shown in brackets)

- Improved profitability - good cost control
- Deposit-to-loan ratio above 55 per cent
- Sound portfolio quality - costs due to losses remain low
- Ring Eiendomsmegling developing well

FINANCIAL PERFORMANCE - BANKING GROUP

Storebrand Bank achieved a pre-tax profit of NOK 28 million (NOK 1 million) for 2Q and a pre-tax profit of NOK 51 million (NOK 4 million) for the first half of 2010. The half-year result improved by NOK 47 million compared to the same period last year due to better net interest income, reduced operating expenses, and reduced losses.

Net interest income amounted to NOK 125 million (NOK 93 million) for 2Q and NOK 231 million (NOK 214 million) for the first half of 2010. The development was characterised by reduced lending margins, improved deposit margins, and reduced borrowing costs compared to the same period in 2009. The bank redeemed a covered bond in 2Q, which had a positive effect on net interest income of NOK 8 million and a negative currency effect, recognised as other income, of NOK 14 million. Net interest income as a percentage of average total assets was 1.14 per cent (0.81 per cent) in 2Q and 1.08 per cent (0.93 per cent) in the first half of 2010.

Net fee and commission income was on a par with last year and amounted to NOK 18 million (NOK 17 million) for 2Q and NOK 35 million (NOK 37 million) for the first half of 2010.

Other income amounted to NOK 13 million (NOK 32 million) for 2Q and NOK 33 million (NOK 51 million) for the year-to-date. This represents a reduction for the year-to-date of NOK 18 million compared with the first half of 2009.

In addition to the negative effect of NOK 14 million from redeeming covered bonds, the most significant driver behind the change was the general widening of credit spreads, which had a negative effect on the value of the banking group's liquidity portfolio amounting to minus NOK 8 million (NOK 13 million) for 2Q and minus NOK 12 million (NOK 8 million) for the year-to-date.

Adjusted for the change in value of the liquidity portfolio the underlying profitability of the banking group before tax and amortisation improved by NOK 68 million in the first half of 2010 compared to the same period last year.

Ring Eiendomsmegling's income amounted to NOK 25 million (NOK 22 million) for 2Q and NOK 45 million (NOK 42 million) for the year-to-date. The growth in income was in large due to better average commissions on sales. Ring Eiendomsmegling's result developed positively and its pre-tax profit amounted to NOK 0.3 million (minus NOK 6.5 million) for 2Q and minus NOK 2 million (minus NOK 12 million) for the first half of 2010.

Operating costs in the banking activities¹⁾ were NOK 86 million (NOK 90 million) for 2Q and NOK 176 million for the first half of 2010, compared to NOK 192 million for the same period last year. The development reflects the results of streamlining measures implemented in 4Q 2009 and the costs reduction program is proceeding as planned. The banking activities costs ratio was 68 per cent for 2Q and 70 per cent for the first half of 2010.

¹⁾ Banking activities consists of Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS.

A net NOK 5 million (NOK 0.5 million) of lending write-downs were recognised as costs in 2Q and a net NOK 1 million has been reversed in the first half of 2010 (NOK 29 million recognised as costs). Write-downs on investment properties from taken over commitments were written down by NOK 5 million (NOK 18.6 million) in 2Q and NOK 12 million in the first half of 2010 (the write-downs are presented on a separate line under operating expenses in the consolidated financial statements). Losses developed positively compared with the same period in 2009 and amounted to a total of 0.06 per cent (0.25 per cent) of total assets for the year-to-date, including write-downs on taken over commitments.

Balance sheet performance

At the end of the quarter the banking group's total assets amounted to NOK 41.8 billion compared to NOK 43.0 billion at year-end 2009. Gross lending to customers amounted to NOK 35.0 billion at the close of the quarter. This represents a reduction of NOK 0.7 billion in the quarter and NOK 1.1 billion for the year-to-date. Gross lending in Storebrand Eiendomskreditt accounted for NOK 2.1 billion of the gross lending in the corporate market of NOK 11.4 billion, and gross lending in Storebrand Boligkreditt AS accounted for NOK 13.7 billion of the total lending volume in the retail market of NOK 23.7 billion.

Non-performing and loss-exposed loans without impairment amounted to NOK 268 million at the close of the quarter, a reduction of NOK 42 million since year-end 2009. The volume of non-performing and loss-exposed commitments in the banking group amounted to NOK 558 million, equivalent to 1.6 per cent of gross lending, as per 30 June 2010. This is an improvement since year-end 2009 when the volume of non-performing and loss-exposed loans amounted to NOK 884 million and 2.5 per cent of gross lending.

The volume of deposits amounted to NOK 19.3 billion at the close of the quarter. The deposit-to-loan ratio was 55 per cent. This is an increase from 51 per cent at year-end 2009 and a result of the bank's deliberate focus on deposit products.

Covered bonds issued by the subsidiary Storebrand Boligkreditt AS in EUR, originally amounting to EUR 500 million, matured in May 2010. The subsidiary issued bonds of NOK 1.0 billion in May 2010.

The capital ratio in the bank at the close of the quarter was 13.6 per cent and its core (tier 1) capital ratio was 10.4 per cent. The primary capital at the close of the quarter excludes the period's result.

Despite the unstable credit markets and generally increased credit margins, the bank's access to external funding in both the Norwegian and European credit markets is satisfactory, especially in relation to covered bonds secured by housing mortgages.

Market trends

Internationally, the financial markets have been characterised by increasing uncertainty and volatility. The uncertainty has also resulted in increased credit risk premiums when banks issue new debt, and in Norway the money market interest rate rose strongly in 2Q. In the long-term such a trend could result in higher borrowing costs for Storebrand Bank.

Despite the unstable macro situation, the bank's most important markets developed positively, both in the quarter and in the first half of 2010. The housing market steadily improved throughout the first half of the year with increased prices and quicker sales in comparison to the same period in 2009. The activity within commercial property also improved in the first half of the year, and the negative trend in vacancies and rent levels has leveled. The market for new homes also saw significantly faster sales in 2Q in comparison with the same period last year. This was also reflected in Ring Eiendomsmegling, which experienced a significant increase in sales volumes for new housing during the first half of 2010. The company also achieved a strong improvement in customer satisfaction at the same period.

The growth in housing mortgages from banks and mortgage companies is still positive for the year-to-date, but slowing

down in relation to the same period in 2009. In 2Q, the bank strengthened its deposits market position, while on the lending side it focused on the home equity loan product.

Lending margins for new projects increased slightly in May and June of this year. The bank's volume of lending to the corporate market grew slightly in the first half of 2010 (NOK 113 million) and the bank also experienced higher demand for building loans, which can also be seen in the context of increased offers for sale in the market for housing projects in which building has not yet started.

Storebrand Bank ASA's performance

Storebrand Bank ASA's net interest income amounted to NOK 74 million (NOK 57 million) for 2Q and NOK 143 million (NOK 155 million) for the first half of 2010. The reduction in the first half of 2010 was primarily a result of the reduced lending volume due to the transfer of lending to the mortgage companies and continued high funding costs.

Other income developed negatively in the parent bank in the first half of 2010 and amounted to minus NOK 72 million (minus NOK 18 million), primarily due to a negative change in unrealised gains of NOK 74 million (minus NOK 18 million). The parent bank's liquidity portfolio has increased primarily due to the parent bank's investment in covered bonds issued by its subsidiaries and a planned increase in the liquidity buffer.

In 2Q, NOK 16 million (NOK 18 million) of lending write-downs were recognised as income, which include write-downs associated with taken over assets. These are presented under operating expenses in the consolidated financial statements. Non-performing and loss-exposed loans without impairment amounted to NOK 236 million and non-performing and loss-exposed loans with impairment amounted to NOK 417 million at the end of the first half of

2010. The total volume of non-performing and loss-exposed loans amounted to NOK 653 million.

The deposit-to-loan ratio in the parent bank was 100 per cent at the end of the first half of 2010 compared to 78 per cent for the same period last year. The development of the deposit-to-loan ratio in the parent company was affected by both the increased volume of deposits and the reduced lending volume in connection with sales of loans from the parent company to the mortgage companies.

In February 2010, a judgement by default was handed down in which the bank was ordered to pay the plaintiff NOK 74 million in compensation. Storebrand Bank appealed the judgement and the court of appeal found in the bank's favour and quashed the judgement. The bank believes it is overwhelmingly likely that the claim for compensation will not succeed when the case is heard on its merits in district court.

The Board of Directors of Storebrand Bank ASA have appointed Truls Nergaard the new CEO of the bank. Nergaard is moving from his position as head of the corporate department in the bank and has extensive experience from banking and finance.

General

The Board of Directors is unaware of any events that have occurred since the balance sheet date that would be material to the interim financial statements as presented.

Customer growth, deposits, cross sales and implementing streamlining measures will also be prioritised in the second half of 2010. Developments in the capital market, interest rate levels, unemployment and the housing market are considered the most significant risk factors that could affect the banking group's accounting figures over the next six months.

Lysaker, 14 July 2010

The Board of Directors of Storebrand Bank ASA

Storebrand Bank ASA

PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q2				FULL YEAR
		2010	2009	30.06.2010	30.06.2009	2009
Interest income		307.8	388.8	605.4	903.2	1 529.4
Interest expense		-234.1	-331.9	-462.2	-748.6	-1 215.4
Net interest income	5	73.6	56.9	143.3	154.5	314.0
Fee and commission income from banking services		25.4	24.2	51.0	48.0	104.3
Fee and commission expenses for banking services		-5.2	-4.9	-9.0	-6.3	-17.9
Net fee and commission income		20.2	19.3	41.9	41.7	86.4
Net income and gains from associated companies		-0.3	-0.5	-0.6	-1.0	-1.2
Net gains on financial instruments at fair value	6	-53.5	49.8	-73.8	-18.2	56.3
Other income		1.7	0.3	2.0	1.0	74.3
Total other operating income		-52.1	49.6	-72.4	-18.2	129.4
Staff expenses		-33.0	-33.6	-69.8	-70.4	-151.9
General administration expenses		-19.8	-24.5	-42.1	-12.6	-20.1
Other operating costs		-30.8	-30.8	-48.4	-106.0	-236.4
Total operating costs		-83.7	-88.8	-160.3	-189.0	-408.4
Operating profit before losses and other items		-41.9	37.0	-47.6	-10.9	121.5
Write-downs for the period	11	-16.4	-18.5	-16.1	-46.9	-80.1
Profit before tax		-58.4	18.5	-63.7	-57.9	41.3
Tax	7	-0.7	-5.2	0.8	16.3	-10.9
Profit for the year		-59.0	13.3	-62.9	-41.6	30.5

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	Q2				FULL YEAR
		2010	2009	30.06.2010	30.06.2009	2009
Pension experience adjustments						5.5
Profit for the period		-59.0	13.3	-62.9	-41.6	30.5
Total comprehensive income for the period		-59.0	13.3	-62.9	-41.6	35.9

Storebrand Bank ASA

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	30.06.2010	31.12.2009
Cash and deposits with central banks		755.0	368.4
Loans to and deposits with credit institutions		2 346.9	2 320.0
Financial assets designated at fair value through profit and loss:			
Equity instruments		1.6	1.0
Bonds and other fixed-income securities	10	12 486.9	11 402.8
Derivatives		611.4	390.2
Other assets		1 993.0	2 223.6
Gross lending		19 273.9	21 301.1
- Write-downs of individual loans	11	-181.5	-229.9
- Write-downs of groups of loans		-94.3	-106.1
Net lending to customers		18 998.1	20 965.1
Investments in associated companies		25.8	26.4
Tangible assets	12	18.2	15.7
Intangible assets	12	43.3	48.1
Deferred tax assets		130.5	175.7
Total assets		37 410.7	37 937.0
Liabilities to credit institutions	13	9 526.2	10 355.5
Deposits from and due to customers		19 305.9	18 344.7
Other financial liabilities:			
Derivatives		478.0	289.0
Commercial paper and bonds issued	14	4 203.0	4 853.5
Other liabilities		646.7	730.4
Provision for accrued expenses and liabilities		3.8	14.1
Pension liabilities		79.5	79.5
Subordinated loan capital	14	966.8	960.4
Total liabilities		35 209.8	35 627.2
Paid in capital		1 635.2	1 635.2
Retained earnings		565.7	674.6
Total equity		2 200.9	2 309.8
Total equity and liabilities		37 410.7	37 937.0

Lysaker, 14 July 2010

The Board of Directors of Storebrand Bank ASA

Storebrand Bank Group

PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q2				FULL YEAR
		2010	2009	30.06.2010	30.06.2009	2009
Interest income		376.1	433.1	745.7	1 072.5	1 817.7
Interest expense		-251.3	-340.5	-514.8	-858.8	-1 394.4
Net interest income	5	124.8	92.6	230.9	213.7	423.3
Fee and commission income from banking services		22.7	21.9	44.4	43.4	94.0
Fee and commission expenses for banking services		-5.2	-4.9	-9.0	-6.3	-17.9
Net fee and commission income		17.5	17.0	35.4	37.1	76.1
Net income and gains from associated companies		-0.3	-0.5	-0.6	-1.0	-1.2
Net gains on financial instruments at fair value	6	-18.3	8.4	-21.3	5.2	34.9
Other income		31.8	24.4	54.7	46.9	114.0
Total other operating income		13.2	32.4	32.8	51.1	147.8
Staff expenses		-49.7	-51.3	-102.2	-104.3	-220.9
General administration expenses		-22.8	-27.5	-48.5	-18.8	-110.2
Other operating costs		-44.9	-43.2	-86.3	-126.9	-201.0
Unrealised loss real estate at fair value, assets repossessed	12	-5.0	-18.6	-12.0	-18.6	-34.9
Total operating costs		-122.4	-140.6	-249.0	-268.6	-567.0
Operating profit before losses and other items		33.1	1.4	50.1	33.4	80.2
Write-downs for the period	11	-5.1	-0.4	0.7	-29.2	-45.6
Profit before tax		28.0	0.9	50.8	4.2	34.5
Tax	7	-24.0	-1.9	-36.4	-2.6	-15.4
Profit for the year		4.0	-0.9	14.4	1.6	19.1
Allocated to:						
Shareholders		4.0	-0.1	15.0	2.5	20.4
Minority interests		0.0	-0.9	-0.6	-0.9	-1.3

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	Q2				FULL YEAR
		2010	2009	30.06.2010	30.06.2009	2009
Pension experience adjustments						5.5
Profit for the period		4.0	-0.9	14.4	1.6	19.1
Total comprehensive income for the period		4.0	-0.9	14.4	1.6	24.6
Allocated to:						
Shareholders		4.0	-0.1	15.0	2.5	25.9
Minority interests		0.0	-0.9	-0.6	-0.9	-1.3
Total		4.0	-0.9	14.4	1.6	24.6

Storebrand Bank Group

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	30.06.2010	31.12.2009
Cash and deposits with central banks		755.0	368.4
Loans to and deposits with credit institutions		509.9	424.3
Financial assets designated at fair value through profit and loss:			
Equity instruments	18	1.6	1.1
Bonds and other fixed-income securities	10, 18	3 884.5	4 484.7
Derivatives	18	847.9	807.4
Other assets		517.7	544.8
Gross lending	18	35 005.2	36 123.3
- Write-downs of individual loans	11	-167.5	-182.0
- Write-downs of groups of loans		-96.7	-107.2
Net lending to customers		34 741.0	35 834.2
Investments in associated companies		25.3	25.9
Tangible assets	12	22.4	19.4
Real estate at fair value	12	200.6	165.2
Intangible assets and goodwill	12	124.5	129.7
Deferred tax assets		130.7	180.6
Total assets		41 761.1	42 985.6
Liabilities to credit institutions	13, 18	9 100.9	10 211.8
Deposits from and due to customers	18	19 287.8	18 319.8
Other financial liabilities:			
Derivatives	18	478.0	379.7
Commercial paper and bonds issued	14, 18	8 895.1	10 151.4
Other liabilities		671.6	587.0
Provision for accrued expenses and liabilities		30.5	14.1
Pension liabilities		79.5	79.5
Subordinated loan capital	14	966.8	960.4
Total liabilities		39 510.3	40 703.8
Paid in capital		1 516.8	1 516.8
Retained earnings		731.4	761.6
Minority interests		2.6	3.4
Total equity		2 250.8	2 281.9
Total equity and liabilities		41 761.1	42 985.6

Lysaker, 14 July 2010

The Board of Directors of Storebrand Bank ASA

Key figures

STOREBRAND BANK ASA

NOK MILLION AND PERCENTAGE	2010	Q2 2009	30.06.2010	FULL YEAR 2009
Profit and Loss account: (as % of avg. total assets)				
Net interest income ³⁾	0.78 %	0.58 %	0.76 %	0.80 %
Cost	0.89 %	0.89 %	0.85 %	1.04 %
Other operating income ⁵⁾	-0.34 %	0.69 %	-0.16 %	0.55 %
Main balance sheet figures:				
Total assets			37 410.7	37 937.0
Average total assets ¹⁾	37 533.7	39 835.6	37 829.0	39 321.0
Total lending to customers			19 273.9	21 301.1
Deposits from and due to customers			19 305.9	18 344.7
Deposits from and due to customers as % of gross lending			100.2 %	86.1 %
Equity			2 200.9	2 309.8
Other key figures:				
Total non-interest income as % of total income	-76.34 %	54.76 %	-27.05 %	40.74 %
Loan losses and provisions as % of average total lending	0.35 %	0.28 %	0.17 %	0.32 %
Non-performing and loss-exposed loans as% of total lending			3.39 %	4.72 %
Costs as % of operating income	200.38 %	70.59 %	142.21 %	77.08 %
Return on equity after tax ²⁾	-10.55 %	2.82 %	-5.55 %	1.94 %
Core capital ratio			13.1 %	13.1 %

STOREBRAND BANK GROUP

NOK MILLION AND PERCENTAGE	2010	Q2 2009	30.06.2010	FULL YEAR 2009
Profit and Loss account: (as % of avg. total assets)				
Net interest income ³⁾	1.14 %	0.81 %	1.08 %	0.95 %
Cost	1.12 %	1.09 %	1.12 %	1.19 %
Other operating income ⁵⁾	0.29 %	0.44 %	0.32 %	0.50 %
Main balance sheet figures:				
Total assets			41 761.1	42 985.6
Average total assets ¹⁾	41 981.7	44 862.8	42 526.3	44 688.8
Total lending to customers			35 005.2	36 123.3
Deposits from and due to customers			19 287.8	18 319.8
Deposits from and due to customers as % of gross lending			55.1 %	50.7 %
Equity			2 250.8	2 281.9
Other key figures:				
Total non-interest income as % of total income	19.75 %	34.78 %	22.79 %	34.59 %
Loan losses and provisions as % of average total lending	0.06 %	0.00 %	0.00 %	0.12 %
Non-performing and loss-exposed loans as% of total lending			1.60 %	2.45 %
Costs as % of operating income banking activities ⁶⁾	67.68 %	76.02 %	70.29 %	70.53 %
Return on equity after tax ²⁾	-0.16 %	-0.59 %	0.97 %	0.90 %
Core capital ratio			10.4 %	10.4 %

Definitions:

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

²⁾ Annualised profit after tax adjusted for hedging ineffectiveness as % of average equity.

³⁾ Annualised net interest income adjusted for hedging ineffectiveness.

⁴⁾ The method for calculating the "net interest income as a percentage of average assets under management" key figure has been changed from and including Q1 2010 and is now calculated on the basis of actual/365. The restated key figure for Storebrand Bank ASA for Q1 2009 would be 1.00 per cent and for Storebrand Bank Group the figure would be 0.96 per cent. The change has no consequences for net interest income as a percentage of average assets under management on an annual basis and provides a more correct picture of the development over the year.

⁵⁾ Other operating income includes net fee and commission income.

⁶⁾ Banking activities consists of Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS.

Reconciliation of changes in equity

STOREBRAND BANK ASA

NOK MILLION	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-IN EQUITY	TOTAL PAID-IN EQUITY	REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	TOTAL EQUITY
Equity at 31.12.2008	916.6	0.0	400.3	1 316.8	23.8	733.3	757.0	2 073.9
Profit for the period						30.5	30.5	30.5
Pension experience adjustments					5.5		5.5	5.5
Total other comprehensive income	0.0	0.0	0.0	0.0	5.5	0.0	5.5	5.5
Total comprehensive income for the period	0.0	0.0	0.0	0.0	5.5	30.5	35.9	35.9
Equity transactions with owners:								
Capital increase paid in	44.0	156.0		200.0				200.0
Group contribution received			118.4	118.4				118.4
Provisions for group contribution						-118.4	-118.4	-118.4
Equity at 31.12.2009	960.6	156.0	518.7	1 635.2	29.3	645.3	674.6	2 309.8
Profit for the period						-62.9	-62.9	-62.9
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	-62.9	-62.9	-62.9
Provision for group contribution						-46.0	-46.0	-46.0
Equity at 30.06.2010	960.6	156.0	518.7	1 635.2	29.3	536.4	565.6	2 200.9

The share capital is made up of 64,037,183 shares of nominal value NOK 15.

Reconciliation of changes in equity

STOREBRAND BANK GROUP

NOK MILLION	MAJORITY'S SHARE OF EQUITY								TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER EQUITY			OTHER EQUITY	TOTAL OTHER INTERESTS	MINORITY INTEREST	
			OTHER PAID-IN EQUITY	TOTAL PAID-IN EQUITY	REVENUE & COSTS APPLIED TO EQUITY				
Equity at 31.12.2008	916.6	0.0	400.3	1 316.8	25.7	711.9	737.6	6.1	2 060.5
Profit for the period						20.4	20.4	-1.3	19.1
Pension experience adjustments					5.5		5.5		5.5
Total other comprehensive income	0.0	0.0	0.0	0.0	5.5	0.0	5.5	0.0	5.5
Total comprehensive income for the period	0.0	0.0	0.0	0.0	5.5	20.4	25.9	-1.3	24.6
Equity transactions with owners:									
Capital increase paid in	44.0	156.0		200.0					200.0
Acquisitions						-1.0	-1.0		-1.0
Purchase of minority interests								-1.5	-1.5
Other changes				0.0		-0.7	-0.7	0.0	-0.7
Equity at 31.12.2009	960.6	156.0	400.3	1 516.8	31.2	730.5	761.7	3.4	2 281.9
Profit for the period						15.0	15.0	-0.6	14.4
Pension experience adjustments									0.0
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	15.0	15.0	-0.6	14.4
Equity transactions with owners:									
Group contribution received						118,4	118,4		118,4
Provision for group contribution						-164.4	-164.4		-164.4
Other changes						0.7	0.7	-0.2	0.5
Equity at 30.06.2010	960.6	156.0	400.3	1 516.8	31.2	700.1	731.4	2.6	2 250.8

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 pays particular attention to the active management of equity in the banking group. This management is tailored to the business-related financial risk and capital requirements in which the composition of its business areas and their growth will be an important driver for the group's capital requirements. The goal of the capital management is to ensure an effective capital structure and reserve an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. If there is a need for new equity, this must be procured by the holding company Storebrand Bank 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 carry the greatest significance in its capital management.

The banking group's goal is to achieve a core (tier 1) capital ratio of 10% over time. 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. Capital can be transferred from foreign legal entities with the consent of local supervisory authorities.

For further information on the group's fulfilment of the capital requirements, see note 16.

Cash flow statement

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2009	30.06.2010		30.06.2010	31.12.2009
		Cash flow from operations		
1 436.6	499.5	Receipts of interest, commissions and fees from customers	791.3	1 966.5
-592.5	-232.2	Payments of interest, commissions and fees to customers	-232.2	-592.5
6 182.1	2 027.1	Net disbursement/payments on customer loans	1 051.7	2 773.1
31.1	958.6	Net receipts/payments of deposits from banking customers	958.6	31.1
-4 468.3	-952.6	Net receipts/payments - securities at fair value	689.7	-925.5
		Net receipts/payments - real estate at fair value	34.6	-94.7
5.7		Payments - taxes		-5.9
-348.5	-146.5	Payments of operating costs	-228.9	-460.5
138.9	76.3	Net receipts/payments on other operating activities	-34.1	192.6
2 385.0	2 230.2	Net cash flow from operating activities	3 030.7	2 884.2
		Cash flow from investment activities		
-823.1	-43.5	Net payments on purchase/capitalisation of subsidiaries		
-21.1	-16.3	Net payments on purchase/sale of fixed assets etc.	-17.1	-22.2
-844.2	-59.8	Net cash flow from investment activities	-17.1	-22.2
		Cash flow from financing activities		
-5 209.6	-681.7	Payments - repayments of loans and issuing of bond debt	-1 293.4	-6 607.1
954.0		Receipts - new loans and issuing of bond debt	90.7	269.5
-540.5	-213.8	Payments - interest on loans	-443.2	-694.3
-36.9	-19.3	Payments - interest on subordinated loan capital	-19.3	-36.9
3 789.7	-830.2	Net receipts/payments of liabilities to credit institutions	-830.2	3 789.7
200.0		Receipts - issuing of share capital and other equity		200.0
24.9	200.1	Receipts - group contribution	118.4	
-13.0	-211.9	Payments - group contribution / dividends	-164.4	
-831.4	-1 756.9	Net cash flow from financing activities	-2 541.4	-3 079.1
709.4	413.5	Net cash flow in period	472.2	-217.0
1 979.0	2 688.4	Cash and bank deposits at the start of the period	792.7	1 005.8
		Cash and bank deposits at the start of the period for new companies		3.9
2 688.4	3 101.9	Cash and bank deposits at the end of the period	1 264.9	792.7
368.4	755.0	Cash and deposits with central banks	755.0	368.4
2 320.0	2 346.9	Loans to and deposits with credit institutions	509.9	424.3
2 688.4	3 101.9	Total cash and bank deposits in the balance sheet	1 264.9	792.7

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

Operational activities

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

Investment activities

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

Financing activities

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

Cash/cash equivalents

Cash/cash equivalents are defined as claims on central banks and lending to and claims on financial institutions. Last year's figures have been restated in accordance with this definition.

Notes to the account

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 first six months have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required for full annual accounts prepared in accordance with all the current IFRS standards.

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.

The annual report and accounts of Storebrand Bank ASA and the Storebrand Bank ASA group for 2009 is available on request from the company's registered office at Professor Kohts vei 9, Lysaker, and is also available at www.storebrand.no. Information on the accounting principles used in the interim accounts can be found in the accounting principles note to the 2009 accounts with exception of the changes described below.

CHANGES IN STANDARDS

Changes have been made to the following standards and these came into force on 1 January 2010:

- IFRS 3 Business Combinations
- IAS 27 Consolidated and Separate Financial Statements

Changes to accounting standards have not had a effect on the banking group's financial reporting during the quarter.

NOTE 2 ESTIMATES

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 will be 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 2009. Please refer to the discussions in notes 1 and 2 of the 2009 annual report. Storebrand's pension liabilities associated with its own employees are not affected by changes to the contractual pension scheme since Storebrand's pension scheme does not include the contractual pension scheme.

The bank changed its definition of non-performing and loss-exposed loans in Q4 2009, which resulted in more loans being defined as non-performing and loss-exposed. See the new definition in note 10.

NOTE 3 SHARE PURCHASES BY EMPLOYEES

In March 2009, employees of Storebrand Group were offered the opportunity to buy shares in Storebrand ASA at a discounted price. The basis of the purchase price was the weighted market share price from 16 May to 18 March and employees were offered shares at 20 % discount to the calculated average. The advantage of the discount has been recognised in the unconsolidated financial statement for Storebrand Bank ASA. Senior employees bought shares in Storebrand ASA in connection with the payment of the bonus in March in accordance with the statement on the pay of management provided in note 4 for Storebrand Bank ASA in the annual report for 2009.

NOTE 4 CHANGES IN THE COMPOSITION OF THE GROUP

The subsidiary Storebrand I AS has changed its name to Konghellegaten Panorama AS and the company has been sold in June 2010. A NOK 1.6 million issue has been conducted in Hadrian Utvikling AS in first half 2010 and Storebrand Bank ASA has at the close of the first half an ownership stake of 87.67 per cent. A NOK 41.9 million issue has also been conducted in Bjørndalen Panorama AS in March 2010. The subsidiaries Bjørndalen Panorama AS and Bjørndalen Tomteselskap AS will be merged and closing date for creditors is 25 July 2010. Storebrand Bank ASA's holding of shares in Bjørndalen Panorama AS have been written-down by NOK 52 million in the first half.

Notes to the account

NOTE 5 NET INTEREST INCOME

STOREBRAND BANK ASA			NOK MILLION	STOREBRAND BANK GROUP		
31.12.2009	30.06.2009	30.06.2010		30.06.2010	30.06.2009	31.12.2009
69.3	44.4	43.8	Interest and other income on loans to and deposits with credit institutions	10.2	45.3	28.3
1 167.2	692.0	404.7	Interest and other income on loans to and due from customers	677.9	947.6	1 662.1
281.2	157.6	152.7	Interest on commercial paper, bonds and other interest-bearing securities	53.3	69.2	115.6
11.7	9.1	4.2	Other interest income and related income	4.2	10.4	11.7
1 529.4	903.2	605.4	Total interest income	745.7	1 072.5	1 817.7
-274.1	-151.6	-144.0	Interest and other expenses on debt to credit institutions	-143.3	-152.0	-277.7
-607.2	-374.8	-223.2	Interest and other expenses on deposits from and due to customers	-221.2	-374.3	-606.5
-234.4	-159.6	-62.7	Interest and other expenses on securities issued	-118.2	-266.9	-410.4
-38.9	-23.5	-16.1	Interest and expenses on subordinated loan capital	-16.1	-23.5	-38.9
-60.8	-39.2	-16.2	Other interest expenses and related expenses	-16.0	-42.1	-60.8
-1 215.4	-748.6	-462.2	Total interest expenses	-514.8	-858.8	-1 394.4
314.0	154.5	143.3	Net interest income	230.9	213.7	423.3

NOTE 6 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

STOREBRAND BANK ASA			NOK MILLION	STOREBRAND BANK GROUP		
31.12.2009	30.06.2009	30.06.2010		30.06.2010	30.06.2009	31.12.2009
			<i>Equity instruments</i>			
			Dividends received from equity investments			
2.3		-0.1	Net gains/losses on realisation of equity investments	-0.1		2.3
-0.2	-0.2	0.1	Net change in fair value of equity investments	0.1	-0.2	-0.2
2.1	-0.2	0.1	Total equity investments	0.1	-0.2	2.1
			<i>Commercial paper and bonds</i>			
3.5	2.8	-1.3	Realised gain/loss on commercial paper and bonds	-1.9	2.8	3.6
42.9	-21.4	-72.3	Unrealised gain/loss on commercial paper and bonds	-10.2	5.2	18.9
46.4	-18.6	-73.5	Total gain/loss on commercial paper and bonds	-12.1	8.0	22.5
			<i>Financial derivatives and foreign exchange</i>			
2.7	3.9	-1.0	Realised gain/loss on financial derivatives, held for trading	-10.0	2.9	3.8
5.2	-3.3	0.7	Unrealised gain/loss on financial derivatives, held for trading	0.8	-5.4	6.5
7.9	0.6	-0.3	Total financial derivatives and foreign exchange	-9.3	-2.5	10.3
56.3	-18.2	-73.8	Net income and gains from financial assets and liabilities at fair value	-21.3	5.2	34.9

Notes to the account

NOTE 7 TAX

Tax cost is based on an expected average tax rate of 28% of company's profit and group profit before tax adjusted for permanent differences.

NOTE 8 CLOSE ASSOCIATES

Covered bonds issued by Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS

Storebrand Bank ASA has invested a total of NOK 8.6 billion in covered bonds issued by Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS as of 30 June 2010.

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 bond issued by Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS.

Transferred financial assets - Norwegian Government's Swap arrangement

Transferred financial assets consist of swap agreements with the state through the Ministry of Finance concerning the posting of financial collateral. The swap agreements are entered into through auctions that are administered by Norges Bank. In the swap agreement, the state sells state treasury bills to the bank through a time/restricted swap for covered bonds. The bank can either keep the state treasury bill and receive payment from the state when the swap falls due for repayment, or it may sell the treasury bill in the market. When the bills become due within the term of the swap agreement, the bank must purchase new bills from the state at the price that is determined by the market price for treasury bills. This roll/over will be on-going throughout the entire term of the agreement. Upon expiry of the swap agreement, the bank is obligated to purchase the covered bonds back from the state at the same price that the state purchased them for. Storebrand Bank ASA will receive the returns on the transferred covered bonds. All risk concerning the covered bonds continues to lie with Storebrand Bank ASA.

Lending transferred to Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS

Storebrand Bank ASA shall arrange the transfer and return of loans when changes have to be made, i.e. if there is a need to increase borrowing, change from variable to fixed interest, convert to employee loan or convert to a mortgage loan. The costs form part of the contractual administration fees. The mortgages will be transferred on commercial terms. Non-performing loans in Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS remain in the undertaking. 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 non-performance reports are prepared for non-performing loans in Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS. These loans do not form part of the credit undertaking's total collateral.

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

Storebrand Bank AS has not pledged any guarantees in connection with loans to Storebrand Boligkreditt AS and Storebrand Eiendomskreditt 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 Livsforsikrings AS. Storebrand Bank ASA and Storebrand Eiendomskreditt AS have signed a management agreement pursuant to which Storebrand Eiendomskreditt AS will purchase administrative services from the bank. Storebrand Eiendomskreditt AS also purchases administrative services from Storebrand Livsforsikrings AS.

Transactions with other related parties

Storebrand Bank ASA defines Storebrand Optimér ASA as a related party as the company's objective is to offer alternative savings products to the bank's customers. Storebrand Optimér ASA has no employees and the company has entered into an agreement with Storebrand Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Optimér ASA. The fees paid to the bank are based on the arm's length principle.

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

Notes to the account

NOTE 9 SEGMENT INFORMATION

Storebrand Bank Group

Analysis of profit and loss account by activity:

NOK MILLION	CORPORATE					RETAIL				
	2010	Q2 2009	01.01. - 30.06. 2010	2009	FULL YEAR 2009	2010	Q2 2009	01.01. - 30.06. 2010	2009	FULL YEAR 2009
Profit and loss items:										
Net interest income	48.3	37.0	93.7	81.9	174.7	63.2	81.1	134.1	160.4	307.0
Net fee and commission income	2.7	2.9	5.5	5.8	12.1	9.2	5.4	17.6	14.5	34.5
Other income	6.0	2.0	10.6	5.3	13.8	0.9	-0.1	1.5	2.7	4.6
Total operating costs	-20.1	-11.8	-41.6	-31.0	-63.9	-53.6	-64.1	-110.7	-126.8	-257.2
Operating profit before loan losses	37.0	30.1	68.2	62.0	136.7	19.7	22.3	42.5	50.8	88.9
Net write-back in loan losses	-16.6	-16.4	-15.5	-38.5	-61.6	0.4	-3.0	-1.9	-9.3	-18.9
Ordinary profit from continuing operations	20.4	13.7	52.7	23.5	75.1	20.0	19.3	40.6	41.5	70.0
Ordinary profit from businesses discounted	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			11 361.8	11 816.4	11 249.0			23 736.7	26 061.6	25 009.0
Deposits from and due to customers			7 365.5	7 386.5	6 565.0			11 716.0	12 843.1	11 628.0
Key figures:										
Cost as of % of income	35 %	28 %	38 %	33 %	32 %	73 %	74 %	72 %	71 %	74 %
Deposits from and due to customers as % of gross lending			65 %	63 %	58 %			49 %	49 %	46 %
MARKETS										
REAL ESTATE BROKING										
NOK MILLION	2010	Q2 2009	01.01. - 30.06. 2010	2009	FULL YEAR 2009	2010	Q2 2009	01.01. - 30.06. 2010	2009	FULL YEAR 2009
Profit and loss items:										
Net interest income	0.4	0.4	1.8	4.6	7.4	-0.2	-0.3	0.2	-1.1	-3.8
Net fee and commission income	7.7	6.8	13.5	14.2	29.4	0.0	0.0	0.0	0.0	0.0
Other income	8.0	7.9	14.4	19.4	31.1	25.2	22.2	45.3	41.6	85.2
Total operating costs	-14.3	-16.6	-29.9	-35.2	-68.7	-24.8	-28.3	-47.9	-52.3	-118.9
Operating profit before loan losses	1.9	-1.5	-0.2	3.0	-0.8	0.2	-6.4	-2.4	-11.8	-37.5
Net write-back in loan losses										
Ordinary profit from continuing operations	1.9	-1.5	-0.2	3.0	-0.8	0.2	-6.4	-2.4	-44.6	-37.5
Ordinary profit from businesses discounted	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										
Deposits from and due to customers										
Key figures:										
Cost as of % of income	110%	123%	92%	105%	110%	99 %	129 %	105 %	129 %	146 %
Deposits from and due to customers as % of gross lending										

Continued next page

Notes to the account

NOTE 9 SEGMENT INFORMATION (continued)

Storebrand Bank Group

Analysis of profit and loss account by activity:

NOK MILLION	TREASURY/OTHERS					TOTAL				
	2010	Q2 2009	01.01. - 30.06. 2010	01.01. - 30.06. 2009	FULL YEAR 2009	2010	Q2 2009	01.01. - 30.06. 2010	01.01. - 30.06. 2009	FULL YEAR 2009
Profit and loss items:										
Net interest income	13.1	-25.6	1.1	-32.1	-62.0	124.8	92.6	230.9	213.7	423.3
Net fee and commission income	-2.1	1.9	-1.2	2.6	0.1	17.5	17.0	35.4	37.1	76.1
Other income	-26.9	0.4	-39.0	-17.9	13.1	13.2	32.4	32.8	51.1	147.8
Total operating costs	-4.6	-1.2	-6.9	-4.7	-23.4	-117.4	-122.0	-237.0	-250.0	-532.1
Unrealised loss real estate at fair value, assets repossessed	-5.0	-18.6	-12.0	-18.6	-34.9	-5.0	-18.6	-12.0	-18.6	-34.9
Operating profit before loan losses	-25.5	-43.1	-58.0	-70.7	-107.2	33.1	1.4	50.1	33.4	80.2
Net write-back in loan losses	11.1	19.0	18.1	18.6	34.9	-5.1	-0.4	0.7	-29.2	-45.6
Ordinary profit from continuing operations	-14.4	-24.1	-39.9	-52.1	-72.2	28.0	0.9	50.8	4.2	34.5
Ordinary profit from businesses discounted	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			-93.3	-422.4	-134.7			35 005.2	37 455.6	36 123.3
Deposits from and due to customers			206.3	-70.5	126.8			19 287.8	20 159.1	18 319.8
Key figures:										
Cost as of % of income						75 %	86 %	79 %	83 %	82 %
Deposits from and due to customers as % of gross lending								55 %	54 %	51 %

Business segments are the company's primary reporting segments.

Description of the segments:

Commercial Banking: This segment comprises deposits from and lending to commercial customers, principally real estate investors/developers. The segment includes the affiliated company Seilduksgaten 25/31 AS. The bank's share is 50% and net profit in first half is minus NOK 0.6 million. The subsidiaries Bjørndalen Panorama and Ullensaker Boligbygg are also in this segment. Changes in value of repossessed assets are presented in the profit and loss account by item. In the note on segment changes are reported under provision of losses in accordance with internal procedure. The reclassification is adjusted for under the segment treasury/other.

Retail Banking: Deposits from and lending to retail customers, including credit cards. Lending is principally mortgage lending secured against residential real estate. The segment include deposits from and lending to retail customers in Storebrand Boligkreditt AS. The segment also includes the bank's share in Storebrand Baltic UAB in Lithuania on 50%. The ownership interest is classified as a jointly venture. Net profit in first half is NOK 0,7 million.

Markets: This business area includes all the bank's activities in structured products, real estate funds, Storebrand Optimér ASA, Storebrand Infrastruktur ASA and stockbroking activities. The subsidiaries Hadrian Eiendom AS and Hadrian Utvikling AS are also included in this area, where the bank respectively had a 90.9% ownership interest and 87.67% ownership interest at the close of first half 2010. Net profit for Hadrian Eiendom AS and Hadrian Utvikling AS are respectively NOK 1.1 million and minus NOK 1.1 million in first half.

Real estate broking: This segment solely comprises Ring Eiendomsmegling AS with subsidiaries in which the bank owns 100.0% of the company at the close of first half 2010.

Indirect income and indirect costs have been allocated on the basis of estimated use of resources. Elimination of double counting applies principally to customer transactions carried out in collaboration between Markets and the relevant customer segment. The effects of financial hedging and the investment portfolio are not allocated between business areas and are reported solely as part of the item treasury/others.

Notes to the account

NOTE 10 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2009	30.06.2010		30.06.2010	31.12.2009
247.7	234.2	Guarantees	234.2	247.7
8 826.1	8 804.5	Undrawn credit limits	3 076.7	3 096.3
9 073.8	9 038.7	Total contingent liabilities	3 310.9	3 344.0
3 195.6	4 182.9	Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank	3 189.5	3 143.5
6 841.4	6 842.7	Booked value of securities pledged as collateral for the government securities for covered bonds swap scheme	6 842.7	6 841.4
10 037.0	11 025.5	Total book value of off balance sheet liabilities	10 032.2	9 984.9

Undrawn credit limits reported in Storebrand Bank ASA as of 31.12.09 includes NOK 7 billion to the subsidiaries Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS.

In February 2010, a judgement by default was handed down in which the bank was ordered to pay the plaintiff NOK 74 million in compensation. Storebrand Bank appealed the judgement and the court of appeal found in the bank's favour and quashed the judgement. The bank believes it is overwhelmingly likely that the claim for compensation will not succeed when the case is heard on its merits in district court.

Notes to the account

NOTE 11 LOSSES AND PROVISIONS FOR NON-PERFORMING AND LOSS-EXPOSED LOANS, GUARANTEES ETC.

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2009	30.06.2010	NOK MILLION	30.06.2010	31.12.2009
		Non-performing and loss-exposed loans		
255.7	236.0	Non-performing loans without evidence of impairment	267.5	309.1
749.0	417.4	Non-performing and loss-exposed loans with evidence of impairment	290.9	574.8
1 004.7	653.4	Gross defaulted and loss-exposed loans	558.4	883.9
-229.8	-181.5	Provisions for individual impairment losses	-167.5	-181.9
774.8	471.9	Net defaulted and loss-exposed loans	390.9	702.0

The definition of non-performing and loss-exposed was changed in Q4 2009. Commitments are regarded as non-performing and loss-exposed:

- when a credit facility has been overdrawn for more than 90 days
- when a repayment loan 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 a non-performance.

When one of the three situations described above occurs, the commitment and the rest of the customer's commitments are regarded as non-performing and loss-exposed. 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.

Key figures

-106.1	-94.3	Write-downs of groups of loans (NOK million)	-96.7	-107.2
-335.9	-275.9	Total write-downs (NOK million)	-264.2	-289.1
31 %	43 %	Level of provisioning individual write-downs ¹⁾	58 %	32 %
33 %	42 %	Total level of provisioning ²⁾	47 %	33 %

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

2) Total write-downs in percent of gross defaulted and loss-exposed loans.

STOREBRAND BANK ASA				STOREBRAND BANK GROUP		
FULL YEAR	01.01. - 30.06.		NOK MILLION	01.01. - 30.06.		FULL YEAR
2009	2009	2010		2010	2009	2009
			Losses on loans and guarantees etc. during period			
32.5	40.8	48.3	Change in individual impairment loss provisions	14.4	59.4	67.4
-18.4	-15.8	11.8	Change in grouped impairment loss provisions	10.5	-16.6	-18.8
-9.9	-5.9	-7.6	Other write-down effects	-7.6	-5.9	-9.9
-92.1	-73.7	-70.8	Realised losses specifically provided for previously	-18.8	-73.7	-92.1
-0.3		-0.4	Realised losses not specifically provided for previously	-0.4		-0.3
8.0	7.7	2.6	Recoveries on previous realised losses	2.6	7.7	8.0
-80.1	-46.9	-16.1	Write-downs for the period	0.7	-29.2	-45.6

Lending commitments that are continued after collateral is taken over are classified in the financial statements according to their type. Lending commitments, including individual write-downs against debt in the 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 write-down/value adjustment of the assets that have been taken over.

The value of taken over investment properties was adjusted with a negative amount in the consolidated financial statements as of 30 June by an amount equal to the individual write-downs associated with the pertinent lending commitment in the parent bank of NOK 46.9 million.

Notes to the account

NOTE 12 INTANGIBLE ASSETS AND FIXED ASSETS

Costs of NOK 11.5 million were capitalised in the first half as intangible assets and fixed assets in Storebrand Bank ASA and Storebrand Bank Group.

Accordingly costs of NOK 1.6 million were capitalised in Q2. This relates principally to costs incurred on systems development, data warehouse, systems licenses and similar costs. The value of the building project in Bjørndalen Panorama AS was written down by NOK 5 million in Q2 and by NOK 12 million in first half. This is presented on a separate line in the profit and loss account.

The value of software has been written down by NOK 1.8 million in Q2 2010.

NOTE 13 LIABILITES TO CREDIT INSTITUTIONS

NOK MILLION	STOREBRAND BANK GROUP	
	30.06.2010	31.12.2009
Total liabilities to credit institutions without fixed maturity at amortised cost	31.0	22.8
F-loan:		
Maturity 2010	536.4	527.3
Maturity 2012	1 010.5	1 009.0
Loan with floating interest rate:		
Maturity 2010		
Maturity 2011	80.3	83.2
Maturity 2012	350.0	350.0
Maturity 2013	250.0	250.0
Total liabilities to credit institutions with fixed maturity at amortised cost	2 227.2	3 347.6
Borrowings under the Norwegian Government's Swap arrangement:		
Maturity 2010	994.2	992.1
Maturity 2011	2 362.1	2 359.8
Maturity 2013	2 498.1	2 500.9
Maturity 2014	988.3	988.6
Total liabilities to credit institutions with fixed maturity at fair value (FVO)	6 842.7	6 841.4
Total liabilities to credit institutions	9 100.9	10 211.8

Undrawn credit facilities totalled EUR 220 million at 31.03.2010.

NOTE 14 SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL

NOK MILLION	STOREBRAND BANK GROUP	
	30.06.2010	31.12.2009
Commercial paper	0.0	0.0
Bond loans	8 624.9	9 800.8
Structured bond loans	270.3	350.6
Subordinated loan capital	966.8	960.4
Total securities issued and subordinated loan capital	9 861.9	11 111.8

Continued next page

Notes to the account

NOTE 14 SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL (continued)

Specification of bonds issued and subordinated loan capital as of 30 June 2010 - Storebrand Bank Group

NOK MILLION							
ISIN CODE	ISSUER	NET NOMINAL VALUE	CURRENCY	INTEREST	MATURITY/ CALL DATE	BOOK VALUE 30.06.2010	
Bond loans							
NO001029117	Storebrand Bank ASA	624.5	NOK	Fixed	22/11/2010	642.3	
NO001043982	Storebrand Bank ASA	310.0	NOK	Fixed	04/06/2015	330.7	
NO001045553	Storebrand Bank ASA	327.0	NOK	Fixed	03/09/2012	357.5	
NO001051323	Storebrand Bank ASA	300.0	NOK	Fixed	25/05/2016	306.6	
NO001047340	Storebrand Bank ASA	408.0	NOK	Floating	21/11/2013	416.9	
NO001049263	Storebrand Bank ASA	900.0	NOK	Floating	20/02/2012	902.9	
NO001050777	Storebrand Bank ASA	548.0	NOK	Floating	30/04/2014	555.3	
NO001054848	Storebrand Bank ASA	500.0	SEK	Floating	26/01/2012	418.0	
Accrued interest expenses							2.5
Total bond loans							3 932.7
Covered bonds							
NO0010428584	Storebrand Boligkreditt AS	1,000.0	NOK	Fixed	06/05/2015	1 086.8	
NO0010428592	Storebrand Boligkreditt AS	640.0	NOK	Floating	02/05/2011	642.3	
NO0010466071	Storebrand Boligkreditt AS	1,250.0	NOK	Fixed	24/04/2014	1 336.2	
NO0010548373	Storebrand Boligkreditt AS	1,000.0	NOK	Fixed	28/10/2019	1 077.2	
NO0010575913	Storebrand Boligkreditt AS	550.0	NOK	Floating	03/06/2016	549.7	
Total covered bonds							4 692.1
Structured bond loans							
NO001030481	Storebrand Bank ASA	31.1	NOK	Zero coupon	26/11/2010	29.7	
NO001032252	Storebrand Bank ASA	20.0	NOK	Zero coupon	06/09/2010	19.4	
NO001032930	Storebrand Bank ASA	73.7	NOK	Zero coupon	27/10/2010	72.2	
NO001034110	Storebrand Bank ASA	60.0	NOK	Zero coupon	16/12/2010	59.2	
NO001034675	Storebrand Bank ASA	75.0	NOK	Zero coupon	22/12/2010	73.5	
NO001035920	Storebrand Bank ASA	17.0	NOK	Zero coupon	23/05/2011	16.3	
Total structured bond loans							270.3
Dated subordinated loan capital							
NO001027568	Storebrand Bank ASA	175.0	NOK	Floating	15/07/2010	175.0	
NO001034566	Storebrand Bank ASA	100.0	NOK	Floating	21/12/2011	99.9	
NO001036427	Storebrand Bank ASA	250.0	NOK	Floating	08/05/2012	249.8	
NO001040278	Storebrand Bank ASA	150.0	NOK	Floating	19/12/2012	150.0	
Other subordinated loan capital							
NO001771168	Storebrand Bank ASA	9.3	NOK	Fixed	perpetual	9.3	
Tier 1 hybrid capital							
NO001024206	Storebrand Bank ASA	107.0	NOK	Fixed	29/10/2014	114.4	
NO001024207	Storebrand Bank ASA	168.0	NOK	Floating	29/10/2014	168.4	
Total subordinated loan capital incl. Tier 1 hybrid capital							966.8
Total securities issued and subordinated loan capital							9,861.9

Notes to the account

NOTE 15 RISK MANAGEMENT

The market value of Storebrand Bank's financial assets and liabilities varies due to financial market risks.

Note 43 of the 2009 annual report explains the banking group's financial risks which also describes the financial risks as per 30. June 2010.

NOTE 16 CAPITAL ADEQUACY

Capital adequacy calculations are subject to special consolidation rules in accordance with the Regulation on consolidated application of the capital adequacy rules etc. (the "Consolidation Regulation"). The Storebrand Bank group is defined pursuant to Section 5 of the Consolidation Regulation as a financial group comprising solely or mainly undertakings other than insurance companies. The valuation rules used in the company's accounts form the basis for consolidation. Consolidation is, in the main, carried out in accordance with the same principles as used in the accounts, with all internal transactions eliminated, including shares, loans and deposits as well as other receivables and liabilities. 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 June 2010. The figure for primary capital used in calculation of capital adequacy will differ from the figure shown in the accounts since the calculation does not include accrued profit for the year or minority interests.

Net primary capital

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2009	30.06.2010		30.06.2010	31.12.2009
960.6	960.6	Share capital	960.6	960.6
1 349.2	1 240.3	Other equity	1 290.2	1 321.3
2 309.8	2 200.9	Total equity	2 250.8	2 281.9
		Deductions:		
		Profit not included in the calculation of net primary capital	-14.4	
		Minority's share of equity	-2.6	
-48.1	-43.3	Intangible assets	-124.5	-129.7
-175.7	-130.5	Deferred tax asset	-130.7	-180.6
		Addition:		
276.4	282.7	Perpetual subordinated bonds	282.7	276.4
2 362.4	2 309.8	Core capital	2 261.3	2 248.0
684.0	684.1	Supplementary capital	684.1	684.0
		Deductions		
3 046.4	2 993.9	Net primary capital	2 945.4	2 932.0

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Notes to the account

NOTE 16 CAPITAL ADEQUACY (continued)

Minimum capital requirement

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2009	30.06.2010		30.06.2010	31.12.2009
1 357.9	1 348.6	Credit risk	1 651.4	1 653.1
		Of which:		
1.6		Local and regional authorities		1.6
235.2	228.4	Institutions	43.7	56.1
389.5	460.1	Corporates	597.4	545.6
469.0	415.9	Loans secured on real estate	838.5	846.4
77.5	65.3	Retail market	65.3	77.5
75.0	50.4	Loans past-due	43.4	77.7
62.1	76.0	Covered bonds	6.8	4.0
48.0	52.5	Other	56.2	44.3
1 357.9	1 348.6	Total minimum requirement for credit risk	1 651.4	1 653.1
		Settlement risk		
0.0	0.0	Total minimum requirement for market risk	0.0	0.0
70.0	70.0	Operational risk ¹⁾	91.9	91.9
		Deductions		
-8.5	-7.5	Write-downs of groups of loans	-7.7	-8.6
1 419.4	1 411.1	Minimum requirement for capital base	1 735.5	1 736.4

Capital adequacy

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2009	30.06.2010		30.06.2010	31.12.2009
17.2 %	17.0 %	Capital ratio	13.6 %	13.5 %
13.1 %	13.1 %	Core capital ratio	10.4 %	10.4 %

¹⁾ The figures for 2009 and H1 2010 are calculated as an average of total income for 2007, 2008 and 2009.

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%.

Basel II is divided into three pillars (areas). Pillar 1 deals with the minimum requirement for capital adequacy and represents a continuation of the former regulations pursuant to Basel I. Pillar 2 deals with supervisory evaluation of capital requirement and supervisory monitoring (ICAAP), while Pillar 3 deals with the requirements for publication of financial information.

Notes to the account

NOTE 17 QUARTERLY PROFIT AND LOSS

Storebrand Bank ASA

NOK MILLION	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008
Interest income	307.8	297.7	299.4	326.9	388.8	514.4	677.0	654.4
Interest expense	-234.1	-228.0	-226.7	-240.1	-331.9	-416.8	-575.1	-515.9
Net interest income	73.6	69.6	72.7	86.8	56.9	97.6	101.9	138.4
Fee and commission income from banking services	25.4	25.6	30.9	25.4	24.2	23.8	26.8	25.1
Fee and commission expenses for banking services	-5.2	-3.8	-7.6	-3.9	-4.9	-1.4	-12.9	-8.7
Net fee and commission income	20.2	21.7	23.3	21.5	19.3	22.4	13.9	16.4
Net income and gains from associated companies	-0.3	-0.3	0.3	-0.5	-0.5	-0.5	-1.6	0.0
Net gains on financial instruments at fair value	-53.5	-20.3	23.5	51.1	49.8	-68.1	43.6	-16.4
Other income	1.7	0.2	73.0	0.2	0.3	0.8	0.8	0.2
Total other operating income	-52.1	-20.3	96.8	50.8	49.6	-67.8	42.7	-16.2
Staff expenses	-33.0	-36.8	-33.7	-48.0	-33.6	-36.8	-34.7	-34.9
General administration expenses	-19.8	-22.3	-22.9	-22.8	-24.5	-26.6	-32.7	-23.1
Other operating cost	-30.8	-17.5	-32.6	-59.5	-30.8	-36.7	-37.3	-33.4
Total operating costs	-83.7	-76.7	-89.1	-130.3	-88.8	-100.1	-104.8	-91.4
Operating profit before losses and other itmes	-41.9	-5.7	103.7	28.7	37.0	-48.0	53.7	47.3
Write-downs for the period/net write-back in loan losses	-16.4	0.3	-22.8	-10.4	-18.5	-28.4	-85.3	-26.4
Profit before tax	-58.4	-5.4	80.8	18.4	18.5	-76.3	-31.6	20.8
Tax	-0.7	1.5	-22.0	-5.1	-5.2	21.4	7.1	-5.9
Profit for the year	-59.0	-3.9	58.9	13.2	13.3	-54.9	-24.5	14.9

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Notes to the account

NOTE 17 QUARTERLY PROFIT AND LOSS (continued)

Storebrand Bank Group

NOK MILLION	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008
Interest income	376.1	369.6	366.6	378.6	433.1	639.4	815.3	765.3
Interest expense	-251.3	-263.5	-262.5	-273.1	-340.5	-518.3	-705.3	-615.9
Net interest income	124.8	106.1	104.2	105.4	92.6	121.1	109.9	149.4
Fee and commission income from banking services	22.7	21.7	27.6	23.1	21.9	21.5	25.0	23.7
Fee and commission expenses for banking services	-5.2	-3.8	-7.6	-3.9	-4.9	-1.4	-12.9	-8.7
Net fee and commission income	17.5	17.9	19.9	19.1	17.0	20.1	12.1	15.0
Net income and gains from associated companies	-0.3	-0.3	0.3	-0.5	-0.5	-0.5	-1.6	0.0
Net gains on financial instruments at fair value	-18.3	-3.0	16.2	13.5	8.4	-3.2	23.9	-16.6
Other income	31.8	22.9	40.6	26.5	24.4	22.5	19.3	20.5
Total other operating income	13.2	19.6	57.2	39.5	32.4	18.8	41.6	3.9
Staff expenses	-49.7	-52.6	-57.2	-64.0	-51.3	-53.0	-53.0	-50.3
General administration expenses	-22.8	-25.7	-26.8	-25.9	-27.5	-29.8	-37.0	-26.7
Other operating cost	-44.9	-41.4	-62.1	-46.0	-43.2	-45.2	-54.9	-45.4
Unrealised loss real estate at fair value, assets repossessed	-5.0	-7.0	-10.0	-6.3	-18.6	0.0	0.0	0.0
Total operating costs	-122.4	-126.6	-156.1	-142.3	-140.6	-128.0	-144.9	-122.4
Operating profit before losses and other itmes	33.1	16.9	25.1	21.8	1.4	32.0	18.7	45.9
Write-downs for the period/net write-back in loan losses	-5.1	5.8	-12.5	-3.9	-0.4	-28.7	-85.4	-26.8
Profit before tax	28.0	22.8	12.5	17.8	0.9	3.2	-66.7	19.2
Tax	-24.0	-12.4	-7.4	-5.4	-1.9	-0.7	13.8	-5.2
Profit for the year	4.0	10.4	5.2	12.4	-0.9	2.5	-52.9	13.9

NOTE 18 VALUATION

Storebrand Bank group categorizes financial instruments valued at fair value on three levels, which are described in more detail in note 2 and note 42 of the 2009 annual report. There have not been any substantial changes in the categorization in 2010.

Storebrand Bank ASA

- Declaration by the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer have today considered and approved the half-yearly report and half-yearly accounts of Storebrand Bank ASA for the first six months as at 30 June 2010 (the 2010 half-yearly report).

The half-yearly report has been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting as approved by the EU, as well as the additional Norwegian requirements set out in the Securities Trading Act.

The Board of Directors and the Chief Executive Officer hereby confirm that, to the best of their knowledge, the half-yearly accounts for 2010 have been prepared in accordance with the current accounting standards, and the

information contained in the accounts gives a true and fair view of the company's assets, liabilities, and financial position taken as a whole as at 30 June 2010.

The Board of Directors and the Chief Executive Officer confirm that, to the best of their knowledge, the half-yearly accounts gives a true and fair summary of important events during the accounting period and their effect on the half-yearly accounts. The Board of Directors and the Chief Executive Officer also confirm that, to the best of their knowledge, the description of the most important risk and uncertainty factors that the business faces in the next accounting period, together with the description of material transactions with close associates, provide a true and fair summary.

Lysaker, 14 July 2010

The Board of Directors of Storebrand Bank ASA

Idar Kreutzer
Chairman of the Board

Stein Wessel-Aas
Deputy Chairman of the Board

Kristine Schei
Member of the Board

Maria Borch Helsingreen
Member of the Board

Anne-Kristine Baltzersen
Member of the Board

Roar Thoresen
Member of the Board

Heidi Storruste
Member of the Board

Truls Nergaard
Chief Executive Officer

Translation from the original Norwegian version

To the board of Storebrand Bank ASA

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the condensed consolidated financial statement of Storebrand Bank ASA (the Group) as of June 30, 2010, showing a profit for the period of MNOK 14,4. The condensed consolidated financial statement comprises the statement of income, the statement of financial position, the statement of cash flow, the statement of comprehensive income, the statement of changes in equity and selected explanatory notes by June 30, 2010. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard No 34 adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our 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.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information does not give a true and fair view of the financial position of the Group as at June 30, 2010, and of its financial performance and its cash flows and the changes in equity for the sixmonth period then ended in accordance with International Accounting Standard no 34 as adopted by EU.

Oslo, July 14, 2010
Deloitte AS

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

Company information

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 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
Lars Syse Christiansen	Finance Director
Robert Fjelli	Head of Markets
Trond Fladvad	Head of Retail Banking
Truls Nergaard	Head of Corporate Banking
Anne Grete T. Wardeberg	Head of Staff Functions

Board of Directors:

Idar Kreutzer	Chairman
Stein Wessel-Aas	Deputy chairman
Kristine Schei	Board Member
Roar Thoresen	Board Member
Maria Borch Helsingreen	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.

