

Storebrand Bank Group

4th quarter 2011

(unaudited)

 storebrand



Storebrand Bank Group

- quarterly report for the 4th quarter of 2011

(Figures for the corresponding period in 2010 are shown in parentheses)

- Core capital adequacy 11.4 per cent
- Positive trend in total lending
- Exit Ring Eiendomsmegling estate agency

Earnings performance

Stable trends in income and expenses coupled with low loan losses gave a profit before taxes for continuing operations for Storebrand Bank Group of NOK 47 million (NOK 47 million) in the fourth quarter of 2011 and a profit before taxes for continuing operations of NOK 176 million (NOK 149 million) for the year. Storebrand Bank continues on a positive trend and the results for the banking business have improved across a range of key areas compared with 2010. In 2011 the Bank Group has decided to discontinue its ownership in Ring Eiendomsmegling and the profit after taxes for sold/discontinued operation is presented on a separate line in the accounts. The profit after taxes for sold/discontinued operations in Ring Eiendomsmegling was minus NOK 32 million (minus NOK 6 million) in the fourth quarter and minus NOK 60 million for 2011 compared with minus NOK 5 million in 2010.

Net interest income amounted to NOK 104 million (NOK 113 million) for the quarter and NOK 443 million (NOK 457 million) for the year. Compared with 2010 performance during the year has been affected by reduced mortgage margins, higher costs of borrowing, but better deposit margins. Net interest income as a percentage of average total assets was 1.06 per cent (1.14 per cent) for the quarter and 1.13 per cent (1.10 per cent) for the year.

Net commission income represented NOK 18 million (NOK 19 million) in the fourth quarter and NOK 73 million (NOK 74 million) for the year.

Other income amounted to NOK 7 million (NOK 15 million) in the fourth quarter and NOK 32 million (NOK 12 million) for the year. Net losses from financial instruments were NOK 1 million (gains of NOK 3 million) during the quarter and gains of NOK 2 million (losses of NOK 11 million) were recorded for the year. During the year additional types of other income has been stable. The increase in 2011 is due to a gain for accounting purposes of NOK 8 million on the sale of a shareholding in a property development company during the first quarter. In prior years the business activities of Ring Eiendomsmegling AS have been included in this part of the income statement, but the results from Ring are now reported under sold/discontinued operations.

Operating expenses totalled NOK 82 million (NOK 99 million) in the fourth quarter and NOK 372 million (NOK 394 million) for the year. The operating expenses for the year

include write downs on investment properties of NOK 4 million (NOK 14 million) related to properties that the bank has taken over. The bank's cost ratio was 64 per cent for the quarter (70 per cent) and 66 per cent (68 per cent) for the year.

International financial instability has not lead to problems in the bank's lending portfolio to date and the total volume of non-performing loans is low and less than it was during the corresponding period in 2010. Net loan losses of NOK 4 million (NOK 15 million) were recorded in the fourth quarter and net revenues of NOK 14 million (expenses came to NOK 15 million) were recorded for the year. The figures for 2011 include the sale of a loan portfolio that was previously written off during the third quarter of 2011. Write downs on investment properties in connection with loans taken over in the Corporate market, (presented as a separate line item under operating expenses) in the quarter represent a reversal of NOK 5 million previously written down (write down of NOK 2 million) and write downs of NOK 4 million (NOK 14 million) for the year.

Balance sheet performance

Measures implemented in the retail market have produced the desired results in the form of increased sales of mortgages and higher mortgage volume during the three last quarters of the year. The corporate market portfolio has shown an increase in the fourth quarter. Gross lending to customers at the end of the fourth quarter represented NOK 33.5 billion. This is an increase of NOK 0.6 billion in the fourth quarter and a reduction of NOK 1 billion compared with the end of 2010.

The Bank Group's retail market portfolio totals NOK 22 billion, equivalent to 67 per cent of the bank's total lending, and chiefly comprises low risk mortgages. The average weighted loan to value ratio is about 54 per cent for mortgages, almost unchanged compared with the end of 2010. Corporate market lending represents 33 per cent of the portfolio. There are few customers in default, and the level of losses in the portfolio is low.

The total volume of non-performing loans has decreased in 2011, both non-performing loans that are not impaired which amounted to NOK 160 million (NOK 262 million) and impaired non-performing loans which totalled NOK 171 million (NOK 436 million). Total non-performing

1) The bank business comprises Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS which is being wound up.

loans represent 1.0 per cent (2.0 per cent) of gross lending. This performance is due to continued improvements in the quality of the portfolio, as well as reviewing and placing written off loans in long-term monitoring.

Liquidity risk and funding

The bank has established good liquidity buffers and places great emphasis on having a balanced funding structure in relation to different maturity dates and issues in various markets. Drawing facilities/credit facilities have been established with other banks which Storebrand Bank can use as required. The Bank Group had NOK 3,306 million in tradable securities and NOK 269 million deposited in other banks at the end of the fourth quarter. The volume of customer deposits totalled NOK 18.5 billion at year-end. The deposit-to-loan ratio was 55 per cent at the end of the year, unchanged from a year ago.

Storebrand Boligkreditt AS has issued NOK 500 million in bonds in the market during the fourth quarter.

Capital adequacy

Capital adequacy in the Bank Group was 13.3 per cent and core capital adequacy was 11.4 per cent at year-end.

Market

In the retail market the bank has strengthened its competitiveness over the course of 2011 and has been named the third best overall bank by Norwegian Family Finances, an improvement of 82 places from 2010.

It has been a volatile quarter in the interest rate market, with money market rates rising up to December and then falling back after Norges Bank cut its key rate by 0.5 per cent. Interest rates on deposits and loans have increased with effect from the end of November. Lending margins have therefore improved at the start of 2012.

The transactions market for commercial property was quieter than expected in 2011, but showed improvement in the fourth quarter. Forecast transaction volume for 2011 were originally NOK 50 billion; this estimate has been adjusted downwards to NOK 35 billion. Market values are stable and rents are flattening out. Investors and the banks are more selective regarding property acquisitions and the bank financing has become much more expensive.

Performance of Storebrand Bank ASA

Storebrand Bank ASA achieved a profit before taxes in the fourth quarter of 2011 of NOK 38 million (NOK 98 million). For 2011 the profit before taxes was NOK 21 million (NOK 80 million).

Net interest income for Storebrand Bank ASA totalled NOK 96 million (NOK 370 million) in the fourth quarter and NOK 370 million (NOK 303 million) for 2011. The increase in 2011 is largely due to increased total lending in connection with the acquisition of the lending portfolio

of Storebrand Eiendoms kreditt AS under avvikling (which has been discontinued).

The negative development in other income for the parent company for the quarter was due to unrealised losses on the liquidity portfolio of fixed income securities and write downs on shares in subsidiaries of NOK 37 million in the fourth quarter, NOK 151 million for 2011. Other income totalled minus NOK 82 million (NOK 59 million) for the year. The results in 2010 have been primarily affected by changes in the market value of the bank's inventory of covered bonds issued by Storebrand Boligkreditt AS used in the swap scheme with Norges Bank.

In the fourth quarter net loan loss provisions of NOK 2 million have been recognised (expenses of NOK 19 million) and NOK 2 million (expenses came to NOK 35 million) for the year. Non-performing loans that are not impaired totalled NOK 118 million and impaired non-performing loans were NOK 194 million at year-end, total non-performing loans represented NOK 313 million.

The deposit to loan ratio in the parent bank was 109 per cent (102 per cent) at the end of the year. The change in the deposit to loan ratio in the parent company reflects both the increased volume of deposits and the reduction in total lending in connection with the sale of loans from the parent bank to the mortgage company.

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

The bank will continue the work of implementing internal ratings-based (IRB) models to calculate capital requirements and develop the bank's system for comprehensive risk management to enable the bank to apply for permission to use the IRB method during 2012.

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, 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	Q4		FULL YEAR	
		2011	2010	2011	2010
Interest income		395.9	383.1	1 536.9	1 525.4
Interest expense		-292.3	-270.1	-1 093.9	-1 068.5
Net interest income	4	103.6	113.0	443.0	456.9
Fee and commission income from banking services		24.9	23.1	91.5	91.5
Fee and commission expenses for banking services		-6.9	-4.4	-18.5	-17.8
Net fee and commission income		18.0	18.6	73.0	73.7
Net income and gains from associated companies		0.2	-0.4	0.9	-1.3
Net gains on financial instruments at fair value	5	-1.2	3.3	2.0	-11.2
Other income		8.3	11.9	29.1	24.6
Total other operating income		7.3	14.8	32.0	12.2
Staff expenses		-32.6	-41.1	-130.1	-155.0
General administration expenses		-22.9	-25.0	-85.4	-88.8
Other operating costs		-31.1	-31.0	-152.2	-135.6
Losses real estate at fair value, assets repossessed	11	4.7	-2.1	-3.9	-14.1
Total operating costs		-81.8	-99.2	-371.6	-393.6
Operating profit before loan losses		47.1	47.1	176.4	149.2
Loan losses for the period	10	-4.5	-15.3	13.9	-14.5
Profit before tax		42.6	31.8	190.2	134.7
Tax	6	1.9	-38.5	-31.5	-91.1
Result after tax sold/discontinued operations		-31.7	-5.8	-59.8	-5.4
Profit for the year		12.8	-12.5	98.9	38.2
Allocated to:					
Shareholders		12.8	-12.5	98.9	38.1
Minority interests		0.0	0.0	0.0	0.1

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	Q4		FULL YEAR	
		2011	2010	2011	2010
Pension experience adjustments		2.8	-13.6	2.8	-13.6
Profit for the period		12.8	-12.5	98.9	38.2
Total comprehensive income for the period		15.5	-26.1	101.7	24.6
Allocated to:					
Shareholders		15.5	-26.1	101.7	24.5
Minority interests		0.0	0.0	0.0	0.1
Total		15.5	-26.1	101.7	24.6

Storebrand Bank Group

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.12.2011	31.12.2010
Cash and deposits with central banks		508.4	164.7
Loans to and deposits with credit institutions		268.6	673.4
Financial assets designated at fair value through profit and loss:			
Equity instruments	17	5.2	5.1
Bonds and other fixed-income securities	9, 17	2 655.0	3 036.2
Derivatives	17	920.6	710.2
Bonds at amortised cost		651.2	
Other assets		210.3	254.3
Gross lending	17	33 474.5	34 460.1
- Write-downs on individual loans	10	-103.4	-173.6
- Write-downs on groups of loans		-53.2	-83.9
Net lending to customers		33 317.9	34 202.6
Investments in associated companies		2.8	24.6
Tangible assets	11	11.2	15.9
Real estate at fair value	11	11.7	43.3
Intangible assets and goodwill	11	111.1	86.7
Deferred tax assets		8.1	68.9
Assets sold/discontinued operations		35.4	84.7
Total assets		38 717.7	39 370.9
Liabilities to credit institutions	12, 17	6 015.8	8 052.7
Deposits from and due to customers	17	18 485.5	18 807.6
Other financial liabilities:			
Derivatives	17	500.2	371.5
Commercial paper and bonds issued	13	10 082.8	8 725.3
Other liabilities		501.8	220.7
Liabilities sold/discontinued operations		30.0	36.7
Provision for accrued expenses and liabilities		0.8	3.7
Pension liabilities		103.7	102.0
Subordinated loan capital	13	692.3	790.1
Total liabilities		36 412.9	37 110.3
Paid in capital		1 516.8	1 516.8
Retained earnings		787.9	740.4
Minority interests		0.1	3.3
Total equity		2 304.8	2 260.6
Total equity and liabilities		38 717.7	39 370.9

Storebrand Bank ASA

PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q4		FULL YEAR	
		2011	2010	2011	2010
Interest income		346.4	316.8	1 329.6	1 249.0
Interest expense		-250.5	-238.2	-959.6	-946.2
Net interest income	4	95.9	78.5	370.0	302.8
Fee and commission income from banking services		28.2	26.3	105.3	104.5
Fee and commission expenses for banking services		-6.9	-4.4	-18.5	-17.8
Net fee and commission income		21.3	21.9	86.9	86.7
Net income and gains from associated companies		0.2	-0.4	0.9	-1.3
Net gains on financial instruments at fair value	5	-20.0	26.5	-11.6	-18.8
Other income		19.1	76.9	-71.4	78.8
Total other operating income		-0.7	103.0	-82.1	58.8
Staff expenses		-29.0	-37.1	-120.8	-141.4
General administration expenses		-22.7	-24.2	-84.6	-86.7
Other operating costs		-28.5	-24.8	-140.7	-104.9
Total operating costs		-80.1	-86.1	-346.1	-332.9
Operating profit before loan losses		36.4	117.3	28.7	115.4
Loan losses for the period	10	1.7	-19.1	2.5	-35.3
Profit before tax		38.1	98.2	31.2	80.0
Tax	6	-15.6	-33.8	-71.1	-45.7
Profit for the year		22.5	64.4	-39.9	34.3

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q4		FULL YEAR	
	2011	2010	2011	2010
Pension experience adjustments	2.8	-13.6	2.8	-13.6
Profit for the period	22.5	64.4	-39.9	34.3
Total comprehensive income for the period	25.3	50.8	-37.2	20.7

Storebrand Bank ASA

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.12.2011	31.12.2010
Cash and deposits with central banks		508.4	164.7
Loans to and deposits with credit institutions		4 404.4	3 842.0
Financial assets designated at fair value through profit and loss:			
Equity instruments	17	1.8	1.6
Bonds and other fixed-income securities	9, 17	9 319.6	10 260.6
Derivatives	17	606.1	470.0
Bonds at amortised cost	9	651.2	
Other assets		1 263.4	1 922.9
Gross lending	17	16 963.8	18 482.3
- Write-downs on individual loans	10	-117.2	-187.6
- Write-downs on groups of loans		-51.9	-82.0
Net lending to customers		16 794.7	18 212.6
Investments in associated companies		1.4	25.1
Tangible assets	11	10.7	15.5
Intangible assets	11	64.3	42.2
Deferred tax assets		21.5	83.6
Total assets		33 647.4	35 040.9
Liabilities to credit institutions	12, 17	6 318.0	8 320.2
Deposits from and due to customers	17	18 492.4	18 817.5
Other financial liabilities:			
Derivatives	17	500.2	371.5
Commercial paper and bonds issued	13	4 448.9	4 022.8
Other liabilities		888.7	323.6
Provision for accrued expenses and liabilities		0.8	3.7
Pension liabilities		103.7	102.0
Subordinated loan capital	13	692.3	790.1
Total liabilities		31 445.0	32 751.4
Paid in capital		1 635.2	1 635.2
Retained earnings		567.2	654.3
Total equity		2 202.4	2 289.6
Total equity and liabilities		33 647.4	35 040.9

Key figures

STOREBRAND BANK GROUP

NOK MILLION AND PERCENTAGE	Q4		FULL YEAR	
	2011	2010	2011	2010
Profit and Loss account: (as % of avg. total assets)	1.06 %	1.14 %	1.13 %	1.10 %
Net interest income 3)	0.26 %	0.33 %	0.27 %	0.21 %
Other operating income 4)				
Main balance sheet figures:				
Total assets			38 717.7	39 370.9
Average total assets 1)	39 235.4	39 886.1	39 106.5	41 577.7
Total lending to customers			33 474.5	34 460.1
Deposits from customers			18 485.5	18 807.6
Deposits from customers as % of gross lending			55.2 %	54.6 %
Equity			2 304.8	2 260.6
Other key figures:				
Total non-interest income as % of total income	19.6 %	22.8 %	19.2 %	15.8 %
Loan losses and provisions as % of average total lending 6)	0.00 %	0.20 %	-0.03 %	0.08 %
Individual loan loss provisions as % of gross loss-exposed loans			1.0 %	2.0 %
Cost/income ratio banking activities 5)	64.2 %	69.7 %	65.9 %	68.0 %
Return on equity before tax 2)	7.6 %	5.8 %	8.3 %	5.9 %
Core (tier 1) capital ratio			11.4 %	10.6 %

STOREBRAND BANK ASA

NOK MILLION AND PERCENTAGE	Q4		FULL YEAR	
	2011	2010	2011	2010
Profit and Loss account: (as % of avg. total assets)				
Net interest income 3)	1.12 %	0.88 %	1.06 %	0.82 %
Other operating income 4)	0.73 %	1.40 %	0.42 %	0.39 %
Main balance sheet figures:				
Total assets			33 647.4	35 040.9
Average total assets 1)	34 232.6	35 438.3	34 982.8	37 016.3
Total lending to customers			16 963.8	18 482.3
Deposits from customers			18 492.4	18 817.5
Deposits from customers as % of gross lending			109.0 %	101.8 %
Equity			2 202.4	2 289.6
Other key figures:				
Total non-interest income as % of total income	39.7 %	61.4 %	28.2 %	32.5 %
Loan losses and provisions as % of average total lending 6)	-0.18 %	0.34 %	-0.08 %	-0.11 %
Individual loan loss provisions as % of gross loss-exposed loans			1.8 %	3.4 %
Cost/income ratio	50.4 %	42.3 %	67.2 %	74.3 %
Return on equity before tax 2)	7.0 %	17.2 %	1.4 %	3.5 %
Core (tier 1) capital ratio			13.7 %	14.2 %

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 adjusted for hedging ineffectiveness as % of average equity.
- 3) Annualised net interest income adjusted for hedging ineffectiveness.
- 4) Other operating income includes net fee and commission income. Other operating income in the parent company has been adjusted by write-downs of shares in subsidiaries.
- 5) Banking activities consists of Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS, which is being wound up.
- 6) Loan losses and provisions for Storebrand Bank Group includes the item 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								TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID IN EQUITY	TOTAL PAID IN EQUITY	OTHER EQUITY			MINORITY INTERESTS	
					REVENUE AND COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY		
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						38.1	38.1	0.1	38.2
Pension experience adjustments					-13.6		-13.6		-13.6
Total other comprehensive income	0.0	0.0	0.0	0.0	-13.6	0.0	-13.6	0.0	-13.6
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-13.6	38.1	24.5	0.1	24.6
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						0.3	0.3	-0.2	0.1
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:									
Provision for group contribution						-50.0	-50.0		-50.0
Other changes						-3.2	-3.2	0.8	-2.4
Equity at 31.12.2011	960.6	156.0	400.3	1 516.8	20.3	767.6	787.9	0.1	2 304.8

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 31.12.2009	960.6	156.0	518.7	1 635.2	29.3	645.3	674.6	2 309.8
Profit for the period						34.3	34.3	34.3
Pension experience adjustments					-13.6		-13.6	-13.6
Total other comprehensive income	0.0	0.0	0.0	0.0	-13.6	0.0	-13.6	-13.6
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-13.6	34.3	20.7	20.7
Equity transactions with owners:								
Provision for group contribution						-50.0	-50.0	-50.0
Change in group contribution received 2009						55.1	55.1	55.1
Change in provision for group contribution 2009						-46.0	-46.0	-46.0
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
Group contribution received						-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

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 at 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	
31.12.2010	31.12.2011	NOK MILLION	31.12.2011	31.12.2010
		Cash flow from operations		
988.0	1 073.8	Receipts of interest, commissions and fees from customers	1 516.9	1 682.7
-474.0	-498.2	Payments of interest, commissions and fees to customers	-498.2	-474.0
2 799.4	1 514.0	Net disbursement/payments on customer loans	981.9	1 651.1
453.9	-300.4	Net receipts/payments of deposits from banking customers	-305.9	472.7
1 557.8	946.6	Net receipts/payments - securities at fair value	105.1	1 689.0
		Net receipts/payments - real estate at fair value	56.9	95.7
5.6		Payments - taxes		-5.2
-324.9	-324.1	Payments of operating costs	-355.8	-398.9
-91.3	-56.8	Net receipts/payments on other operating activities	-68.3	-42.9
4 914.5	2 355.0	Net cash flow from operating activities	1 432.6	4 670.1
		Cash flow from investment activities		
	32.5	Net receipts from sale of subsidiaries and associated companies		
-52.2	730.7	Net payments on purchase/capitalisation of subsidiaries	-5.1	
-19.7	-43.4	Net payments on purchase/sale of fixed assets etc.	-43.9	-19.1
-71.9	719.8	Net cash flow from investment activities	-49.0	-19.1
		Cash flow from financing activities		
-1 527.8	-901.2	Payments - repayments of loans and issuing of bond debt	-1 481.6	-3 646.0
699.8	1 299.8	Receipts - new loans and issuing of bond debt	2 801.4	2 107.5
-435.6	-440.5	Payments - interest on loans	-573.1	-620.2
-175.0	-100.0	Payments - repayments of subordinated loan capital	-100.0	-175.0
-34.6	-43.4	Payments - interest on subordinated loan capital	-43.4	-34.6
-2 039.3	-2 010.2	Net receipts/payments of liabilities to credit institutions	-2 043.8	-2 162.7
200.1	142.2	Receipts - group contribution		118.4
-211.9	-115.5	Payments - group contribution / dividends		-164.4
-3 524.3	-2 168.7	Net cash flow from financing activities	-1 440.5	-4 577.1
1 318.2	906.1	Net cash flow in period	-56.9	73.9
2 688.4	4 006.7	Cash and bank deposits at the start of the period	838.1	764.2
		Cash and bank deposits at the start of the period for new companies	-4.2	
4 006.7	4 912.8	Cash and bank deposits at the end of the period	777.0	838.1
164.7	508.4	Cash and deposits with central banks	508.4	164.7
3 842.0	4 404.4	Loans to and deposits with credit institutions	268.6	673.4
4 006.7	4 912.8	Total cash and bank deposits in the balance sheet	777.0	838.1

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.

Notes

NOTE 1 ACCOUNTING PRINCIPLES

The consolidated interim accounts for the group include Storebrand Bank ASA together with subsidiaries, joint ventures and associated companies. The interim accounts for Q4 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required in the annual 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 2011. A description of the accounting policies applied in the preparation of the financial statements is provided in the 2010 annual report.

The annual report and accounts of Storebrand Bank ASA and the Storebrand Bank ASA group for 2010 is available on request from the company's registered office at Professor Kohts vei 9, Lysaker, and is also available at www.storebrand.no.

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 2010. Please refer to the discussions in notes 1 and 2 of the 2010 annual report.

NOTE 3 CHANGES IN THE COMPOSITION OF THE GROUP

Storebrand Bank ASA has decided to exit from estate agency and its ownership in Ring Eiendomsmegling AS and its subsidiaries will be discontinued. Due to the decision to sell/discontinue operations, the accounts have been presented in accordance with IFRS 5 and the net income for Ring Eiendomsmegling AS has been presented as a separate line item in the financial statements for Storebrand Bank Group. Similarly, assets and liabilities have been presented separately on the balance sheet. As a consequence of this decision the shares in Ring Eiendomsmegling AS have been written down by NOK 42.7 million by the parent bank in the fourth quarter.

The parent bank's shareholding in Bjørndalen Panorama AS has been written down by NOK 11.0 million in total during 2011. A write-down of NOK 6 million was reversed in the fourth quarter.

Notes

NOTE 4 NET INTEREST INCOME

Storebrand Bank Group

NOK MILLION	Q4 2011	Q4 2010	31.12.2011	31.12.2010
Interest and other income on loans to and deposits with credit institutions	8.5	5.2	21.5	19.9
Interest and other income on loans to and due from customers	354.5	354.6	1 394.0	1 391.5
Interest on commercial paper, bonds and other interest-bearing securities	31.3	21.8	115.3	106.0
Other interest income and related income	1.5	1.4	6.1	8.1
Total interest income	395.9	383.1	1 536.9	1 525.4
Interest and other expenses on debt to credit institutions	-59.0	-69.0	-225.2	-287.8
Interest and other expenss on deposits from and due to customers	-126.9	-115.0	-475.4	-451.5
Interest and other expenses on securities issued	-96.9	-72.2	-329.0	-267.1
Interest and expenses on subordinated loan capital	-8.7	-7.7	-39.5	-31.8
Other interest expenses and related expenses	-0.7	-6.2	-24.7	-30.3
Total interest expenses	-292.3	-270.1	-1 093.9	-1 068.5
Net interest income	103.6	113.0	443.0	456.9

Storebrand Bank ASA

NOK MILLION	Q4 2011	Q4 2010	31.12.2011	31.12.2010
Interest and other income on loans to and deposits with credit institutions	46.7	19.0	151.8	79.2
Interest and other income on loans to and due from customers	206.0	204.2	831.2	819.6
Interest on commercial paper, bonds and other interest-bearing securities	92.2	92.2	340.5	342.2
Other interest income and related income	1.5	1.4	6.1	8.1
Total interest income	346.4	316.8	1 329.6	1 249.0
Interest and other expenses on debt to credit institutions	-65.5	-68.8	-245.2	-288.2
Interest and other expenss on deposits from and due to customers	-127.9	-116.2	-480.1	-456.2
Interest and other expenses on securities issued	-47.6	-39.3	-170.0	-139.4
Interest and expenses on subordinated loan capital	-8.7	-7.7	-39.5	-31.8
Other interest expenses and related expenses	-0.7	-6.2	-24.7	-30.5
Total interest expenses	-250.5	-238.2	-959.6	-946.2
Net interest income	95.9	78.5	370.0	302.8

Notes

NOTE 5 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

Storebrand Bank Group

NOK MILLION	Q4 2011	Q4 2010	31.12.2011	31.12.2010
<i>Equity instruments</i>				
Dividends received from equity investments		0.2	0.1	0.3
Net gains/losses on realisation of equity investments				-0.1
Net change in fair value of equity investments			0.2	0.1
Total equity investments	0.0	0.1	0.3	0.3
<i>Commercial paper and bonds</i>				
Realised gain/loss on commercial paper and bonds	-1.1	0.2	1.6	-0.9
Unrealised gain/loss on commercial paper and bonds	-2.3	-2.3	-1.4	-4.7
Total gain/loss on commercial paper and bonds	-3.4	-2.1	0.2	-5.5
<i>Financial derivatives and foreign exchange</i>				
Realised gain/loss on financial derivatives, held for trading	-9.9	-1.6	-57.3	-10.7
Unrealised gain/loss on financial derivatives, held for trading	12.1	6.9	58.7	4.7
Total financial derivatives and foreign exchange	2.2	5.3	1.4	-6.0
Net income and gains from financial assets and liabilities at fair value	-1.2	3.3	2.0	-11.2

Storebrand Bank ASA

NOK MILLION	Q4 2011	Q4 2010	31.12.2011	31.12.2010
<i>Equity instruments</i>				
Dividends received from equity investments		0.2	0.1	0.3
Net gains/losses on realisation of equity investments				-0.1
Net change in fair value of equity investments			0.2	0.1
Total equity investments	0.0	0.1	0.3	0.3
<i>Commercial paper and bonds</i>				
Realised gain/loss on commercial paper and bonds	-1.1	0.2	1.6	-0.2
Unrealised gain/loss on commercial paper and bonds	-20.9	20.8	-14.7	-21.8
Total gain/loss on commercial paper and bonds	-22.0	21.1	-13.1	-22.1
<i>Financial derivatives and foreign exchange</i>				
Realised gain/loss on financial derivatives, held for trading	-10.1	-1.6	-57.6	-1.7
Unrealised gain/loss on financial derivatives, held for trading	12.1	6.9	58.7	4.7
Total financial derivatives and foreign exchange	1.9	5.3	1.2	3.0
Net income and gains from financial assets and liabilities at fair value	-20.0	26.5	-11.6	-18.8

Notes

NOTE 6 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 7 CLOSE ASSOCIATES

Covered bonds issued by Storebrand Boligkreditt AS

Storebrand Bank ASA has invested a total of NOK 6.7 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 December 2011. 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 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 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 do not form part of 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 Livsforsikrings AS. Storebrand Bank ASA and Storebrand Eiendomskreditt AS under avvikling (which is being wound up), have signed a management agreement pursuant to which Storebrand Eiendomskreditt AS under avvikling, will purchase administrative services from the bank. Storebrand Eiendomskreditt AS under avvikling, also purchases administrative services from Storebrand Livsforsikring AS.

Notes

NOTE 8 - SEGMENT INFORMATION

Storebrand Bank Group

Profit and loss by segment:

NOK MILLION	CORPORATE				RETAIL			
	Q4 2011	2010	FULL YEAR		Q4 2011	2010	FULL YEAR	
			2011	2010			2011	2010
Profit and loss items:								
Net interest income	55.5	50.7	216.0	195.9	61.1	72.8	255.0	275.0
Net fee and commission income	3.5	3.7	15.3	16.5	15.1	15.4	57.9	59.5
Other income	13.9	11.8	33.2	21.4	1.0	0.1	3.4	2.9
Total operating costs	-32.8	-32.8	-125.6	-127.8	-59.1	-57.8	-234.3	-237.1
Losses real estate at fair value. assets repossessed								
Operating profit before loan losses	40.2	33.3	138.9	106.0	18.1	30.5	82.0	100.3
Loan losses	-7.4	-12.9	-2.9	-20.4	0.5	-2.4	5.7	-12.2
Ordinary profit from continuing operations	32.8	20.4	136.0	85.6	18.6	28.1	87.7	88.1
Ordinary profit from sold/discontinued businesses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance sheet items:								
Gross lending to customers			11 184.1	12 000.2			22 028.8	22 498.8
Deposits from and due to customers			6 961.9	7 323.5			10 854.5	11 350.8
Key figures:								
Cost/income ratio	45 %	50 %	47 %	55 %	77 %	65 %	74 %	70 %
Deposits from customers as % of gross lending			62 %	61 %			49 %	50 %
Total level of provisioning			90 %	66 %			15 %	25 %

Notes

NOTE 8 - SEGMENT INFORMATION *(continues)*

Storebrand Bank Group

Profit and loss by segment:

NOK MILLION	TREASURY/ANNET				TOTAL			
	Q4		FULL YEAR		Q4		FULL YEAR	
	2011	2010	2011	2010	2011	2010	2011	2010
Profit and loss items:								
Net interest income	-13.0	-10.5	-28.0	-14.0	103.6	113.0	443.0	456.9
Net fee and commission income	-0.6	-0.4	-0.2	-2.3	18.0	18.6	73.0	73.7
Other income	-7.6	2.9	-4.6	-12.2	7.3	14.8	32.0	12.2
Total operating costs	5.4	-6.4	-7.8	-14.5	-86.5	-97.0	-367.7	-379.4
Losses real estate at fair value. assets repossessed	4.7	-2.1	-3.9	-14.1	4.7	-2.1	-3.9	-14.1
Operating profit before loan losses	-11.1	-16.7	-44.5	-57.1	47.1	47.1	176.4	149.2
Loan losses	2.4		11.1	18.1	-4.5	-15.3	13.9	-14.5
Ordinary profit from continuing operations	-8.7	-16.7	-33.5	-39.0	42.6	31.8	190.2	134.7
Ordinary profit from sold/discontinued businesses	-31.7	-5.8	-59.8	-5.4	-31.7	-5.8	-59.8	-5.4
Balance sheet items:								
Gross lending to customers			261.6	-38.9			33 474.5	34 460.1
Deposits from and due to customers			669.1	133.3			18 485.5	18 807.6
Key figures:								
Cost/income ratio							67 %	70 %
Deposits from customers as % of gross lending							55 %	55 %
Total level of provisioning							48 %	37 %

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 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 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 subsidiaries Hadrian Eiendom AS and Hadrian Utvikling AS are also included in this area. The bank holds an ownership interest of 100% and 96.09% respectively at the end of 2011.

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. The bank's 50 per cent ownership interest in Storebrand Baltic UAB in Lithuania is included in the segment "Retail market". The ownership interest is classified as an associated company from 1 January 2011. Stockbroking, corporate business 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 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 elimination of double entries principally applies to customer businesses that relate to more than one category. 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	
31.12.2010	31.12.2011	NOK MILLION	31.12.2011	31.12.2010
301.6	293.6	Guarantees	293.6	301.6
8 227.4	4 263.1	Undrawn credit limits	3 706.9	4 049.8
816.6	1 408.5	Lending commitments	1 408.5	816.6
9 345.6	5 965.2	Total contingent liabilities	5 409.0	5 168.0
3 935.1	3 164.4	Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank	2 159.4	2 926.3
5 855.9	3 496.9	Booked value of securities pledged as collateral for the government securities for covered bonds swap scheme	3 496.9	5 855.9
	286.5	Booked value of bonds pledged as security within other credit institutions	286.5	
9 791.0	6 947.8	Total book value of off balance sheet liabilities	5 942.8	8 782.2

Undrawn credit limits reported in Storebrand Bank ASA as of 31.12.11 includes NOK 2.1 billion to the subsidiary Storebrand Boligkreditt AS.

Storebrand Bank was in 2009 sued for damages based on economic loss from two customers' investment in one of Storebrand Banks structured savings products. The bank won both in the local and district court and the case has been appealed to the Norwegian High Court, due to the case's principle question. The High Court heard the case in January 2012 but no conclusion has been communicated at the date of the accounts completion. The bank sees it as highly probable that the case for damages will not succeed and has therefore not made any provisions in the accounts.

NOTE 10 NON-PERFORMING LOANS AND LOAN LOSSES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2010	31.12.2011	NOK MILLION	31.12.2011	31.12.2010
		Non-performing loans		
226.6	118.6	Non-performing loans without evidence of impairment	159.5	261.6
408.3	194.2	Loss-exposed loans with evidence of impairment	170.8	436.0
635.0	312.7	Gross non-performing and loss-exposed loans	330.2	697.6
-187.6	-117.2	Provisions for individual loan losses	-103.4	-173.6
447.4	195.5	Net non-performing and loss-exposed loans	226.9	524.0
		Key figures		
-82.0	-51.9	Loan loss provisions on groups of loans (NOK million)	-53.2	-83.9
-269.6	-169.1	Total loan loss provisions (NOK million)	-156.6	-257.5
46 %	60 %	Level of provisioning for individual loss-exposed loans 1)	61 %	40 %
42 %	54 %	Total level of provisioning 2)	47 %	37 %

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. The accounting policies for recording loans have changed during the course of 2011 and the treatment of doubtful credit card debts has been moved from group write downs to individual write downs. This affects several of the key figures linked to the total volume of losses and non-performing loans.

Notes

NOTE 10 NON-PERFORMING LOANS AND LOAN LOSSES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2010	31.12.2011	NOK MILLION	31.12.2011	31.12.2010
		Losses on loans and guarantees etc. during period		
42.3	70.4	Change in individual loan loss provisions	70.3	63.9
24.1	30.1	Change in grouped loan loss provisions	30.7	23.3
-2.4	-2.7	Other write-down effects	-2.8	-2.4
		Change in individual impairment loss provisions guarantees		
-102.9	-106.2	Realised losses specifically provided for previously	-95.2	-102.9
-1.1	-6.7	Realised losses not specifically provided for previously	-6.7	-1.1
4.7	17.7	Recoveries on previous realised losses	17.7	4.7
-35.3	2.5	Loan losses for the period	13.9	-14.5

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 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 31 December 2011. Individual loan loss provisions for that loan was NOK 3.9 million in the parent bank. Accordingly the negative amount was NOK 14.1 million as of 31 December 2010.

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

Costs of NOK 35.3 million were capitalised as of 31 December 2011 as intangible assets and fixed assets in Storebrand Bank ASA and Storebrand Bank Group. Accordingly costs of NOK 9.4 million were capitalised in Q4. 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 3.9 million as of 31 December 2011. Accordingly there has been a reversed write down by NOK 4.7 million in Q4. This is presented on a separate line in the profit and loss account. The value of software has been written down by NOK 4.5 million as of 31 December 2011, there has not been any changes in Q4.

In accordance with IFRS goodwill is tested at least annually or if there is reason to believe that the carrying value is impaired. When Ring Eiendomsmegling AS was acquired in spring 2008 the purchase price was allocated across the net identifiable assets in accordance with IFRS 3 and is linked to key employees' expertise and customer relations. As a consequence of the decision to discontinue and sell all the companies in Ring Eiendomsmegling Group, and dismiss the estate agents, there is no longer any goodwill in Ring Eiendomsmegling AS. The remaining goodwill relating to these acquisitions has therefore been written down as of 31 December 2011 and the carrying value of goodwill will be reduced to zero for Ring Eiendomsmegling in the Group financial statements of Storebrand Bank. The value of goodwill written off was NOK 35.9 million in 2011 and NOK 11 million in the fourth quarter of 2011.

In calculating the value in use of Hadrian Eiendom AS, a cash flow based assessment of value has been made using the expected profit before taxes. The calculation is based on Board-authorized budgets and forecasts for the next three years. A stable growth rate of 2.5% has been assumed in determining the terminal value, corresponding to the rate of inflation. The value in use is calculated by applying the required rate of return after tax of 12.4%. The required rate of return is determined by establishing the risk-free rate of return and adding a premium to reflect the risk in the business. The calculations show that the goodwill relating to Hadrian Eiendom AS has not been impaired.

Notes

NOTE 12 LIABILITES TO CREDIT INSTITUTIONS

NOK MILLION	STOREBRAND BANK GROUP	
	31.12.2011	31.12.2010
Total liabilities to credit institutions without fixed maturity at amortised cost	5.1	5.4
F-loans:		
Maturity 2011		500.0
Maturity 2012	1 413.1	1 012.1
Loans with floating interest rate:		
Maturity 2011		78.1
Maturity 2012	350.0	350.0
Maturity 2013	750.0	250.0
Accrued expenses	0.8	1.2
Total liabilities to credit institutions with fixed maturity at amortised cost	2 513.9	2 191.4
Borrowings under the Norwegian Government's Swap arrangement:		
Maturity 2011		2 365.1
Maturity 2013	2 508.4	2 500.4
Maturity 2014	988.4	990.4
Total liabilities to credit institutions with fixed maturity at fair value (FVO)	3 496.9	5 855.9
Total liabilities to credit institutions	6 015.8	8 052.7

As per 31 December 2011, Storebrand Bank ASA had only one current credit facility. A NOK 750 million Revolving Credit Facility was signed in October 2010.

NOTE 13 SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL

NOK MILLION	STOREBRAND BANK GROUP	
	31.12.2011	31.12.2010
Commercial paper	501.4	400.9
Bond loans	9 581.4	8 307.5
Structured bond loans		16.9
Subordinated loan capital	692.3	790.1
Total securities issued and subordinated loan capital	10 775.1	9 515.4

Notes

NOTE 13 SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL

Specification of bonds issued and subordinated loan capital as of 31 December 2011 - Storebrand Bank Group

NOK MILLION			NET				BOOK
ISIN CODE	ISSUER	NOMINAL	CURRENCY	INTEREST	MATURITY 1)	VALUE	31.12.2011
Commercial paper							
NO001063070	Storebrand Bank ASA	500	NOK	Fixed	20.06.2012		501.4
Total commercial paper							501.4
Bond loans							
NO001054848	Storebrand Bank ASA	500.0	SEK	Floating	26.01.2012		438.2
NO001049263	Storebrand Bank ASA	520.5	NOK	Floating	20.02.2012		522.9
NO001045553	Storebrand Bank ASA	327.0	NOK	Fixed	03.09.2012		338.0
NO001059077	Storebrand Bank ASA	500.0	NOK	Floating	10.05.2013		502.8
NO001047340	Storebrand Bank ASA	408.0	NOK	Floating	21.11.2013		415.0
NO001050777	Storebrand Bank ASA	648.0	NOK	Floating	30.04.2014		659.1
NO001059982	Storebrand Bank ASA	400.0	NOK	Floating	11.08.2014		401.9
NO001043982	Storebrand Bank ASA	310.0	NOK	Fixed	04.06.2015		344.8
NO001051323	Storebrand Bank ASA	300.0	NOK	Fixed	25.05.2016		324.6
Total bond loans							3 947.4
Covered bonds							
NO0010466071	Storebrand Boligkreditt AS	1 250.0	NOK	Fixed	24.04.2014		1 370.6
NO0010428584	Storebrand Boligkreditt AS	1 000.0	NOK	Fixed	06.05.2015		1 121.2
NO0010575913	Storebrand Boligkreditt AS	515.0	NOK	Floating	03.06.2016		516.5
NO0010612294	Storebrand Boligkreditt AS	1 535.0	NOK	Floating	15.06.2016		1 530.9
NO0010548373	Storebrand Boligkreditt AS	1 000.0	NOK	Fixed	28.10.2019		1 094.8
Total covered bonds							5 634.0
Total commercial paper and bonds issues							10 082.8

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

ISIN CODE	ISSUER	NET	CURRENCY	INTEREST	MATURITY 1)	BOOK	
		NOMINAL				VALUE	
Dated subordinated loan capital							
NO001036427	Storebrand Bank ASA	250.0	NOK	Floating	08.05.2012	251.4	
NO001040278	Storebrand Bank ASA	150.0	NOK	Floating	19.12.2012	150.1	
Other subordinated loan capital							
NO001771168	Storebrand Bank ASA	9.3	NOK	Fixed	perpetual	9.3	
Hybrid tier 1 capital							
NO001024206	Storebrand Bank ASA	107.0	NOK	Fixed	29.10.2014	112.7	
NO001024207	Storebrand Bank ASA	168.0	NOK	Floating	29.10.2014	168.8	
Total subordinated loan capital incl. hybrid tier 1 capital							692.3
Total securities issued and subordinated loan capital							10 775.1

Notes

NOTE 14 RISK MANAGEMENT

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.

Credit exposure in lending

Corporate market

Gross lending in the corporate market represents about NOK 11.2 billion. There are also about NOK 600 million in unused credit facilities and almost NOK 350 million in guarantees. In addition, loans of nearly NOK 3.1 billion are under management, which are syndicated to Storebrand Livsforsikring AS.

About 80% of the loans have been made on income generating property. Just short of 20% relate to property development projects. Under 5% of the Corporate portfolio is secured by pledged assets other than property. The security for the portfolio is principally commercial properties. A construction loan of just over NOK 900 million and a commercial real estate mortgage for almost NOK 400 million have been granted at the end of 2011, but the funds have not been disbursed and the offer has not yet been accepted by the customers. About 29% of the portfolio is to group of connected debtors with total loans of over NOK 200 million. The definition of group of connected debtor is given in the regulations relating to large exposures. 22% of the portfolio relates to groups of connected debtors with total loans under NOK 50 million. 49% of the loans have been made to groups of connected debtors with consolidated exposure of between NOK 50 million and NOK 200 million. The bank has 13 groups of connected debtors which have total loans exceeding NOK 200 million, and 58 groups of connected debtors with total borrowings of between NOK 50 million and NOK 200 million. Large loans have increased during 2011. The bank's exposure is secured by pledged assets in Oslo, close to 55%. A further 28% of the bank's exposure is secured by assets pledged in the area surrounding Oslo and the rest of Eastern Norway. The remaining loans are secured primarily in and around Bergen and Stavanger.

Assets pledged are valued at their sellable values in addition to separate assessments based on yield considerations.

A classification model for firms in the commercial real estate industry is used when determining debtors' capacity to service debt. The model is composed of a qualitative and a quantitative part. The qualitative part evaluates a range of factors including the management, structure, board, history, market, political risk and tenants.

The quantitative factors are evaluated differently for construction loans and commercial real estate mortgages. Construction loans are assessed based on reserves available for unforeseen costs, the sales buffer, advance sales and project management.

Commercial real estate mortgages are assessed quantitatively through analysis of cash flows and evaluating certain key ratios. The cash flow is calculated for the duration of the project. For corporate market loans, risk is classified on a scale from 1 to 5, where 1 is best. The first indicates the debtor's debt servicing capacity (ability to make repayments), the second indicates the quality of the security (degree of security/loan to value ratio).

To assess the risk on loans and receivables on customers the bank has implemented a classification system for corporate market customers and selected retail market customers (including private investors etc.). The loans are classified both on establishment, and when there are changes in the loans. In addition, corporate market customers are reclassified annually or as necessary. The classifications thereby provide an overview of the risk exposure in the portfolio at all times.

The largest risk for repayment loans and commercial real estate mortgages is tenant risk. For construction loans the two largest risks are construction costs and advance sales. This is closely monitored by the bank. Of loans that are not non-performing or in arrears, about 80% of the loans have a loan to value ratio of under 80%. Approximately 95% of the loans have a loan to value ratio within 90%. The remaining performing loans have a loan to value ratio of under 100% for the most part. For corporate market loans in arrears, the loan to value ratio is under 80% for 98% of the volume of the loans. There is a low volume of non-performing loans without evidence of impairment. These loans are well secured, and the loan to value ratio is under 10% for the loan with the highest loan to value ratio.

For non-performing loans with evidence of impairment, the loss loan provisions that have been made have taken into account that the pledged assets do not cover the value of the loans and other costs related to the non-performance. The losses that have been recorded are considered to be sufficient. The bank does not believe that new losses will be forthcoming from these customers at this time. In the event of non-performance the bank will sell the securities or take over the assets if that is most appropriate. In the current portfolio in the parent bank there are two properties that have been taken over. These loans totalled NOK 25 million and are classified as non-performing with evidence of impairment by the parent bank. The provisions that have been made are considered to be sufficient.

Retail market

The retail market is largely composed of home mortgages. There are mortgages amounting to about NOK 22 billion with a further amount of almost NOK 2.2 billion in unused credit facilities. Total loans and credit facilities in mortgages are therefore about NOK 24.2 billion.

Retail customers are evaluated according to their capacity and intent to repay the loan. In addition to their capacity to service debt, the customers are checked regarding policy rules and the customers are scored using a scoring model. For other retail market customers the overall loan to value ratio and debt servicing capability (as determined by the bank's credit policy for the segment) that apply to the portfolio is used as a basis. The collateral for the retail portfolio are primarily housing. The average weighted loan to value ratio in the Bank Group is about 54%, and 93.5% of housing loans are within a loan to value ratio of 80% and about 97% are within a 90% loan to value ratio. Approximately 58% of housing loans have a loan to value ratio of less than 60% in the Bank Group. The portfolio is considered to have a low credit risk. There is largely good collateral on non-performing loans without evidence of impairment for retail customers. The average loan to value ratio for these loans is 60%. Housing loans that are part of the volume of non-performing loans total just under NOK 139 million. About NOK 120 million in loans are within a loan to value ratio of 80%, and about NOK 128 million are within a loan to value ratio of 90%. The collateral is also good on mortgages which are between 1 and 90 days past due. Assets pledged as collateral are sold in the retail market. They are not taken over by the bank. In the credit card portfolio about NOK 151 million has been drawn, and approximately NOK 622 million is available as unused credit facilities. For credit accounts about NOK 116 million has been drawn, and approximately NOK 330 million is available as unused credit facilities.

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.

In the event of market risk changes that occur during the first year, the affect on the result and equity will be as shown below based on the balance sheet as of 31 December 2010:

Effect on income

NOK million	Amount
Interest rate -1.5%	-25.3
Interest rate +1.5%	25.3

Effect on net profit/equity 1)

NOK million	Amount
Interest rate -1.5%	-25.3
Interest rate +1.5%	25.3

1) Before tax effect.

The note presents the accounting effect over a 12 month period of an immediate parallel change in interest rates of +1.5% and -1.5% respectively. It has taken into account the one-time effect that such an immediate change in interest rates would have on the items recognised at fair value and the value of hedging, and the effect that the change in interest rates would have on the net profit for the remaining duration of the interest rate before the change in interest rates has an effect on income and expenses. The sensitivity analysis has been performed using the risk management system PortWin. Items that would be affected by the one-time effect and are recorded at fair value are the investment portfolio, fixed interest rate loans, borrowing via the swap scheme with the government, deposits with returns linked to the stock market and derivatives. Items that would be affected by the one-time effects and which are recorded using hedging accounting are fixed interest rate loans.

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 used in the accounts, with all internal transactions eliminated, including shares, loans and deposits as well as other receivables and liabilities. Companies in which the group has a minority interest are included on a proportional basis applying the percentage interest held by the group at 31 December 2011.

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2010	31.12.2011		31.12.2011	31.12.2010
960.6	960.6	Share capital	960.6	960.6
1 329.0	1 241.8	Other equity	1 344.2	1 300.0
2 289.6	2 202.4	Total equity	2 304.8	2 260.6
		Deductions:		
-42.2	-64.3	Intangible assets	-111.1	-119.8
-83.6	-21.5	Deferred tax asset	-22.6	-84.2
		Provision for group contribution	-50.0	-50.0
		Addition:		
279.4	279.0	Perpetual subordinated bonds	279.0	279.4
2 443.1	2 395.6	Core capital	2 400.1	2 286.0
509.1	409.2	Supplementary capital	409.2	509.2
		Deductions		
2 952.2	2 804.9	Net primary capital	2 809.3	2 795.2

Notes

NOTE 15 CAPITAL ADEQUACY

STOREBRAND BANK ASA		Minimum capital requirement		STOREBRAND BANK GROUP	
31.12.2010	31.12.2011	NOK MILLION		31.12.2011	31.12.2010
1 320.2	1 340.7	Credit risk		1 597.8	1 627.7
		Of which:			
	2.5	Local and regional authorities		2.5	
	8.0	Public sector owned corporates		8.0	
234.9	193.5	Institutions		19.8	28.6
475.6	666.1	Corporates		664.3	618.2
393.8	316.6	Loans secured on residential real estate		800.6	817.8
54.0	44.2	Retail market		44.2	54.0
55.4	19.6	Loans past-due		21.1	58.0
71.3	71.1	Covered bonds		17.7	13.5
35.2	19.1	Other		19.6	37.6
1 320.2	1 340.7	Total minimum requirement for credit risk		1 597.8	1 627.7
		Settlement risk			0.5
0.0	0.0	Total minimum requirement for market risk		0.0	0.5
65.5	60.8	Operational risk 1)		91.1	97.1
		Deductions			
-6.6	-4.2	Write-downs of groups of loans		-4.3	-6.7
1 379.2	1 397.4	Minimum requirement for capital base		1 684.7	1 718.6

STOREBRAND BANK ASA		Capital adequacy		STOREBRAND BANK GROUP	
31.12.2010	31.12.2011			31.12.2011	31.12.2010
17.1 %	16.1 %	Capital ratio		13.3 %	13.0 %
14.2 %	13.7 %	Core (tier 1) capital ratio		11.4 %	10.6 %

1) The figures for 2010 and 2011 are calculated as an average of total income for 2008, 2009 and 2010 and for 2009, 2010 and 2011 respectively.

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%.

Notes

NOTE 16 QUARTERLY PROFIT AND LOSS

Storebrand Bank Group

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
NOK MILLION	2011	2011	2011	2011	2010	2010	2010	2010
Interest income	395.9	364.9	401.4	374.8	383.1	396.5	374.7	371.1
Interest expense	-292.3	-252.2	-290.2	-259.2	-270.1	-283.4	-249.7	-265.4
Net interest income	103.6	112.7	111.1	115.6	113.0	113.1	125.0	105.7
Fee and commission income from banking services	24.9	22.4	21.7	22.5	23.1	24.0	22.7	21.7
Fee and commission expenses for banking services	-6.9	-4.0	-4.8	-2.8	-4.4	-4.3	-5.2	-3.8
Net fee and commission income	18.0	18.5	16.9	19.7	18.6	19.7	17.5	17.9
Net income and gains from associated companies	0.2	0.4	0.2	0.0	-0.4	-0.3	-0.3	-0.3
Net gains on financial instruments at fair value	-1.2	-1.5	-0.6	5.2	3.3	6.9	-18.3	-3.0
Other income	8.3	1.5	9.6	9.7	11.9	3.4	6.6	2.8
Total other operating income	7.3	0.5	9.2	14.9	14.8	9.9	-12.0	-0.5
Staff expenses	-32.6	-32.0	-29.6	-35.9	-41.1	-37.7	-35.9	-40.3
General administration expenses	-22.9	-22.4	-17.3	-22.8	-25.0	-20.6	-20.3	-22.9
Other operating cost	-31.1	-43.6	-37.1	-40.4	-31.0	-34.8	-36.4	-33.3
Losses real estate at fair value, assets repossessed	4.7	-1.5	0.0	-7.2	-2.1	0.0	-5.0	-7.0
Total operating costs	-81.8	-99.5	-84.0	-106.3	-99.2	-93.2	-97.6	-103.5
Operating profit before loan losses	47.1	32.1	53.2	43.9	47.1	49.6	32.9	19.6
Loan losses for the period	-4.5	11.3	3.9	3.1	-15.3	0.1	-5.1	5.8
Profit before tax	42.6	43.5	57.1	47.1	31.8	49.7	27.8	25.4
Tax	1.9	-12.4	-44.0	22.9	-38.5	-15.2	-24.3	-13.1
Result after tax sold/discontinued operations	-31.7	-16.2	-10.1	-1.7	-5.8	1.8	0.5	-1.9
Profit for the year	12.8	14.8	3.0	68.3	-12.5	36.3	4.0	10.4

Notes

NOTE 16 QUARTERLY PROFIT AND LOSS

Storebrand Bank ASA

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
NOK MILLION	2011	2011	2011	2011	2010	2010	2010	2010
Interest income	346.4	339.5	326.3	317.3	316.8	326.8	307.8	297.7
Interest expense	-250.5	-243.9	-236.4	-228.8	-238.2	-245.8	-234.1	-228.0
Net interest income	95.9	95.6	90.0	88.5	78.5	81.0	73.6	69.6
Fee and commission income from banking services	28.2	25.7	25.3	26.1	26.3	27.2	25.4	25.6
Fee and commission expenses for banking services	-6.9	-4.0	-4.8	-2.8	-4.4	-4.3	-5.2	-3.8
Net fee and commission income	21.3	21.7	20.6	23.3	21.9	22.9	20.2	21.7
Net income and gains from associated companies	0.2	0.4	0.2	0.0	-0.4	-0.3	-0.3	-0.3
Net gains on financial instruments at fair value	-20.0	-11.9	12.4	8.0	26.5	28.6	-53.5	-20.3
Other income	19.1	-78.9	-18.8	7.2	76.9	0.0	1.7	0.2
Total other operating income	-0.7	-90.4	-6.1	15.2	103.0	28.3	-52.1	-20.3
Staff expenses	-29.0	-30.6	-27.5	-33.7	-37.1	-34.5	-33.0	-36.8
General administration expenses	-22.7	-22.2	-17.1	-22.6	-24.2	-20.3	-19.8	-22.3
Other operating cost	-28.5	-41.1	-33.9	-37.2	-24.8	-31.7	-30.8	-17.5
Total operating costs	-80.1	-94.0	-78.5	-93.5	-86.1	-86.5	-83.7	-76.7
Operating profit before loan losses	36.4	-67.1	25.9	33.5	117.3	45.7	-41.9	-5.7
Loan losses for the period	1.7	0.8	4.1	-4.1	-19.1	-0.1	-16.4	0.3
Profit before tax	38.1	-66.3	30.0	29.4	98.2	45.5	-58.4	-5.4
Tax	-15.6	-6.3	-41.0	-8.2	-33.8	-12.8	-0.7	1.5
Profit for the year	22.5	-72.6	-11.0	21.2	64.4	32.8	-59.0	-3.9

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 2010 annual report. The levels express the differing degree of liquidity and different measuring methods. Greater market volatility in the last quarter, which saw more frequent large price divergence between different sources and generally greater bid-ask spreads, in itself entails greater uncertainty. In connection with this, a review was conducted of the classification principles used to analyse the need for any reclassification of various instrument segments. Routines have been established for valuing bonds based on consensus models for segments within level 2, which are normally characterised by a lower degree of liquidity and transparency, primarily Norwegian credit bonds. Therefore, Storebrand Bank found there was no basis for reclassifying any of these to level 3.

Company information

Address:

Storebrand Bank ASA
Professor Kohts vei 9
PO Box 474
N-1327 Lysaker

Telephone: + 47 - 22 31 50 50
Call center (within Norway): 08880
Website: www.storebrand.no
E-mail address: bank@storebrand.no

Company registration number: 953 299 216

Senior Management:

Truls Nergaard	Managing Director
Trond Fladvad	Finance Director
Robert Fjelli	Head of Capital Market Products
Bernt Uppstad	Acting Head of Retail Banking
Torstein Hagen	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
Geir Holmgren	Board Member
Maria Borch Helsingreen	Board Member
Anne-Kristine Baltzersen	Board Member
Heidi Storruste	Board Member

Contact persons:

Truls Nergaard. Managing Director. Tel.:+ 47 - 916 02 270.
Trond Fladvad. Finance Director. Tel.:+ 47 - 928 97 173.

Other sources of information:

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