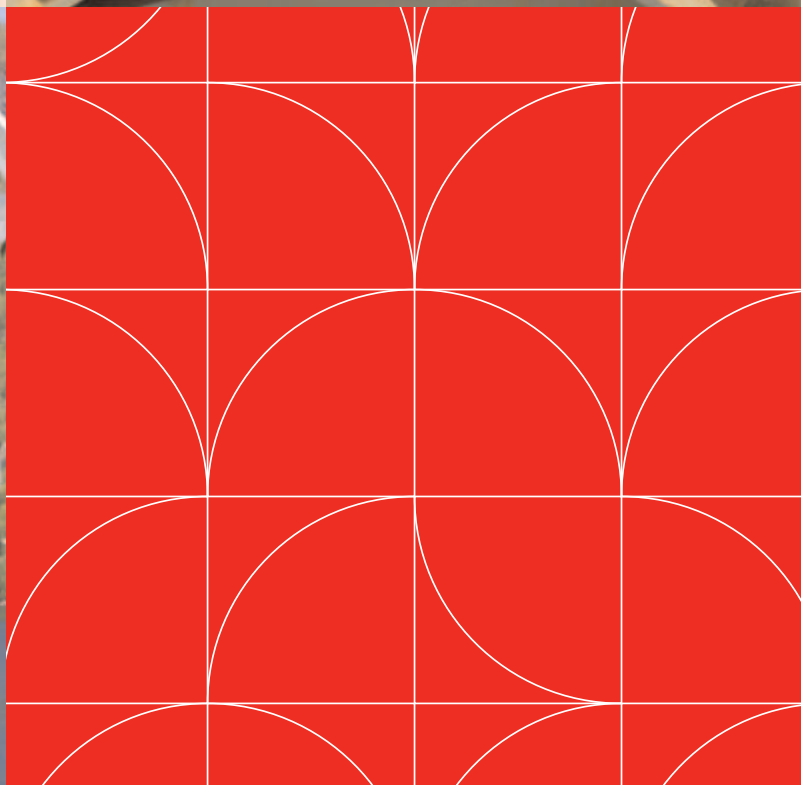


# Storebrand Bank Group

1st Quarter 2010

 storebrand



# Storebrand Bank Group

- interim report for and as of 31 March 2010

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

- Low net interest income due to increased cost of funding and liquidity
- Very low level of loss provisions and improvement in non-performing and loss-exposed loans
- Storebrand Bank has received an award for the best call center service in the retail banking market

## Financial performance - banking group

The banking group achieved a pre-tax profit of NOK 22.8 million (NOK 3.2 million) in Q1 2010.

Net interest income amounted to NOK 106 million (NOK 121 million) for Q1. The product margins of the bank's primary products are developing positively. Continued low net interest income is primarily due to an increased proportion of long-term funding and high liquidity costs. The bank continues to prioritise good liquidity, which is reflected by a liquidity portfolio that has increased from NOK 3.4 billion as per 31 December 2008 to NOK 4.7 billion at the close of the quarter, an increase of NOK 0.3 billion in Q1 2010. Net interest income as a percentage of average total assets was 1.02 per cent (0.95 per cent) in Q1.

Net fee and commission income amounted to NOK 18 million (NOK 20 million) in Q1.

Other income was on a par with the level last year and amounted to NOK 20 million in Q1. Changes in the market value of the banking group's liquidity portfolio of fixed income securities had a negative effect on the result in the quarter amounting to NOK 4 million (minus NOK 5 million). Other income also includes operating income in Ring Eiendomsmegling, which amounted to NOK 20 million (NOK 19 million) in Q1. The development of Ring Eiendomsmegling's result has clearly improved, especially within project brokering, compared with the same period in 2009. Hadrian Eiendom has projects in which the income is regarded as earned upon completion of the projects. At the close of Q1 the company had no concluded projects, but several major projects in progress. These are expected to be completed in Q2.

Banking operating costs<sup>1)</sup> amounted to NOK 85 million in Q1 compared to NOK 97 million in the same period last year. This development reflects the result of implemented streamlining measures in Q4 2009 and the reduction in costs is in line with the plan. The banking group's costs ratio was 73 per cent in Q1, on a par with the level in the same period last year.

A net NOK 6 million of former lending write-downs was recognised as income in Q1 (write-downs of NOK 29 million). There is a positive development in write-downs compared with the same period last year. Non-performing and loss-exposed loans without impairment fell by NOK 41 million since year-end 2009 and amounted as per 31 March 2010 to NOK 268 million. The volume of non-performing and loss-exposed commitments in the banking group amounted to NOK 801 million, equivalent to 2.3 per cent of gross lending, as per 31 March 2010. This is an improvement since year-end 2009 when the volume of non-performing and loss-exposed loans amounted to NOK 884 million.

## Market trends

The bank's core markets improved in Q1, but are still affected by the international economic situation. The housing market is improving, but activity is still low and affected housing sales as well as the level of activity in Ring Eiendomsmegling. The level of activity within commercial real estate is increasing. In Q4 2009, the bank's corporate market department arranged the financing of one of the largest transactions in the Norwegian property market in 2009. This transaction was financed in Q1 2010 and is contributing to positive growth in this area.

The bank launched an upgraded online bank in the retail market. This is an important milestone with respect to the bank's ambition of becoming Norway's best direct bank. The bank received also recently Kundeserviceprisen (a customer service award) for the best call center within banks, an award that will strengthen the bank's position in the retail market.

## Balance sheet performance

At the end of the quarter the banking group's assets under management amounted to NOK 42.4 billion compared to NOK 43.0 billion at year-end 2009. Gross lending to customers has decreased from NOK 36.1 billion at year-end 2009 to NOK 35.7 billion at the close of the quarter. Gross lending in Storebrand Eiendomskreditt accounted for NOK 2.2 billion of the gross lending in the corporate market of NOK 11.6

<sup>1)</sup> Consists of Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS

billion, and gross lending in Storebrand Boligkreditt AS accounted for NOK 15.1 billion of a total loan volume in the retail market of NOK 24.2 billion.

The volume of deposits at the close of the quarter was NOK 19.0 billion and the deposit-to-loan ratio was 53 per cent. This is an increase from 51 per cent at year-end 2009.

The capital ratio in the bank at the close of the quarter was 13.4 per cent and its core (tier 1) capital ratio was 10.3 per cent. The primary capital at the close of the quarter excludes the period's result.

Access to long-term funding in the capital market continues to improve in 2010.

#### **Storebrand Bank ASA's performance**

The development of net interest income showed a reduction in Q1 compared to the same period last year and amounted to NOK 70 million at the close of the quarter. The reduction was primarily a result of a reduced lending volume in connection with the transfer of lending to the mortgage companies and continued high funding costs.

The development of other income for the parent bank was negative in the quarter and amounted to minus NOK 20 million (minus NOK 68 million), primarily due to a negative change in unrealised gains of NOK 18 million (minus NOK 73 million). The parent bank's liquidity portfolio has primarily increased due to the parent bank's investment in covered bonds issued by its subsidiaries and a planned increase in the liquidity buffer.

In Q1, NOK 0.3 million (NOK 28 million as loss) in lending write-downs were recognised as income, which include write-downs associated with taken over assets, which in

the consolidated financial statements are presented under operating costs. Non-performing and loss-exposed loans without impairment amounted to NOK 268 million and non-performing and loss-exposed loans with impairment amounted to NOK 747 million at the close of the quarter.

The deposit-to-loan ratio in the parent bank was 102 per cent at the close of the quarter compared to 73 per cent in 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. The city court has in the judgement by default based its finding on the plaintiff's presentation of the case. The judgement has been appealed and the bank deems it overwhelmingly likely that the claim for compensation will not succeed. Therefore no provisions have been made in the interim financial statements as per 31 March 2010.

#### **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 be prioritised in 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, 4 May 2010  
The Board of Directors of Storebrand Bank ASA

# Storebrand Bank ASA

## PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	2010	Q1 2009	FULL YEAR 2009
Interest income		297.7	514.4	1 529.4
Interest expense		-228.0	-416.8	-1 215.4
<b>Net interest income</b>	<b>5</b>	<b>69.6</b>	<b>97.6</b>	<b>314.0</b>
Fee and commission income from banking services		25.6	23.8	104.3
Fee and commission expenses for banking services		-3.8	-1.4	-17.9
<b>Net fee and commission income</b>		<b>21.7</b>	<b>22.4</b>	<b>86.4</b>
Net income and gains from associated companies		-0.3	-0.5	-1.2
Net gains on financial instruments at fair value	6	-20.3	-68.1	56.3
Other income		0.2	0.8	74.3
<b>Total other operating income</b>		<b>-20.3</b>	<b>-67.8</b>	<b>129.4</b>
Staff expenses		-36.8	-36.8	-151.9
General administration expenses		-22.3	-26.6	-20.1
Other operating costs		-17.5	-36.7	-236.4
<b>Total operating costs</b>		<b>-76.7</b>	<b>-100.1</b>	<b>-408.4</b>
<b>Operating profit before losses and other items</b>		<b>-5.7</b>	<b>-48.0</b>	<b>121.5</b>
Write-downs for the period	11	0.3	-28.4	-80.1
<b>Profit before tax</b>		<b>-5.4</b>	<b>-76.3</b>	<b>41.3</b>
<b>Tax</b>	<b>7</b>	<b>1.5</b>	<b>21.4</b>	<b>-10.9</b>
<b>Profit for the year</b>		<b>-3.9</b>	<b>-54.9</b>	<b>30.5</b>

## STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	2010	Q1 2009	FULL YEAR 2009
Pension experience adjustments				5.5
Profit for the period		-3.9	-54.9	30.5
<b>Total comprehensive income for the period</b>		<b>-3.9</b>	<b>-54.9</b>	<b>35.9</b>

# Storebrand Bank ASA

## STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.03.2010	31.12.2009
Cash and deposits with central banks		46.2	368.4
Loans to and deposits with credit institutions		4 341.9	2 320.0
Financial assets designated at fair value through profit and loss:			
Equity instruments		1.7	1.0
Bonds and other fixed-income securities	10	11 965.8	11 402.8
Derivatives		455.2	390.2
Other assets		2 128.9	2 223.6
Gross lending		18 681.6	21 301.1
- Write-downs of individual loans	11	-231.0	-229.9
- Write-downs of groups of loans		-101.7	-106.1
Net lending to customers		18 348.9	20 965.1
Investments in associated companies		26.1	26.4
Tangible assets	12	14.9	15.7
Intangible assets	12	46.6	48.1
Deferred tax assets		177.2	175.7
<b>Total assets</b>		<b>37 553.4</b>	<b>37 937.0</b>
Liabilities to credit institutions	13	9 798.9	10 355.5
Deposits from and due to customers		19 097.7	18 344.7
Other financial liabilities:			
Derivatives		304.2	289.0
Commercial paper and bonds issued	14	4 411.6	4 853.5
Other liabilities		579.3	730.4
Provision for accrued expenses and liabilities		12.5	14.1
Pension liabilities		79.5	79.5
Subordinated loan capital	14	963.8	960.4
<b>Total liabilities</b>		<b>35 247.4</b>	<b>35 627.2</b>
Paid in capital		1 635.2	1 635.2
Retained earnings		670.8	674.6
<b>Total equity</b>		<b>2 306.0</b>	<b>2 309.8</b>
<b>Total equity and liabilities</b>		<b>37 553.4</b>	<b>37 937.0</b>

# Storebrand Bank Group

## RESULTATREGNSKAP

NOK MILLION	NOTE	2010	Q1 2009	FULL YEAR 2009
Interest income		369.6	639.4	1 817.7
Interest expense		-263.5	-518.3	-1 394.4
<b>Net interest income</b>	<b>5</b>	<b>106.1</b>	<b>121.1</b>	<b>423.3</b>
Fee and commission income from banking services		21.7	21.5	94.0
Fee and commission expenses for banking services		-3.8	-1.4	-17.9
<b>Net fee and commission income</b>		<b>17.9</b>	<b>20.1</b>	<b>76.1</b>
Net income and gains from associated companies		-0.3	-0.5	-1.2
Net gains on financial instruments at fair value	6	-3.0	-3.2	34.9
Other income		22.9	22.5	114.0
<b>Total other operating income</b>		<b>19.6</b>	<b>18.8</b>	<b>147.8</b>
Staff expenses		-52.6	-53.0	-220.9
General administration expenses		-25.7	-29.8	-110.2
Other operating costs		-41.4	-45.2	-201.0
Unrealised loss real estate at fair value, assets repossessed	12	-7.0		-34.9
<b>Total operating costs</b>		<b>-126.6</b>	<b>-128.0</b>	<b>-567.0</b>
<b>Operating profit before losses and other items</b>		<b>16.9</b>	<b>32.0</b>	<b>80.2</b>
Write-downs for the period	11	5.8	-28.7	-45.6
<b>Profit before tax</b>		<b>22.8</b>	<b>3.2</b>	<b>34.5</b>
Tax	7	-12.4	-0.7	-15.4
<b>Profit for the year</b>		<b>10.4</b>	<b>2.5</b>	<b>19.1</b>
Allocated to:				
Shareholders		11.0	2.9	20.4
Minority interests		-0.6	-0.4	-1.3

## STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	2010	Q1 2009	FULL YEAR 2009
Pension experience adjustments				5.5
Profit for the period		10.4	2.5	19.1
<b>Total comprehensive income for the period</b>		<b>10.4</b>	<b>2.5</b>	<b>24.6</b>
<b>Allocated to:</b>				
Shareholders		11.0	2.9	25.9
Minority interests		-0.6	-0.4	-1.3
<b>Total</b>		<b>10.4</b>	<b>2.5</b>	<b>24.6</b>

# Storebrand Bank Group

## STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.03.2010	31.12.2009
Cash and deposits with central banks		46.2	368.4
Loans to and deposits with credit institutions		357.5	424.3
Financial assets designated at fair value through profit and loss:			
Equity instruments	18	1.7	1.1
Bonds and other fixed-income securities	10, 18	4 715.1	4 484.7
Derivatives	18	936.6	807.4
Other assets		371.2	544.8
Gross lending	18	35 695.7	36 123.3
- Write-downs of individual loans	11	-176.1	-182.0
- Write-downs of groups of loans		-104.2	-107.2
Net lending to customers		35 415.3	35 834.2
Investments in associated companies		25.6	25.9
Tangible assets	12	18.4	19.4
Real estate at fair value	12	182.3	165.2
Intangible assets and goodwill	12	127.2	129.7
Deferred tax assets		177.2	180.6
<b>Total assets</b>		<b>42 374.3</b>	<b>42 985.6</b>
Liabilities to credit institutions	13, 18	9 344.4	10 211.8
Deposits from and due to customers	18	19 036.3	18 319.8
Other financial liabilities:			
Derivatives	18	394.9	379.7
Commercial paper and bonds issued	14, 18	9 775.4	10 151.4
Other liabilities		476.5	587.0
Provision for accrued expenses and liabilities		10.7	14.1
Pension liabilities		79.5	79.5
Subordinated loan capital	14	963.8	960.4
<b>Total liabilities</b>		<b>40 081.6</b>	<b>40 703.8</b>
Paid in capital		1 516.8	1 516.8
Retained earnings		773.1	761.6
Minority interests		2.8	3.4
<b>Total equity</b>		<b>2 292.7</b>	<b>2 281.9</b>
<b>Total equity and liabilities</b>		<b>42 374.3</b>	<b>42 985.6</b>

Lysaker, 4 May 2010

The Board of Directors of Storebrand Bank ASA

# Key figures

## STOREBRAND BANK ASA

NOK MILLION	2010	Q1 2009	FULL YEAR 2009
<b>Profit and Loss account: (as % of avg. total assets)</b>			
Net interest income <sup>3)</sup>	0.75 %	0.99 %	0.80 %
Other operating income <sup>4)</sup>	0.01 %	-0.46 %	0.55 %
<b>Main balance sheet figures:</b>			
Total assets	37 553.4	39 590.5	37 937.0
Average total assets <sup>1)</sup>	38 055.3	39 328.2	39 321.0
Total lending to customers	18 681.6	26 890.1	21 301.1
Deposits from and due to customers as % of gross lending	102.2 %	72.6 %	86.1 %
Equity	2 306.0	2 019.0	2 309.8
<b>Other key figures:</b>			
Total non-interest income as % of total income	1.95 %	-87.09 %	40.74 %
Loan losses and provisions as % of average total lending	-0.01 %	0.42 %	0.32 %
Individual impairment loss as % of gross defaulted loans <sup>5)</sup>	30.94 %	41.61 %	30.69 %
Non-performing and loss-exposed loans as% of total lending	5.43 %	2.72 %	4.72 %
Costs as % of operating income	107.98 %	191.94 %	77.08 %
Costs as % of avg. total assets	0.81 %	1.02 %	1.04 %
Return on equity after tax <sup>2)</sup>	-0.59 %	-10.75 %	1.94 %
Capital ratio	17.4 %	13.4 %	17.2 %

## STOREBRAND BANK GROUP

NOK MILLION	2010	Q1 2009	FULL YEAR 2009
<b>Profit and Loss account: (as % of avg. total assets)</b>			
Net interest income <sup>3) 4)</sup>	1.02 %	0.95 %	0.95 %
Other operating income <sup>5)</sup>	0.35 %	0.34 %	0.50 %
<b>Main balance sheet figures:</b>			
Total assets	42 374.3	44 641.6	42 985.6
Average total assets <sup>1)</sup>	43 033.0	45 454.1	44 688.8
Total lending to customers	35 695.7	38 350.6	36 123.3
Deposits from and due to customers as % of gross lending	53.3 %	50.8 %	50.7 %
Equity	2 292.7	2 063.8	2 281.9
<b>Other key figures:</b>			
Total non-interest income as % of total income	26.08 %	24.28 %	34.59 %
Loan losses and provisions as % of average total lending	-0.06 %	0.30 %	0.12 %
Individual impairment loss as % of gross defaulted loans <sup>6)</sup>	33.02 %	41.10 %	31.65 %
Non-performing and loss-exposed loans as% of total lending	2.25 %	1.92 %	2.45 %
Costs as % of operating income banking activities	72.96 %	73.04 %	70.53 %
Costs as % of avg. total assets	1.11 %	1.13 %	1.19 %
Return on equity after tax <sup>2)</sup>	2.10 %	-2.07 %	0.90 %
Capital ratio	13.4 %	11.7 %	13.5 %

### 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) Gross defaulted loans with identified loss of value.



# Reconciliation of changes in equity

## STOREBRAND BANK ASA

NOK MILLION	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	TOTAL EQUITY
<b>Equity at 31.12.2008</b>	<b>916.6</b>	<b>0.0</b>	<b>400.3</b>	<b>1 316.8</b>	<b>23.8</b>	<b>733.3</b>	<b>757.0</b>	<b>2 073.9</b>
Total comprehensive income for the period					5.5	30.5	35.9	35.9
<b>Equity transactions with owners:</b>								
Capital increase paid in	44.0	156.0	0.0	200.0				200.0
Group contribution received			118.4	118.4				118.4
Provisions for group contribution				0.0	0.0	-118.4	-118.4	-118.4
<b>Equity at 31.12.2009</b>	<b>960.6</b>	<b>156.0</b>	<b>518.7</b>	<b>1 635.2</b>	<b>29.3</b>	<b>645.3</b>	<b>674.6</b>	<b>2 309.8</b>
Total comprehensive income for the period						-3.9	-3.9	-3.9
<b>Equity at 31.03.2010</b>	<b>960.6</b>	<b>156.0</b>	<b>518.7</b>	<b>1 635.2</b>	<b>29.3</b>	<b>641.5</b>	<b>670.7</b>	<b>2 306.0</b>

The share capital is made up of 64,037.183 shares of nominal value NOK 15.

## STOREBRAND BANK GROUP

NOK MILLION	MAJORITY'S SHARE OF EQUITY				OTHER EQUITY				TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	MINORITY INTERESTS	
<b>Equity at 31.12.2008</b>	<b>916.6</b>	<b>0.0</b>	<b>400.3</b>	<b>1 316.8</b>	<b>25.7</b>	<b>711.9</b>	<b>737.6</b>	<b>6.1</b>	<b>2 060.5</b>
Total comprehensive income for the period					5.5	20.4	25.9	-1.3	24.6
<b>Equity transactions with owners:</b>									
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						-0.7	-0.7		-0.7
<b>Equity at 31.12.2009</b>	<b>960.6</b>	<b>156.0</b>	<b>400.3</b>	<b>1 516.8</b>	<b>31.2</b>	<b>730.5</b>	<b>761.7</b>	<b>3.4</b>	<b>2 281.9</b>
Total comprehensive income for the period						11.0	11.0	-0.6	10.4
<b>Equity transactions with owners:</b>									
Other changes						0.4	0.4	0.0	0.4
<b>Equity at 31.03.2010</b>	<b>960.6</b>	<b>156.0</b>	<b>400.3</b>	<b>1 516.8</b>	<b>31.2</b>	<b>741.9</b>	<b>773.1</b>	<b>2.8</b>	<b>2 292.7</b>

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.

# Storebrand Bank Group

## CASH FLOW STATEMENT

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2009	31.03.2010	NOK MILLION	31.03.2010	31.12.2009
		<b>Cash flow from operations</b>		
1 436.6	250.6	Receipts of interest, commissions and fees from customers	371.7	1 966.5
-592.5	-115.9	Payments of interest, commissions and fees to customers	-115.9	-592.5
6 182.1	2 619.5	Net disbursement/payments on customer loans	422.2	2 773.1
31.1	751.4	Net receipts/payments of deposits from banking customers	751.4	31.1
-4 468.3	-512.9	Net receipts/payments - securities at fair value	-191.0	-925.5
		Net receipts/payments - real estate at fair value	-38.6	-94.7
5.7		Payments - taxes		-5.9
-348.5	-71.1	Payments of operating costs	-104.6	-460.5
138.9	-27.2	Net receipts/payments on other operating activities	-1.6	192.6
<b>2 385.0</b>	<b>2 894.3</b>	<b>Net cash flow from operating activities</b>	<b>1 093.5</b>	<b>2 884.2</b>
		<b>Cash flow from investment activities</b>		
-823.1	-42.9	Net payments on purchase/capitalisation of subsidiaries		
-21.1	-3.3	Net payments on purchase/sale of fixed assets etc.	-3.2	-22.2
<b>-844.2</b>	<b>-46.2</b>	<b>Net cash flow from investment activities</b>	<b>-3.2</b>	<b>-22.2</b>
		<b>Cash flow from financing activities</b>		
-5 209.6	-483.8	Payments - repayments of loans and issuing of bond debt	-483.8	-6 607.1
954.0		Receipts - new loans and issuing of bond debt		269.5
-540.5	-103.9	Payments - interest on loans	-127.6	-694.3
-36.9	-7.9	Payments - interest on subordinated loan capital	-7.9	-36.9
3 789.7	-552.9	Net receipts/payments of liabilities to credit institutions	-860.0	3 789.7
200.0		Receipts - issuing of share capital and other equity		200.0
24.9		Receipts - group contribution		
-13.0		Payments - group contribution / dividends		
<b>-831.4</b>	<b>-1 148.5</b>	<b>Net cash flow from financing activities</b>	<b>-1 479.4</b>	<b>-3 079.1</b>
<b>709.4</b>	<b>1 699.6</b>	<b>Net cash flow in period</b>	<b>-389.1</b>	<b>-217.0</b>
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
<b>2 688.4</b>	<b>4 388.0</b>	<b>Cash and bank deposits at the end of the period</b>	<b>403.7</b>	<b>792.7</b>
368.4	46.2	Cash and deposits with central banks	46.2	368.4
2 320.0	4 341.9	Loans to and deposits with credit institutions	357.5	424.3
<b>2 688.4</b>	<b>4 388.0</b>	<b>Total cash and bank deposits in the balance sheet</b>	<b>403.7</b>	<b>792.7</b>

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 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 three 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](http://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 an 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, 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 May 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.

# Notes to the account

## NOTE 4 CHANGES IN THE COMPOSITION OF THE GROUP

A NOK 1 million issue has been conducted in Hadrian Utvikling AS in Q1 2010 and Storebrand Bank ASA has at the close of the first quarter an ownership stake of 87.14 per cent.

A NOK 41.9 million issue has also been conducted in Bjørndalen Panorama AS.

## NOTE 5 NET INTEREST INCOME

STOREBRAND BANK ASA			NOK MILLION	STOREBRAND BANK GROUP		
31.12.2009	31.03.2009	31.03.2010		31.03.2010	31.03.2009	31.12.2009
69.3	23.9	19.8	Interest and other income on loans to and deposits with credit institutions	3.2	24.6	28.3
1 167.2	390.3	205.2	Interest and other income on loans to and due from customers	338.2	566.7	1 662.1
281.2	92.4	70.4	Interest on commercial paper, bonds and other interest-bearing securities	25.3	40.0	115.6
11.7	7.8	2.3	Other interest income and related income	2.3	8.1	11.7
<b>1 529.4</b>	<b>514.4</b>	<b>297.7</b>	<b>Total interest income</b>	<b>369.0</b>	<b>639.4</b>	<b>1 817.7</b>
-274.1	-81.4	-67.6	Interest and other expenses on debt to credit institutions	-64.6	-110.4	-277.7
-607.2	-216.3	-112.1	Interest and other expenses on deposits from and due to customers	-112.1	-216.0	-606.5
-234.4	-83.8	-32.2	Interest and other expenses on securities issued	-70.2	-155.7	-410.4
-38.9	-13.2	-7.8	Interest and expenses on subordinated loan capital	-7.8	-13.2	-38.9
-60.8	-22.1	-8.4	Other interest expenses and related expenses	-8.2	-23.0	-60.8
<b>-1 215.4</b>	<b>-416.8</b>	<b>-228.0</b>	<b>Total interest expenses</b>	<b>-262.9</b>	<b>-518.3</b>	<b>-1 394.4</b>
<b>314.0</b>	<b>97.6</b>	<b>69.6</b>	<b>Net interest income</b>	<b>106.1</b>	<b>121.1</b>	<b>423.3</b>

# Notes to the account

## 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	31.03.2009	31.03.2010		31.03.2010	31.03.2009	31.12.2009
			<i>Equity instruments</i>			
			Dividends received from equity investments			
2,3	-0,1	-0,1	Net gains/losses on realisation of equity investments	-0,1	-0,1	2,3
-0,2	-0,2	0,2	Net change in fair value of equity investments	0,2	-0,2	-0,2
<b>2,1</b>	<b>-0,3</b>	<b>0,1</b>	<b>Total equity investments</b>	<b>0,1</b>	<b>-0,3</b>	<b>2,1</b>
			<i>Commercial paper and bonds</i>			
3,5	4,4	0,1	Realised gain/loss on commercial paper and bonds	-0,6	4,4	3,6
42,9	-76,8	-18,2	Unrealised gain/loss on commercial paper and bonds	-3,3	-8,9	18,9
<b>46,4</b>	<b>-72,5</b>	<b>-18,1</b>	<b>Total gain/loss on commercial paper and bonds</b>	<b>-3,9</b>	<b>-4,6</b>	<b>22,5</b>
			<i>Financial derivatives and foreign exchange</i>			
2,7	0,1	-2,1	Realised gain/loss on financial derivatives, held for trading	0,9	-5,0	3,8
5,2	4,5	-0,2	Unrealised gain/loss on financial derivatives, held for trading	-0,2	6,6	6,5
<b>7,9</b>	<b>4,6</b>	<b>-2,3</b>	<b>Total financial derivatives and foreign exchange</b>	<b>0,7</b>	<b>1,6</b>	<b>10,3</b>
<b>56,3</b>	<b>-68,1</b>	<b>-20,3</b>	<b>Net income and gains from financial assets and liabilities at fair value</b>	<b>-3,0</b>	<b>-3,2</b>	<b>34,9</b>

## 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.

# Notes to the account

## NOTE 8 CLOSE ASSOCIATES

### **Covered bonds issued by Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS**

Storebrand Bank ASA has invested a total of NOK 7.2 billion in covered bonds issued by Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS as of 31 March 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 ASA 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 bank has recognized NOK 2.0 million to profit in the accounts for Q1 2010 and the bank has a receivable due from the company of NOK 0.5 million as of 31.03.2010. 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 bank has recognized NOK 0.2 million to profit in the accounts for Q1 2010 and the bank has a receivable due from the company of NOK 0.3 million as of 31.03.2010. 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			MARKETS		
	2010	Q1 2009	FULL YEAR 2009	2010	Q1 2009	FULL YEAR 2009	2010	Q1 2009	FULL YEAR 2009
<b>Profit and loss items:</b>									
Net interest income	45.4	44.9	174.7	70.9	79.3	307.0	1.4	4.2	7.4
Net fee and commission income	2.8	2.9	12.1	8.4	9.1	34.5	5.8	7.4	29.4
Other income	4.6	3.3	13.8	0.6	2.8	4.6	6.4	11.5	31.1
Total operating costs	-21.5	-19.2	-63.9	-57.1	-62.7	-257.2	-15.6	-18.6	-68.7
Unrealised loss real estate at fair value, assets repossessed									
<b>Operating profit before loan losses</b>	<b>31.2</b>	<b>31.9</b>	<b>136.7</b>	<b>22.8</b>	<b>28.5</b>	<b>88.9</b>	<b>-2.1</b>	<b>4.5</b>	<b>-0.8</b>
Net write-back in loan losses	1.1	-22.1	-61.6	-2.3	-6.3	-18.9			
<b>Ordinary profit from continuing operations</b>	<b>32.3</b>	<b>9.8</b>	<b>75.1</b>	<b>20.6</b>	<b>22.2</b>	<b>70.0</b>	<b>-2.1</b>	<b>4.5</b>	<b>-0.8</b>
<b>Ordinary profit from businesses discounted</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Balance sheet items:</b>									
Gross lending to customers	11 642.0	11 839.0	11 249.0	24 228.0	26 658.0	25 009.0			
Deposits from and due to customers	7 450.0	6 957.0	6 565.0	11 498.0	11 798.0	11 628.0			
<b>Key figures:</b>									
Cost as of % of income	41 %	38 %	32 %	71 %	69 %	74 %	115 %	81 %	101 %
Deposits from and due to customers as % of gross lending	64 %	59 %	58 %	47 %	44 %	46 %			

NOK MILLION	REAL ESTATE BROKING			TREASURY / OTHERS			TOTAL		
	2010	Q1 2009	FULL YEAR 2009	2010	Q1 2009	FULL YEAR 2009	2010	Q1 2009	FULL YEAR 2009
<b>Profit and loss items:</b>									
Net interest income	0.4	-0.8	-3.8	-12.0	-6.5	-62.0	106.1	121.1	423.3
Net fee and commission income				0.9	0.7	0.1	17.9	20.1	76.1
Other income	20.1	19.4	85.2	-12.1	-18.2	13.1	19.6	18.8	147.8
Total operating costs	-23.1	-24.0	-118.9	-2.3	-3.5	-23.4	-119.6	-128.0	-532.1
Unrealised loss real estate at fair value, assets repossessed				-7.0			-7.0	0.0	-34.9
<b>Operating profit before loan losses</b>	<b>-2.6</b>	<b>-5.4</b>	<b>-37.5</b>	<b>-32.5</b>	<b>-27.6</b>	<b>-72.2</b>	<b>16.9</b>	<b>32.0</b>	<b>80.2</b>
Net write-back in loan losses				7.0	-0.3	34.9	5.8	-28.8	-45.6
<b>Ordinary profit from continuing operations</b>	<b>-2.6</b>	<b>-5.4</b>	<b>-37.5</b>	<b>-25.4</b>	<b>-27.9</b>	<b>-37.3</b>	<b>22.8</b>	<b>3.2</b>	<b>34.5</b>
<b>Ordinary profit from businesses discounted</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Balance sheet items:</b>									
Gross lending to customers				-174.3	-146.4	-134.7	35 695.7	38 350.6	36 123.3
Deposits from and due to customers				88.3	729.3	126.8	19 036.3	19 484.3	18 319.8
<b>Key figures:</b>									
Cost as of % of income	113 %	129 %	146 %				83 %	80 %	82 %
Deposits from and due to customers as % of gross lending							53 %	51 %	51 %

continued next page

# Notes to the account

## NOTE 9 SEGMENT INFORMATION (continued)

### 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 Q1 is minus NOK 0.3 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 Q1 is NOK 0,4 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 87.14% ownership interest at the close of first quarter 2010. Net profit for Hadrian Eiendom AS and Hadrian Utvikling AS are respectively minus NOK 0.3 million and minus NOK 0.6 million in Q1.

**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 quarter 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.

## NOTE 10 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2009	31.03.2010	NOK MILLION	31.03.2010	31.12.2009
247.7	250.2	Guarantees	250.2	247.7
8 826.1	8 179.8	Undrawn credit limits	2 755.9	3 096.3
<b>9 073.8</b>	<b>8 430.0</b>	<b>Total contingent liabilities</b>	<b>3 006.1</b>	<b>3 344.0</b>
3 195.6	3 534.2	Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank	3 482.2	3 143.5
6 841.4	6 806.6	Booked value of securities pledged as collateral for the government securities for covered bonds swap scheme	6 806.6	6 841.4
<b>10 037.0</b>	<b>10 340.8</b>	<b>Total book value of off balance sheet liabilities</b>	<b>10 288.8</b>	<b>9 984.9</b>

Undrawn credit limits reported in Storebrand Bank ASA as of 31.03.10 includes NOK 5.4 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. The city court has in the judgement by default based its finding on the plaintiff's presentation of the case. The judgement has been appealed. The bank believes it is overwhelmingly likely that the claim for compensation will not succeed and has therefore not set aside provisions in the interim financial statements as per 31 March 2010.



# 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	31.03.2010	NOK MILLION	31.03.2010	31.12.2009
		<b>Non-performing and loss-exposed loans</b>		
255.7	268.0	Non-performing loans without evidence of impairment	268.0	309.1
749.0	746.7	Non-performing and loss-exposed loans with evidence of impairment	533.4	574.8
<b>1 004.7</b>	<b>1 014.7</b>	<b>Gross defaulted and loss-exposed loans</b>	<b>801.4</b>	<b>883.9</b>
-229.8	-231.0	Provisions for individual impairment losses	-176.1	-181.9
<b>774.8</b>	<b>783.6</b>	<b>Net defaulted and loss-exposed loans</b>	<b>625.3</b>	<b>702.0</b>

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

31 %	31 %	Level of provisioning individual write-downs	33 %	32 %
-106.1	-101.7	Write-downs of groups of loans	-104.2	-107.2
-335.9	-332.7	Total write-downs	-280.3	-289.1
33 %	33 %	Total level of provisioning	35 %	33 %

STOREBRAND BANK ASA			STOREBRAND BANK GROUP			
31.12.2009	31.03.2009	31.03.2010	NOK MILLION	31.03.2010	31.03.2009	31.12.2009
			<b>Losses on loans and guarantees etc. during period</b>			
32.5	-12.6	-1.2	Change in individual impairment loss provisions	5.8	-12.6	67.4
-18.4	-10.5	4.4	Change in grouped impairment loss provisions	3.0	-10.8	-18.8
-9.9	-3.6	-3.1	Other write-down effects	-3.1	-3.6	-9.9
-92.1	-1.7		Realised losses specifically provided for previously		-1.7	-92.1
-0.3	-0.3	-0.1	Realised losses not specifically provided for previously	-0.1	-0.3	-0.3
8.0	0.3	0.2	Recoveries on previous realised losses	0.2	0.3	8.0
<b>-80.1</b>	<b>-28.4</b>	<b>0.3</b>	<b>Write-downs for the period</b>	<b>5.8</b>	<b>-28.7</b>	<b>-45.6</b>

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 31 March by an amount equal to the individual write-downs associated with the pertinent lending commitment in the parent bank of NOK 41.9 million.

# Notes to the account

## NOTE 12 INTANGIBLE ASSETS AND FIXED ASSETS

Costs of NOK 9.8 million were capitalised in Q1 2010 as intangible assets and fixed assets in Storebrand Bank ASA and Storebrand Bank Group.

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 7 million in Q1. This is presented on a separate line in the profit and loss account.

## NOTE 13 LIABILITES TO CREDIT INSTITUTIONS

NOK MILLION	31.03.2010	31.12.2009
<b>Total liabilities to credit institutions without fixed maturity at amortised cost</b>	<b>4.0</b>	<b>22.8</b>
<b>F-loan:</b>		
Maturity 2010	532.3	527.3
Maturity 2012	1 003.4	1 009.0
<b>Loan with floating interest rate:</b>		
Maturity 2010	288.4	1 128.1
Maturity 2011	80.3	83.2
Maturity 2012	350.0	350.0
Maturity 2013	250.0	250.0
<b>Total liabilities to credit institutions with fixed maturity at amortised cost</b>	<b>2 504.5</b>	<b>3 347.6</b>
<b>Borrowings under the Norwegian Government's Swap arrangement:</b>		
Maturity 2010	988.4	992.1
Maturity 2011	2 373.9	2 359.8
Maturity 2013	2 491.8	2 500.9
Maturity 2014	981.9	988.6
<b>Total liabilities to credit institutions with fixed maturity at fair value (FVO)</b>	<b>6 835.9</b>	<b>6 841.4</b>
<b>Total liabilities to credit institutions</b>	<b>9 344.4</b>	<b>10 211.8</b>

Undrawn credit facilities totalled EUR 220 million at 31.03.2010.

# Notes to the account

## NOTE 14 SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL

NOK MILLION	STOREBRAND BANK GROUP	
	31.03.2010	31.12.2009
Commercial paper		
Bond loans	9 505.6	9 800.8
Structured bond loans	269.8	350.6
Subordinated loan capital	963.8	960.4
<b>Total securities issued and subordinated loan capital</b>	<b>10 739.2</b>	<b>11 111.8</b>

### Specification of bonds issued and subordinated loan capital as of 31 March 2010 - Storebrand Bank Group

ISIN CODE	ISSUER	NET NOMINAL VALUE	CURRENCY	INTEREST	MATURITY	BOOK VALUE
						31.03.2010
<b>Bond loans</b>						
NO001029117	Storebrand Bank ASA	624.5	NOK	Fixed	22.11.2010	629.9
NO001035009	Storebrand Bank ASA	198.0	NOK	Fixed	16.06.2010	199.1
NO001043982	Storebrand Bank ASA	310.0	NOK	Fixed	04.06.2015	322.1
NO001045553	Storebrand Bank ASA	327.0	NOK	Fixed	03.09.2012	334.5
NO001051323	Storebrand Bank ASA	300.0	NOK	Fixed	25.05.2016	299.4
NO001047340	Storebrand Bank ASA	408.0	NOK	Floating	21.11.2013	416.1
NO001049263	Storebrand Bank ASA	900.0	NOK	Floating	20.02.2012	900.4
NO001050777	Storebrand Bank ASA	548.0	NOK	Floating	30.04.2014	552.5
NO001054848	Storebrand Bank ASA	500.0	SEK	Floating	26.01.2012	412.4
Accrued interest expenses						75.4
<b>Total bond loans</b>						<b>4 141.8</b>
<b>Covered bonds</b>						
XS0366475662	Storebrand Boligkreditt AS	141.2	EUR	Fixed	28.05.2010	1 140.7
NO0010428584	Storebrand Boligkreditt AS	1 000.0	NOK	Fixed	06.05.2015	1 064.7
NO0010428592	Storebrand Boligkreditt AS	640.0	NOK	Floating	02.05.2011	639.5
NO0010466071	Storebrand Boligkreditt AS	1 250.0	NOK	Fixed	24.04.2014	1 311.9
NO0010548373	Storebrand Boligkreditt AS	1 000.0	NOK	Fixed	28.10.2019	1 014.3
Accrued interest expenses						192.7
<b>Total covered bonds</b>						<b>5 363.8</b>

Continued next page

# Notes to the account

## NOTE 14 SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL (continued)

NOK MILLION						BOOK VALUE
ISIN CODE	ISSUER	NET NOMINAL VALUE	CURRENCY	INTEREST	MATURITY	31.03.2010
<b>Structured bond loans</b>						
NO001030481	Storebrand Bank ASA	31.1	NOK	Zero coupon	26.11.2010	30.5
NO001032252	Storebrand Bank ASA	20.0	NOK	Zero coupon	06.09.2010	19.7
NO001032930	Storebrand Bank ASA	73.7	NOK	Zero coupon	27.10.2010	72.0
NO001034110	Storebrand Bank ASA	60.0	NOK	Zero coupon	16.12.2010	58.5
NO001034675	Storebrand Bank ASA	75.0	NOK	Zero coupon	22.12.2010	73.0
NO001035920	Storebrand Bank ASA	17.0	NOK		23.05.2011	16.1
<b>Total structured bond loans</b>						<b>269.8</b>
<b>Dated subordinated loan capital</b>						
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
<b>Other subordinated loan capital</b>						
NO001771168	Storebrand Bank ASA	9.3	NOK	Fixed		9.3
<b>Tier 1 hybrid capital</b>						
NO001024206	Storebrand Bank ASA	107.0	NOK	Fixed	29.10.2014	108.8
NO001024207	Storebrand Bank ASA	168.0	NOK	Floating	29.10.2014	167.2
Accrued interest expenses						3.7
<b>Total subordinated loan capital incl. Tier 1 hybrid capital</b>						<b>963.8</b>
<b>Total securities issued and subordinated loan capital</b>						<b>10 739.2</b>

# 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 31.03.2010.

## 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 31 March 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	31.03.2010		31.03.2010	31.12.2009
960.6	960.6	Share capital	960.6	960.6
1 349.2	1 345.4	Other equity	1 332.1	1 321.3
<b>2 309.8</b>	<b>2 306.0</b>	<b>Total equity</b>	<b>2 292.7</b>	<b>2 281.9</b>
		Deductions:		
		Profit not included in the calculation of net primary capital	-10.4	
		Minority's share of equity	-2.8	
-48.1	-46.6	Intangible assets	-127.2	-129.7
-175.7	-177.2	Deferred tax asset	-177.2	-180.6
		Addition:		
276.4	279.7	Perpetual subordinated bonds	279.7	276.4
<b>2 362.4</b>	<b>2 361.9</b>	<b>Core capital</b>	<b>2 254.9</b>	<b>2 248.0</b>
684.0	684.0	Supplementary capital	684.0	684.0
		Deductions		
<b>3 046.4</b>	<b>3 045.9</b>	<b>Net primary capital</b>	<b>2 938.9</b>	<b>2 932.0</b>

Continued next page

# Notes to the account

## NOTE 16 CAPITAL ADEQUACY (continued)

### Minimum capital requirement

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2009	31.03.2010	NOK MILLION	31.03.2010	31.12.2009
1 357.9	1 335.8	Credit risk	1 668.5	1 653.1
		Of which:		
1.6	3.5	Local and regional authorities	3.5	1.6
	1.6	Public sector owned corporates	1.6	
235.2	249.8	Institutions	50.9	56.1
389.5	417.9	Corporates	572.4	545.6
469.0	405.0	Loans secured on real estate	845.9	846.4
77.5	66.1	Retail market	66.1	77.5
75.0	71.5	Loans past-due	73.8	77.7
62.1	63.6	Covered bonds	5.6	4.0
48.0	56.8	Other	48.6	44.3
<b>1 357.9</b>	<b>1 335.8</b>	<b>Total minimum requirement for credit risk</b>	<b>1 668.5</b>	<b>1 653.1</b>
	2.9	Settlement risk	2.9	
<b>0.0</b>	<b>2.9</b>	<b>Total minimum requirement for market risk</b>	<b>2.9</b>	<b>0.0</b>
70.0	70.0	Operational risk <sup>1)</sup>	91.9	91.9
		Deductions		
-8.5	-8.1	Write-downs of groups of loans	-8.3	-8.6
<b>1 419.4</b>	<b>1 400.6</b>	<b>Minimum requirement for capital base</b>	<b>1 754.9</b>	<b>1 736.4</b>

### Capital adequacy

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2009	31.03.2010		31.03.2010	31.12.2009
17.2 %	17.4 %	Capital ratio	13.4 %	13.5 %
13.1 %	13.5 %	Core capital ratio	10.3 %	10.4 %

<sup>1)</sup> The figures for 2009 and Q1 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	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Interest income	297.7	299.4	326.9	388.8	514.4	677.0	654.4	647.4
Interest expense	-228.0	-226.7	-240.1	-331.9	-416.8	-575.1	-515.9	-519.9
<b>Net interest income</b>	<b>69.6</b>	<b>72.7</b>	<b>86.8</b>	<b>56.9</b>	<b>97.6</b>	<b>101.9</b>	<b>138.4</b>	<b>127.4</b>
Fee and commission income from banking services	25.6	30.9	25.4	24.2	23.8	26.8	25.1	27.7
Fee and commission expenses for banking services	-3.8	-7.6	-3.9	-4.9	-1.4	-12.9	-8.7	-8.8
<b>Net fee and commission income</b>	<b>21.7</b>	<b>23.3</b>	<b>21.5</b>	<b>19.3</b>	<b>22.4</b>	<b>13.9</b>	<b>16.4</b>	<b>18.9</b>
Net income and gains from associated companies	-0.3	0.3	-0.5	-0.5	-0.5	-1.6	0.0	0.0
Net gains on financial instruments at fair value	-20.3	23.5	51.1	49.8	-68.1	43.6	-16.4	0.0
Other income	0.2	73.0	0.2	0.3	0.8	0.8	0.2	2.2
<b>Total other operating income</b>	<b>-20.3</b>	<b>96.8</b>	<b>50.8</b>	<b>49.6</b>	<b>-67.8</b>	<b>42.7</b>	<b>-16.2</b>	<b>2.2</b>
Staff expenses	-36.8	-33.7	-48.0	-33.6	-36.8	-34.7	-34.9	-32.9
General administration expenses	-22.3	-22.9	-22.8	-24.5	-26.6	-32.7	-23.1	-18.8
Other operating cost	-17.5	-32.6	-59.5	-30.8	-36.7	-37.3	-33.4	-34.0
<b>Total operating costs</b>	<b>-76.7</b>	<b>-89.1</b>	<b>-130.3</b>	<b>-88.8</b>	<b>-100.1</b>	<b>-104.8</b>	<b>-91.4</b>	<b>-85.7</b>
<b>Operating profit before losses and other itmes</b>	<b>-5.7</b>	<b>103.7</b>	<b>28.7</b>	<b>37.0</b>	<b>-48.0</b>	<b>53.7</b>	<b>47.3</b>	<b>62.8</b>
Write-downs for the period/ net write-back in loan losses	0.3	-22.8	-10.4	-18.5	-28.4	-85.3	-26.4	-10.9
<b>Profit before tax</b>	<b>-5.4</b>	<b>80.8</b>	<b>18.4</b>	<b>18.5</b>	<b>-76.3</b>	<b>-31.6</b>	<b>20.8</b>	<b>51.9</b>
Tax	1.5	-22.0	-5.1	-5.2	21.4	7.1	-5.9	-14.4
<b>Profit for the year</b>	<b>-3.9</b>	<b>58.9</b>	<b>13.2</b>	<b>13.3</b>	<b>-54.9</b>	<b>-24.5</b>	<b>14.9</b>	<b>37.5</b>

Continued next page

# Notes to the account

## NOTE 17 QUARTERLY PROFIT AND LOSS (continued)

### Storebrand Bank group

NOK MILLION	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Interest income	369.6	366.6	378.6	433.1	639.4	815.3	765.3	700.8
Interest expense	-263.5	-262.5	-273.1	-340.5	-518.3	-705.3	-615.9	-573.4
<b>Net interest income</b>	<b>106.1</b>	<b>104.2</b>	<b>105.4</b>	<b>92.6</b>	<b>121.1</b>	<b>109.9</b>	<b>149.4</b>	<b>127.4</b>
Fee and commission income from banking services	21.7	27.6	23.1	21.9	21.5	25.0	23.7	26.0
Fee and commission expenses for banking services	-3.8	-7.6	-3.9	-4.9	-1.4	-12.9	-8.7	-8.8
<b>Net fee and commission income</b>	<b>17.9</b>	<b>19.9</b>	<b>19.1</b>	<b>17.0</b>	<b>20.1</b>	<b>12.1</b>	<b>15.0</b>	<b>17.3</b>
Net income and gains from associated companies	-0.3	0.3	-0.5	-0.5	-0.5	-1.6	0.0	0.0
Net gains on financial instruments at fair value	-3.0	16.2	13.5	8.4	-3.2	23.9	-16.6	-1.1
Other income	22.9	40.6	26.5	24.4	22.5	19.3	20.5	27.5
<b>Total other operating income</b>	<b>19.6</b>	<b>57.2</b>	<b>39.5</b>	<b>32.4</b>	<b>18.8</b>	<b>41.6</b>	<b>3.9</b>	<b>26.4</b>
Staff expenses	-52.6	-57.2	-64.0	-51.3	-53.0	-53.0	-50.3	-49.7
General administration expenses	-25.7	-26.8	-25.9	-27.5	-29.8	-37.0	-26.7	-23.7
Other operating cost	-41.4	-62.1	-46.0	-43.2	-45.2	-54.9	-45.4	-49.5
Unrealised loss real estate at fair value. assets repossessed	-7.0	-10.0	-6.3	-18.6	0.0	0.0	0.0	0.0
<b>Total operating costs</b>	<b>-126.6</b>	<b>-156.1</b>	<b>-142.3</b>	<b>-140.6</b>	<b>-128.0</b>	<b>-144.9</b>	<b>-122.4</b>	<b>-122.9</b>
<b>Operating profit before losses and other itmes</b>	<b>16.9</b>	<b>25.1</b>	<b>21.8</b>	<b>1.4</b>	<b>32.0</b>	<b>18.7</b>	<b>45.9</b>	<b>48.1</b>
Write-downs for the period/ net write-back in loan losses	5.8	-12.5	-3.9	-0.4	-28.7	-85.4	-26.8	-11.1
<b>Profit before tax</b>	<b>22.8</b>	<b>12.5</b>	<b>17.8</b>	<b>0.9</b>	<b>3.2</b>	<b>-66.7</b>	<b>19.2</b>	<b>37.0</b>
Tax	-12.4	-7.4	-5.4	-1.9	-0.7	13.8	-5.2	-10.7
<b>Profit for the year</b>	<b>10.4</b>	<b>5.2</b>	<b>12.4</b>	<b>-0.9</b>	<b>2.5</b>	<b>-52.9</b>	<b>13.9</b>	<b>26.2</b>



# Notes to the account

## NOTE 18 VALUATION

### Specification of financial assets to fair value - Storebrand Bank Group

#### Shares

NOK MILLION	QUOTED PRICES	OBSERVABLE PRE-CONDITIONS	NON-OBSERVABLE PRE-CONDITIONS	BOOK VALUE 31.03.2010	BOOK VALUE 31.12.2009
Shares		1.7		1.7	1.1
<b>Total</b>	<b>0.0</b>	<b>1.7</b>	<b>0.0</b>	<b>1.7</b>	<b>1.1</b>

#### Lending to customers

NOK MILLION	QUOTED PRICES	OBSERVABLE PRE-CONDITIONS	NON-OBSERVABLE PRE-CONDITIONS	BOOK VALUE 31.03.2010	BOOK VALUE 31.12.2009
Lending to customers		751.9		751.9	758.3
<b>Total</b>	<b>0.0</b>	<b>751.9</b>	<b>0.0</b>	<b>751.9</b>	<b>758.3</b>

#### Bonds and other fixed-income securities

NOK MILLION	QUOTED PRICES	OBSERVABLE PRE-CONDITIONS	NON-OBSERVABLE PRE-CONDITIONS	BOOK VALUE 31.03.2010	BOOK VALUE 31.12.2009
Asset backed securities		701.9		701.9	100.5
Finance, Banking and Insurance		1 447.2		1 447.2	2 222.8
Sovereign and Government Guaranteed		1 955.1		1 955.1	1 810.7
Local authorities		611.0		611.0	350.8
<b>Total</b>	<b>0.0</b>	<b>4 715.1</b>	<b>0.0</b>	<b>4 715.1</b>	<b>4 484.7</b>

#### Derivatives

NOK MILLION	QUOTED PRICES	OBSERVABLE PRE-CONDITIONS	NON-OBSERVABLE PRE-CONDITIONS	BOOK VALUE 31.03.2010	BOOK VALUE 31.12.2009
Equity options	0.2			0.2	0.2
Forward foreign exchange contracts		-1.6		-1.6	-16.4
Basis swaps		69.0		69.0	105.4
Interest rate swaps		474.1		474.1	338.5
<b>Total derivatives</b>	<b>0.2</b>	<b>541.6</b>	<b>0.0</b>	<b>541.7</b>	<b>427.7</b>
Derivatives with a positive fair value	3.9	932.7		936.7	807.4
Derivatives with a negative fair value	-3.8	-391.1		-394.9	-379.7
<b>Total</b>	<b>0.2</b>	<b>541.6</b>	<b>0.0</b>	<b>541.8</b>	<b>427.7</b>

Continued next page

# Notes to the account

## NOTE 18 VALUATION (continued)

### Specification of financial liabilities to fair value - Storebrand Bank Group

NOK MILLION	QUOTED PRICES	OBSERVABLE PRE-CONDITIONS	NON-OBSERVABLE PRE-CONDITIONS	BOOK VALUE 31.03.2010	BOOK VALUE 31.12.2009
Liabilities to credit institutions		6 806.6		6 806.6	6 841.4
Deposits from and due to customers		178.4		178.4	173.0
<b>Total</b>	<b>0.0</b>	<b>6 985.0</b>	<b>0.0</b>	<b>6 985.0</b>	<b>7 014.4</b>

### Changes between quoted prices and observable pre-conditions

NOK MILLION	AMOUNT
From quoted prices to observable pre-conditions	0.0
From observable pre-conditions to quoted prices	0.0

Below follows a description of the financial instruments booked in the balance sheet as per 31 March 2010 and the basis for measuring their fair value.

#### Equities

Unlisted equities and units are measured at fair value based on valuation techniques.

#### Lending to customers classified at FVO

Lending to customers is measured at fair value based on valuation techniques. The valuation techniques use interest rate curves from Reuters and credit spreads for equivalent new loans as per the end of December.

#### Bonds and other fixed-income securities

Norwegian bonds and other fixed-income securities are measured at fair value based on valuation techniques. The valuation techniques use interest rate curves and credit spreads from external providers and are quality assured using price checks at year-end, primarily through comparing prices against other price providers.

#### Derivatives

Equity-linked bonds are priced on the basis of received, tradeable market prices from our counterparties as per 31 March 2010. Foreign exchange contracts are translated to NOK based on Norges Bank's exchange rates as per 31 March 2010. Interest rate swaps and base rate swaps are measured at fair value based on valuation techniques. Interest rate curves from external providers are used in the valuation techniques.

#### Financial liabilities

Financial liabilities are measured at fair value based on valuation techniques. The valuation techniques use interest rate curves and credit spreads from external providers.

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 as of March 31, 2010, showing a profit for the period of MNOK 10,4. The condensed consolidated financial Statement comprises the statement of financial position, the statements of income, cash flow, the consolidated statement of comprehensive income, the statement of changes in equity and selected explanatory notes by March 31, 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 entity as at March 31, 2010, and of its financial performance and its cash flows for the three-month period then ended in accordance with International Accounting Standard no 34 as adopted by EU.

Oslo, May 4, 2010  
Deloitte AS

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

# 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](http://www.storebrand.no)  
E-mail address: [bank@storebrand.no](mailto:bank@storebrand.no)

Company registration number: 953 299 216

## Senior Management:

Klaus-Anders Nysteen	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
Odd Arild Grefstad	Board Member
Heidi Storruste	Board Member

## Contact persons:

Klaus-Anders Nysteen. Managing Director. Tel.:+ 47 - 992 65 691.  
Lars Syse Christiansen. Finance Director. Tel:+ 47 - 994 13 172.

## Other sources of information:

Annual Reports and interim reports of Storebrand Bank ASA are published on [www.storebrand.no](http://www.storebrand.no).

