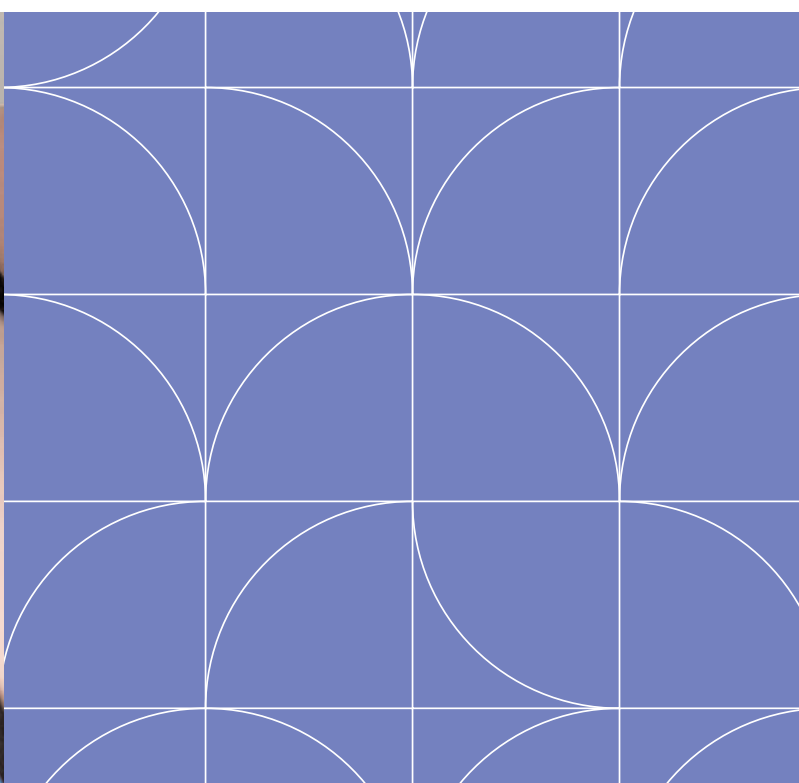


# Storebrand Bank Group

1st Quarter 2011



# Storebrand Bank Group

## - Interim report for 1Q 2011

(Figures for the corresponding period in 2010 shown in brackets)

- Increased net interest income and other income
- Good cost control
- Low loan losses

### Result

The bank group's operating result before loan losses was NOK 42 million (NOK 17 million) for 1Q. The result before tax improved by NOK 22 million in 1Q compared with the same period in 2010. This was primarily due to the continued improvement of net interest income, higher other income and low loan losses.

Net interest income amounted to NOK 115 million (NOK 106 million) for 1Q. The bank group's performance was characterised by improved deposit margins and reduced borrowing costs compared with the same period last year. Net interest income as a percentage of average total assets amounted to 1.21 percent (1.02 percent) for 1Q.

Net fee and commission income was on a par with the same period in 2010 and amounted to NOK 20 million (NOK 18 million) for 1Q.

Other income amounted to NOK 35 million (NOK 20 million) for 1Q. The bank sold a block of shares in a property development company, making an accounting gain of almost NOK 8 million. The value of the liquidity portfolio increased by NOK 2 million (minus NOK 4 million) in 1Q.

Ring Eiendomsmegling's earnings were stable and amounted to NOK 20 million (NOK 20 million) for 1Q. Its financial performance was stable compared with the same period in 2010, and amounted to minus NOK 2 million (minus NOK 3 million).

The banking operation's operating costs<sup>1)</sup> amounted to NOK 95 million (NOK 85 million) in 1Q, primarily due to an increase in marketing. The banking operation's cost ratio is falling and amounted to 64 percent (73 percent) for 1Q.

There is a positive net loan loss of NOK 3 million (NOK 6 million) in the quarter. Write-downs in investment properties (presented on a separate line under operating costs) in the quarter amounted to NOK 7 million, the same level as in 1Q 2010.

### Portfolio performance and credit risk

Gross lending to customers amounted to NOK 34 billion at the end of 1Q. This represents almost no change since year-end 2010. The retail portfolio shrank by NOK 0.6 billion to NOK 22 billion, while the corporate portfolio grew by NOK 0.3 billion. The decrease in the retail portfolio stagnated to some extent in the quarter compared with the full-year 2010 in which it shrank by a total of NOK 2.5 billion. The shift towards the corporate market is providing slightly higher margins. Storebrand Boligkreditt's gross lending amounts to NOK 15 billion.

The bank's retail portfolio represents 64 percent of the bank's total lending, and primarily comprises low risk mortgages. The average weighted loan-to-value ratio is around 53 percent for mortgages, almost unchanged compared with year-end 2010. Corporate lending is 36 percent of the portfolio. The quality of the corporate portfolio improved in 1Q. The ratio between lending to income producing commercial real estate and lending to building projects has remained almost unchanged since the start of the year at 80/20. Few customers' commitments are non-performing or loss-exposed, and the level of loan losses in the portfolio is low.

The volume of non-performing and loss-exposed commitments in the bank group amounted to NOK 423 million at the end of 1Q. This is equivalent to 1.2 percent of gross lending, compared to 2.0 percent at year-end 2010. The decrease in 1Q was primarily due to closing of a commitment linked to a bankruptcy in January 2011, and a review and write-off of commitments subject to long-term monitoring.

Loan losses developed positively compared with the same period in 2010. Total loan losses amounting to 0.04 percent (0.01 percent) of total assets including write-downs in investment properties and gains from the sale of shares in a former loss-exposed commitment.

<sup>1)</sup> The Banking operation consist of Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS.

### *Liquidity risk and funding*

The volume of deposits amounted to NOK 19 billion at the end of the quarter. The deposit-to-loan ratio was 54 percent. This is almost unchanged compared with year-end 2010.

The bank has a robust funding profile and good access to funding.

### *Capital adequacy*

The bank group's capital ratio was 12.5 percent at the end of the quarter. Its tier 1 capital ratio was 10.3 percent. Interim results are not included when calculating primary capital.

### **Market**

The competition for well-secured mortgages remained tough throughout the quarter. The bank's lending rates and deposit rates have largely remained unchanged. This is also reflected by the stable money market rates during the quarter.

House prices rose by 7.8 percent in 1Q. Seasonally adjusted prices rose by 2.6 percent. The number of houses for sale on the market during the quarter was the lowest since 2006. Ring Eiendomsmegling sold marginally fewer houses than in the same period in 2010.

The market for commercial properties is considered good. The number of vacancies is modest and rent levels are rising. Housing projects have experienced good pre-sales.

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

Storebrand Bank ASA's net interest income amounted to NOK 89 million (NOK 70 million) for 1Q. The reduction in the quarter was primarily due to increased lending volume in the corporate market linked to the acquisition of Storebrand Eiendomskreditt AS's lending portfolio. The development of other income was largely affected by the bank's own holdings of covered bonds issued by Storebrand Boligkreditt AS and used in the swap scheme. The result effects of the bank's holding of bonds issued by its subsidiary are primarily eliminated in the consolidated financial statements. The parent bank's other income was positive in the quarter and amounted to NOK 15 million (minus NOK 20 million).

1Q saw lending write-downs of NOK 4 million (NOK 0 million). At the end of the quarter, non-performing and loss-exposed loans without impairment amounted to NOK 196 million and non-performing and loss-exposed loans with impairment amounted to NOK 233 million. Therefore, the total volume of non-performing and loss-exposed loans amounted to NOK 429 million.

The deposit-to-loan ratio in the parent bank was 98 percent at the end of the quarter, compared to 102 percent at year-end 2010. The development of the deposit-to-loan ratio in the parent company was affected by both a reduction in the volume of deposits and an increase in the volume of lending, especially in connection the acquisition of Storebrand Eiendomskreditt AS's entire lending portfolio.

Borgarting Court of Appeals rejected in April 2011 an appeal where two customers in 2006 had invested in one of the bank's products. The customers' claims for compensation were rejected, while the bank's claim against the customers for payment of the outstanding loan succeeded.

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. On 29 September 2010, the Norwegian Supreme Court rejected an appeal against the appeal court's ruling which quashed this judgement by default. The case was subsequently sent to be heard on its merits in the district court. On 29 April 2011, the district court handed down its judgement in which it found for the bank and awarded it costs. The deadline for an appeal has not passed.

### **General**

The bank will prioritise its positioning in the retail market to attract more customers. The online bank's new service ('My Spending') will be developed further, and the bank's online solutions will be more closely integrated with those of the group. Developments in the capital market, interest rate levels, unemployment and the property market, together with changes to the regulatory conditions, are considered the most significant risk factors that could affect the bank group's accounting figures over the next six months.

In January 2011, it was decided to wind-up Storebrand Eiendomskreditt AS because Norges Bank's swap scheme was ending. Storebrand Bank ASA acquired the subsidiary's lending portfolio as part of this process. The transaction has had no result effects in the consolidated financial statements. On 12 April 2011, Storebrand Eiendomskreditt AS received approval from Finanstilsynet to wind-up its activities as a mortgage company and return its licence.

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

# Storebrand Bank ASA

## PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	2011	Q1 2010	FULL YEAR 2010
Interest income		317.3	297.7	1,249.0
Interest expense		-228.8	-228.0	-946.2
<b>Net interest income</b>	<b>5</b>	<b>88.5</b>	<b>69.6</b>	<b>302.8</b>
Fee and commission income from banking services		26.1	25.6	104.5
Fee and commission expenses for banking services		-2.8	-3.8	-17.8
<b>Net fee and commission income</b>		<b>23.3</b>	<b>21.7</b>	<b>86.7</b>
Net income and gains from associated companies			-0.3	-1.3
Net gains on financial instruments at fair value	6	8.0	-20.3	-18.8
Other income		7.2	0.2	78.8
<b>Total other operating income</b>		<b>15.2</b>	<b>-20.3</b>	<b>58.8</b>
Staff expenses		-33.7	-36.8	-141.4
General administration expenses		-22.6	-22.3	-86.7
Other operating costs		-37.2	-17.5	-104.9
<b>Total operating costs</b>		<b>-93.5</b>	<b>-76.7</b>	<b>-332.9</b>
<b>Operating profit before loan losses</b>		<b>33.5</b>	<b>-5.7</b>	<b>115.4</b>
Loan losses for the period	11	-4.1	0.3	-35.3
<b>Profit before tax</b>		<b>29.4</b>	<b>-5.4</b>	<b>80.0</b>
<b>Tax</b>	<b>7</b>	<b>-8.2</b>	<b>1.5</b>	<b>-45.7</b>
<b>Profit for the year</b>		<b>21.2</b>	<b>-3.9</b>	<b>34.3</b>

## STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	2011	Q1 2010	FULL YEAR 2010
Pension experience adjustments				-13.6
Profit for the period		21.2	-3.9	34.3
<b>Total comprehensive income for the period</b>		<b>21.2</b>	<b>-3.9</b>	<b>20.7</b>

# Storebrand Bank ASA

## STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.03.2011	31.12.2010
Cash and deposits with central banks		1.0	164.7
Loans to and deposits with credit institutions		3 516.7	3 842.0
Financial assets designated at fair value through profit and loss:			
Equity instruments		1.7	1.6
Bonds and other fixed-income securities	10	10 474.0	10 260.6
Derivatives		345.8	470.0
Other assets		1 889.9	1 922.9
Gross lending		19 044.5	18 482.3
- Write-downs on individual loans	11	-138.0	-187.6
- Write-downs on groups of loans		-62.2	-82.0
Net lending to customers		18 844.2	18 212.6
Investments in associated companies		0.5	25.1
Tangible assets	12	13.4	15.5
Intangible assets	12	46.8	42.2
Deferred tax assets		75.4	83.6
<b>Total assets</b>		<b>35 209.4</b>	<b>35 040.9</b>
Liabilities to credit institutions	13	8 657.5	8 320.2
Deposits from and due to customers		18 637.2	18 817.5
Other financial liabilities:			
Derivatives		227.0	371.5
Commercial paper and bonds issued	14	4 057.4	4 022.8
Other liabilities		425.0	323.6
Provision for accrued expenses and liabilities		2.7	3.7
Pension liabilities		102.0	102.0
Subordinated loan capital	14	789.9	790.1
<b>Total liabilities</b>		<b>32 898.7</b>	<b>32 751.4</b>
Paid in capital		1 635.2	1 635.2
Retained earnings		675.5	654.3
<b>Total equity</b>		<b>2 310.7</b>	<b>2 289.6</b>
<b>Total equity and liabilities</b>		<b>35 209.4</b>	<b>35 040.9</b>

Lysaker, 10 May 2011

The Board of Directors of Storebrand Bank ASA

# Storebrand Bank Group

## PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	2011	Q1 2010	FULL YEAR 2010
Interest income		373.2	369.6	1,522.3
Interest expense		-257.7	-263.5	-1,065.4
<b>Net interest income</b>	<b>5</b>	<b>115.5</b>	<b>106.1</b>	<b>456.9</b>
Fee and commission income from banking services		22.5	21.7	91.5
Fee and commission expenses for banking services		-2.8	-3.8	-17.8
<b>Net fee and commission income</b>		<b>19.7</b>	<b>17.9</b>	<b>73.7</b>
Net income and gains from associated companies			-0.3	-1.3
Net gains on financial instruments at fair value	6	5.2	-3.0	-11.2
Other income		30.1	22.9	113.3
<b>Total other operating income</b>		<b>35.3</b>	<b>19.6</b>	<b>100.9</b>
Staff expenses		-48.8	-52.6	-204.7
General administration expenses		-26.0	-25.7	-103.1
Other operating costs		-46.9	-41.4	-165.7
Unrealised loss real estate at fair value, assets repossessed	12	-7.2	-7.0	-14.1
<b>Total operating costs</b>		<b>-128.9</b>	<b>-126.6</b>	<b>-487.6</b>
<b>Operating profit before loan losses</b>		<b>41.6</b>	<b>16.9</b>	<b>143.8</b>
Loan losses for the period	11	3.1	5.8	-14.5
<b>Profit before tax</b>		<b>44.7</b>	<b>22.8</b>	<b>129.3</b>
Tax	7	23.6	-12.4	-91.1
<b>Profit for the year</b>		<b>68.3</b>	<b>10.4</b>	<b>38.2</b>
Allocated to:				
Shareholders		68.4	10.9	38.1
Minority interests		-0.1	-0.6	0.1

## STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	2011	Q1 2010	FULL YEAR 2010
Pension experience adjustments				-13.6
Profit for the period		68.3	10.4	38.2
<b>Total comprehensive income for the period</b>		<b>68.3</b>	<b>10.4</b>	<b>24.6</b>
Allocated to:				
Shareholders		68.4	10.9	24.5
Minority interests		-0.1	-0.6	0.1
<b>Total</b>		<b>68.3</b>	<b>10.4</b>	<b>24.6</b>

# Storebrand Bank Group

## STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.03.2011	31.12.2010
Cash and deposits with central banks		1.0	164.7
Loans to and deposits with credit institutions		394.8	699.4
Financial assets designated at fair value through profit and loss:			
Equity instruments	18	5.2	5.1
Bonds and other fixed-income securities	10, 18	3 247.6	3 036.2
Derivatives	18	565.0	710.2
Other assets		337.0	262.0
Gross lending	18	34 228.8	34 460.1
- Write-downs on individual loans	11	-124.0	-173.6
- Write-downs on groups of loans		-64.0	-83.9
Net lending to customers		34 040.7	34 202.6
Investments in associated companies		0.5	24.6
Tangible assets	12	17.3	18.7
Real estate at fair value	12	36.5	43.3
Intangible assets and goodwill	12	125.9	119.8
Deferred tax assets		70.6	84.2
<b>Total assets</b>		<b>38 842.1</b>	<b>39 370.9</b>
Liabilities to credit institutions	13, 18	7 638.7	8 052.7
Deposits from and due to customers	18	18 618.7	18 807.6
Other financial liabilities:			
Derivatives	18	227.0	371.5
Commercial paper and bonds issued	14	8 739.2	8 725.3
Other liabilities		447.0	257.4
Provision for accrued expenses and liabilities		2.7	3.7
Pension liabilities		102.0	102.0
Subordinated loan capital	14	789.9	790.1
<b>Total liabilities</b>		<b>36 565.3</b>	<b>37 110.3</b>
Paid in capital		1 516.8	1 516.8
Retained earnings		756.9	740.4
Minority interests		3.2	3.3
<b>Total equity</b>		<b>2 276.9</b>	<b>2 260.6</b>
<b>Total equity and liabilities</b>		<b>38 842.1</b>	<b>39 370.9</b>

Lysaker, 10 May 2011

The Board of Directors of Storebrand Bank ASA

# Key figures

## STOREBRAND BANK ASA

NOK MILLION	2011	Q1 2010	FULL YEAR 2010
<b>Profit and Loss account: (as % of avg. total assets)</b>			
Net interest income <sup>3)</sup>	1.03 %	0.75 %	0.82 %
Other operating income <sup>4)</sup>	0.44 %	0.01 %	0.39 %
Main balance sheet figures:			
Total assets	35 209.4	37 553.4	35 040.9
Average total asset <sup>1)</sup>	35 406.1	38 055.3	37 016.3
Total lending to customers	19 044.5	18 681.6	18 482.3
Deposits from and due to customers	18 637.2	19 097.7	18 817.5
Deposits from and due to customers as % of gross lending	1.0	1.0	101.8 %
Equity	2 310.7	2 306.0	2 289.6
Other key figures:			
Total non-interest income as % of total income	30.29 %	1.95 %	32.46 %
Loan losses and provisions as % of average total lending	0.09 %	-0.01 %	0.18 %
Non-performing and loss-exposed loans as% of total lending	2.26 %	5.43 %	3.44 %
Costs as % of operating income	73.62 %	107.98 %	74.26 %
Return on equity before tax <sup>2)</sup>	5.39 %	-0.86 %	3.52 %
Core capital ratio	12.3 %	17.4 %	14.2 %

## STOREBRAND BANK GROUP

NOK MILLION	2011	Q1 2010	FULL YEAR 2010
<b>Profit and Loss account: (as % of avg. total assets)</b>			
Net interest income <sup>3)</sup> <sup>4)</sup>	1.21 %	1.02 %	1.10 %
Other operating income <sup>5)</sup>	0.57 %	0.35 %	0.42 %
Main balance sheet figures:			
Total assets	38,842.1	42,374.3	39,370.9
Average total assets <sup>1)</sup>	39,169.0	43,033.0	41,577.7
Total lending to customers	34,228.8	35,695.7	34,460.1
Deposits from and due to customers	18,618.7	19,036.3	18,807.6
Deposits from and due to customers as % of gross lending	54.4 %	53.3 %	54.6 %
Equity	2,276.9	2,292.7	2,260.6
Other key figures:			
Total non-interest income as % of total income	32.27 %	26.08 %	27.65 %
Loan losses and provisions as % of average total lending	-0.04 %	-0.06 %	0.04 %
Non-performing and loss-exposed loans as% of total lending	1.24 %	2.25 %	2.02 %
Costs as % of operating income banking activities <sup>6)</sup>	63.91 %	72.96 %	67.98 %
Return on equity before tax <sup>2)</sup>	8.25 %	4.27 %	5.65 %
Core capital ratio	10.3 %	13.4 %	10.6 %

### 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 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 change has no consequences for net interest income as a percentage of average assets under management on an annual basis and provides a more correct picture of the development over the year.
- 5) Other operating income includes net fee and commission income.
- 6) Banking activities consists of Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS.



# Reconciliation of changes in equity

## STOREBRAND BANK ASA

NOK MILLION	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	TOTAL EQUITY
<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>
Profit for the period						34.3	34.3	34.3
Pension experience adjustments					-13.6		-13.6	-13.6
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-13.6</b>	<b>0.0</b>	<b>-13.6</b>	<b>-13.6</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-13.6</b>	<b>34.3</b>	<b>20.7</b>	<b>20.7</b>
<b>Equity transactions with owners:</b>								
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
<b>Equity at 31.12.2010</b>	<b>960.6</b>	<b>156.0</b>	<b>518.7</b>	<b>1 635.2</b>	<b>15.6</b>	<b>638.7</b>	<b>654.3</b>	<b>2 289.6</b>
Profit for the period						21.2	21.2	21.2
Pension experience adjustments								0.0
<b>Total other comprehensive income</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>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>21.2</b>	<b>21.2</b>	<b>21.2</b>
<b>Equity at 31.3.2011</b>	<b>960.6</b>	<b>156.0</b>	<b>518.7</b>	<b>1 635.2</b>	<b>15.6</b>	<b>659.9</b>	<b>675.4</b>	<b>2 310.7</b>

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

# Reconciliation of changes in equity

## STOREBRAND BANK GROUP

NOK MILLION	MAJORITY'S SHARE OF EQUITY								TOTAL EQUITY
					OTHER 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 31.12.2009</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>
Profit for the period						38.1	38.1	0.1	38.2
Pension experience adjustments					-13.6		-13.6		-13.6
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-13.6</b>	<b>0.0</b>	<b>-13.6</b>	<b>0.0</b>	<b>-13.6</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-13.6</b>	<b>38.1</b>	<b>24.5</b>	<b>0.1</b>	<b>24.6</b>
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
<b>Equity at 31.12.2010</b>	<b>960.6</b>	<b>156.0</b>	<b>400.3</b>	<b>1 516.8</b>	<b>17.6</b>	<b>722.9</b>	<b>740.5</b>	<b>3.3</b>	<b>2 260.6</b>
Profit for the period						68.4	68.4	-0.1	68.3
Pension experience adjustments									
<b>Total other comprehensive income</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>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>68.4</b>	<b>68.4</b>	<b>-0.1</b>	<b>68.3</b>
Equity transactions with owners:									
Provision for group contribution						-50.0	-50.0		-50.0
Other changes						-2.0	-2.0		-2.0
<b>Equity at 31.3.2011</b>	<b>960.6</b>	<b>156.0</b>	<b>400.3</b>	<b>1 516.8</b>	<b>17.6</b>	<b>739.3</b>	<b>756.9</b>	<b>3.2</b>	<b>2 276.9</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.

# Cash flow statement

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.03.2010	31.03.2011	NOK MILLION	31.03.2011	31.03.2010
		<b>Cash flow from operations</b>		
250.6	266.0	Receipts of interest, commissions and fees from customers	268.2	371.7
-115.9	-118.8	Payments of interest, commissions and fees to customers	-118.8	-115.9
2 619.5	-565.4	Net disbursement/payments on customer loans	313.0	422.2
751.4	-140.1	Net receipts/payments of deposits from banking customers	-148.6	751.4
-512.9	-112.2	Net receipts/payments - securities at fair value	-165.8	-191.0
		Net receipts/payments - real estate at fair value	23.2	-38.6
		Payments - taxes	-2.8	0.0
-71.1	-74.1	Payments of operating costs	-60.8	-104.6
-27.2	-61.1	Net receipts/payments on other operating activities	-59.7	-1.6
<b>2 894.3</b>	<b>-805.7</b>	<b>Net cash flow from operating activities</b>	<b>47.9</b>	<b>1 093.5</b>
		<b>Cash flow from investment activities</b>		
	32.5	Net receipts from sale of subsidiaries and associated companies		
-42.9	-0.1	Net payments on purchase/capitalisation of subsidiaries		
-3.3	-7.5	Net payments on purchase/sale of fixed assets etc.	-1.3	-3.2
<b>-46.2</b>	<b>24.9</b>	<b>Net cash flow from investment activities</b>	<b>-1.3</b>	<b>-3.2</b>
		<b>Cash flow from financing activities</b>		
-483.8	-672.4	Payments - repayments of loans and issuing of bond debt	-672.4	-483.8
0.0	699.5	Receipts - new loans and issuing of bond debt	699.5	0.0
-103.9	-85.3	Payments - interest on loans	-70.5	-127.6
-7.9	-6.5	Payments - interest on subordinated loan capital	-6.5	-7.9
-552.9	336.4	Net receipts/payments of liabilities to credit institutions	-415.0	-860.0
	135.6	Receipts - group contribution		
	-115.5	Payments - group contribution / dividends	-50.0	
<b>-1 148.5</b>	<b>291.8</b>	<b>Net cash flow from financing activities</b>	<b>-514.9</b>	<b>-1 479.4</b>
<b>1 699.6</b>	<b>-489.0</b>	<b>Net cash flow in period</b>	<b>-468.3</b>	<b>-389.1</b>
2 688.4	4 006.7	Cash and bank deposits at the start of the period	864.1	792.7
<b>4 388.0</b>	<b>3 517.7</b>	<b>Cash and bank deposits at the end of the period</b>	<b>395.8</b>	<b>403.7</b>
46.2	1.0	Cash and deposits with central banks	1.0	46.2
4 341.9	3 516.7	Loans to and deposits with credit institutions	394.8	357.5
<b>4 388.0</b>	<b>3 517.7</b>	<b>Total cash and bank deposits in the balance sheet</b>	<b>395.8</b>	<b>403.7</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. Last year's figures have been restated in accordance with this definition.

# Notes to the account

## **NOTE 1 ACCOUNTING PRINCIPLES**

The consolidated interim accounts for the group include Storebrand Bank ASA together with subsidiaries, joint ventures and associated companies. The interim accounts for first 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 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](http://www.storebrand.no). Information on the accounting principles used in the interim accounts can be found in the accounting principles note to the 2010. There have not been any changes of accounting principles in 2011.

## **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. 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.

## **NOTE 3 SHARE PURCHASES BY EMPLOYEES**

In March 2010, 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 17 March to 21 March and employees were offered shares at 20 % discount to the calculated average. The advantage of the discount has been recognised in the unconsolidated financial statement for Storebrand Bank ASA. Senior employees bought shares in Storebrand ASA in connection with the payment of the bonus in March in accordance with the statement on the pay of management provided in note 45 for Storebrand Bank ASA in the annual report for 2010.

## **NOTE 4 CHANGES IN THE COMPOSITION OF THE GROUP**

Tekågel Invest 450 AS was acquired in January 2011. The company has since changed its name to Filipstad Invest AS. Storebrand Bank ASA's 50 per cent ownership interest in Storebrand Baltic UAB was reclassified on 1 January 2011 from a jointly controlled venture to an associated company. The Bank's share of the company's result is consolidated on the line "Net income and gains from associated companies". Storebrand Bank ASA's 50 per cent ownership interest in Seilduksgaten 25/31 AS was sold in 1Q.

The gain from the sale is included in the line "Other income" in the profit and loss account.

# Notes to the account

## NOTE 5 NET INTEREST INCOME

STOREBRAND BANK ASA			NOK MILLION	STOREBRAND BANK GROUP		
31.12.2010	31.03.2010	31.03.2011		31.03.2011	31.03.2010	31.12.2010
79.2	19.8	24.7	Interest and other income on loans to and deposits with credit institutions	4.0	3.2	19.9
819.6	205.2	215.2	Interest and other income on loans to and due from customers	345.2	338.2	1 388.3
342.2	70.4	76.2	Interest on commercial paper, bonds and other interest-bearing securities	22.7	25.3	106.0
8.1	2.3	1.3	Other interest income and related income	1.3	2.3	8.1
<b>1 249.0</b>	<b>297.7</b>	<b>317.3</b>	<b>Total interest income</b>	<b>373.2</b>	<b>369.0</b>	<b>1 522.3</b>
-288.2	-67.6	-63.4	Interest and other expenses on debt to credit institutions	-59.9	-64.6	-284.6
-456.2	-112.1	-116.0	Interest and other expenses on deposits from and due to customers	-113.6	-112.1	-451.5
-139.4	-32.2	-40.3	Interest and other expenses on securities issued	-75.0	-70.2	-267.1
-31.8	-7.8	-8.4	Interest and expenses on subordinated loan capital	-8.4	-7.8	-31.8
-30.5	-8.4	-0.8	Other interest expenses and related expenses	-0.8	-8.2	-30.3
<b>-946.2</b>	<b>-228.0</b>	<b>-228.8</b>	<b>Total interest expenses</b>	<b>-257.7</b>	<b>-262.9</b>	<b>-1 065.4</b>
<b>302.8</b>	<b>69.6</b>	<b>88.5</b>	<b>Net interest income</b>	<b>115.5</b>	<b>106.1</b>	<b>456.9</b>

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

STOREBRAND BANK ASA			NOK MILLION	STOREBRAND BANK GROUP		
31.12.2010	31.03.2010	31.03.2011		31.03.2011	31.03.2010	31.12.2010
			<i>Equity instruments</i>			
0.3			Dividends received from equity investments			0.3
-0.1	-0.1		Net gains/losses on realisation of equity investments		-0.1	-0.1
0.1	0.2	0.1	Net change in fair value of equity investments	0.1	0.2	0.1
<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>Total equity investments</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>
			<i>Commercial paper and bonds</i>			
-0.2	0.1	1.1	Realised gain/loss on commercial paper and bonds	1.1	-0.6	-0.9
-21.8	-18.2	4.1	Unrealised gain/loss on commercial paper and bonds	1.3	-3.3	-4.7
<b>-22.1</b>	<b>-18.1</b>	<b>5.2</b>	<b>Total gain/loss on commercial paper and bonds</b>	<b>2.4</b>	<b>-3.9</b>	<b>-5.5</b>
			<i>Financial derivatives and foreign exchange</i>			
-1.7	-2.1	0.1	Realised gain/loss on financial derivatives, held for trading	0.1	0.9	-10.7
4.7	-0.2	2.5	Unrealised gain/loss on financial derivatives, held for trading	2.5	-0.2	4.7
<b>3.0</b>	<b>-2.3</b>	<b>2.6</b>	<b>Total financial derivatives and foreign exchange</b>	<b>2.6</b>	<b>0.7</b>	<b>-6.0</b>
<b>-18.8</b>	<b>-20.3</b>	<b>8.0</b>	<b>Net income and gains from financial assets and liabilities at fair value</b>	<b>5.2</b>	<b>-3.0</b>	<b>-11.2</b>

# Notes to the account

## NOTE 7 TAX

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

## NOTE 8 CLOSE ASSOCIATES

### Covered bonds issued by Storebrand Boligkreditt AS

Storebrand Bank ASA has invested a total of NOK 7.2 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 March 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.

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

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

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 Eiendoms-kreditt AS have signed a management agreement pursuant to which Storebrand Eiendoms-kreditt AS will purchase administrative services from the bank. Storebrand Eiendoms-kreditt AS also purchases administrative services from Storebrand Livsforsikrings AS.

## NOTE 9 SEGMENT INFORMATION

### Storebrand Bank Group

#### Analysis of profit and loss account by activity:

NOK MILLION	CORPORATE			RETAIL			MARKETS		
	2011	Q1 2010	FULL YEAR 2010	2011	Q1 2010	FULL YEAR 2010	2011	Q1 2010	FULL YEAR 2010
<b>Profit and loss items:</b>									
Net interest income	54.6	45.4	195.9	66.5	70.9	275.0	0.3	1.4	3.2
Net fee and commission income	2.4	2.8	9.5	9.3	8.4	37.4	8.1	5.8	29.6
Other income	5.7	4.6	23.7	0.7	0.6	2.9	3.7	6.4	31.6
Total operating costs	-21.7	-21.5	-82.1	-57.2	-57.1	-218.2	-14.5	-15.6	-62.8
Unrealised loss real estate at fair value, assets repossessed									
<b>Operating profit before loan losses</b>	<b>40.9</b>	<b>31.2</b>	<b>147.0</b>	<b>19.2</b>	<b>22.8</b>	<b>97.1</b>	<b>-2.3</b>	<b>-2.1</b>	<b>1.6</b>
Loan losses	-0.1	1.1	-20.4	-3.9	-2.3	-12.2			
<b>Ordinary profit from continuing operations</b>	<b>40.9</b>	<b>32.3</b>	<b>126.6</b>	<b>15.3</b>	<b>20.6</b>	<b>84.9</b>	<b>-2.3</b>	<b>-2.1</b>	<b>1.6</b>
<b>Ordinary profit from discontinued businesses</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	12 357.6	11 642.0	12 000.2	21 928.5	24 228.0	22 498.8			
Deposits from and due to customers	7 410.5	7 450.3	7 323.5	11 082.3	11 498.1	11 350.8			
<b>Key figures:</b>									
Cost as of % of income	35 %	41 %	36 %	75 %	71 %	69 %	119 %	115 %	98 %
Deposits from and due to customers as % of gross lending	60 %	64 %	61 %	51 %	47 %	50 %			
Total level of provisioning write-downs	81 %	37 %	53 %	13 %	25 %	28 %			

Continued next page

# Notes to the account

## NOTE 9 SEGMENT INFORMATION (continued)

### Storebrand Bank Group

#### Analysis of profit and loss account by activity:

NOK MILLION	REAL ESTATE BROKING			TREASURY / OTHERS			TOTAL		
	2011	Q1 2010	FULL YEAR 2010	2011	Q1 2010	FULL YEAR 2010	2011	Q1 2010	FULL YEAR 2010
<b>Profit and loss items:</b>									
Net interest income	-0.2	0.4		-5.7	-12.0	-17.2	115.5	106.1	456.9
Net fee and commission income				-0.1	0.9	-2.8	19.7	17.9	73.7
Other income	20.4	20.1	88.7	4.8	-12.1	-46.0	35.3	19.6	100.9
Total operating costs	-22.6	-23.1	-94.1	-5.7	-2.3	-16.3	-121.8	-119.6	-473.5
Unrealised loss real estate at fair value, assets repossessed				-7.2	-7.0	-14.1	-7.2	-7.0	-14.1
<b>Operating profit before loan losses</b>	<b>-2.4</b>	<b>-2.6</b>	<b>-5.4</b>	<b>-13.9</b>	<b>-32.5</b>	<b>-96.5</b>	<b>41.5</b>	<b>16.9</b>	<b>143.9</b>
Loan losses				7.2	7.0	18.1	3.1	5.8	-14.5
<b>Ordinary profit from continuing operations</b>	<b>-2.4</b>	<b>-2.6</b>	<b>-5.4</b>	<b>-6.8</b>	<b>-25.5</b>	<b>-78.4</b>	<b>44.7</b>	<b>22.7</b>	<b>129.3</b>
<b>Ordinary profit from discontinued businesses</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				-57.3	-174.3	-38.9	34 228.8	35 695.7	34 460.1
Deposits from and due to customers				125.9	88.0	133.3	18 618.7	19 036.4	18 807.6
<b>Key figures:</b>									
Cost as of % of income	112 %	113 %	106 %				71 %	83 %	75 %
Deposits from and due to customers as % of gross lending							54 %	53 %	55 %
Total level of provisioning write-downs							44 %	35 %	37 %

Business segments are the company's primary reporting segments.

#### Description of the segments:

**Commercial Banking:** This segment comprises deposits from and lending to commercial customers, principally real estate investors/developers. 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 loan 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 of 50 % in Storebrand Baltic UAB in Lithuania. From 1 January 2011 the ownership interest is classified as an associated company.

**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 96.09% ownership interest at the close of first quarter 2011. Net profit for Hadrian Eiendom AS and Hadrian Utvikling AS are respectively minus NOK 1.2 million and minus NOK 0.4 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.

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

# Notes to the account

## NOTE 10 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2010	31.03.2011		31.03.2011	31.12.2010
301.6	334.3	Guarantees	334.3	301.6
8 227.4	9 389.7	Undrawn credit limits	3 709.8	4 049.8
816.6	421.5	Lending commitments	421.5	816.6
<b>9 345.6</b>	<b>10 145.5</b>	<b>Total contingent liabilities</b>	<b>4 465.6</b>	<b>5 168.0</b>
3 935.1	3 983.1	Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank	2 974.8	2 926.3
5 855.9	5 852.1	Booked value of securities pledged as collateral for the government securities for covered bonds swap scheme	5 852.1	5 855.9
<b>9 791.0</b>	<b>9 835.2</b>	<b>Total book value of off balance sheet liabilities</b>	<b>8 826.8</b>	<b>8 782.2</b>

Undrawn credit limits reported in Storebrand Bank ASA as of 31.3.11 includes NOK 5.6 billion to the subsidiaries Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS.

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

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2010	31.03.2011		31.03.2011	31.12.2010
		<b>Non-performing and loss-exposed loans</b>		
226.6	196.3	Non-performing loans without evidence of impairment	243.9	261.6
408.3	233.2	Non-performing and loss-exposed loans with evidence of impairment	179.3	436.0
<b>635.0</b>	<b>429.5</b>	<b>Gross defaulted and loss-exposed loans</b>	<b>423.2</b>	<b>697.6</b>
-187.6	-138.0	Provisions for individual loan losses	-124.0	-173.6
<b>447.4</b>	<b>291.4</b>	<b>Net defaulted and loss-exposed loans</b>	<b>299.1</b>	<b>524.0</b>

### Key figures

-82.0	-62.2	Write-downs of groups of loans (NOK million)	-64.0	-83.9
-269.6	-200.3	Total write-downs (NOK million)	-188.0	-257.5
46 %	59 %	Level of provisioning individual write-downs 1)	69 %	40 %
42 %	47 %	Total level of provisioning 2)	44 %	37 %

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

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

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 as non-performing.

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.

Continued next page



# Notes to the account

## NOTE 11 LOSSES AND PROVISIONS (continued)

STOREBRAND BANK ASA			NOK MILLION	STOREBRAND BANK GROUP		
31.12.2010	31.3.2010	31.03.2011		31.03.2011	31.3.2010	31.12.2010
			<b>Losses on loans and guarantees etc. during period</b>			
42.3	-1.2	49.6	Change in individual loan loss provisions	49.6	5.8	63.9
24.1	4.4	19.8	Change in grouped loan loss provisions	19.9	3.0	23.3
-2.4	-3.1	-2.1	Other write-down effects	-2.1	-3.1	-2.4
-102.9		-73.1	Realised losses specifically provided for previously	-66.0		-102.9
-1.1	-0.1	-1.7	Realised losses not specifically provided for previously	-1.7	-0.1	-1.1
4.7	0.2	3.5	Recoveries on previous realised losses	3.5	0.2	4.7
<b>-35.3</b>	<b>0.3</b>	<b>-4.1</b>	<b>Write-downs for the period</b>	<b>3.1</b>	<b>5.8</b>	<b>-14.5</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 2011 by an amount equal to the individual write-downs associated with the pertinent lending commitment in the parent bank of NOK 7.2 million. Accordingly the negative amount was NOK 14.1 million as of 31 December 2010.

## NOTE 12 INTANGIBLE ASSETS AND FIXED ASSETS

Costs of NOK 8.4 million were capitalised in Q1 2011 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 7.2 million in Q1 2011. This is presented on a separate line in the profit and loss account. The value of software has been written down by NOK 0.6 million in Q1 2011.

# Notes to the account

## NOTE 13 LIABILITES TO CREDIT INSTITUTIONS

NOK MILLION	31.03.2011	31.12.2010
<b>Total liabilities to credit institutions without fixed maturity at amortised cost</b>	<b>4,6</b>	<b>5,4</b>
<b>F-loan:</b>		
Maturity 2011	98.8	500.0
Maturity 2012	1 003.7	1 012.1
<b>Loan with floating interest rate:</b>		
Maturity 2011	78.3	78.1
Maturity 2012	350.0	350.0
Maturity 2013	250.0	250.0
Accrued expenses	1.2	1.2
<b>Total liabilities to credit institutions with fixed maturity at amortised cost</b>	<b>1 782.0</b>	<b>2 191.4</b>
<b>Borrowings under the Norwegian Government's Swap arrangement:</b>		
Maturity 2011	2 380.8	2 365.1
Maturity 2013	2 492.9	2 500.4
Maturity 2014	978.4	990.4
<b>Total liabilities to credit institutions with fixed maturity at fair value (FVO)</b>	<b>5 852.1</b>	<b>5 855.9</b>
<b>Total liabilities to credit institutions</b>	<b>7 638.7</b>	<b>8 052.7</b>

As per 31 March 2011, the bank had only one current credit facility. A NOK 1,250 million term loan and revolving credit facility was signed in October 2010, of which NOK 500 million is a term loan and NOK 750 million a revolving credit facility.

## NOTE 14 SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL

NOK MILLION	STOREBRAND BANK GROUP	
	31.03.2011	31.12.2010
Commercial paper	0.0	400.9
Bond loans	8 722.3	8 307.5
Structured bond loans	16.9	16.9
Subordinated loan capital	789.9	790.1
<b>Total securities issued and subordinated loan capital</b>	<b>9 529.1</b>	<b>9 515.4</b>

*Continued next page*

# Notes to the account

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

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

NOK MILLION							BOOK
ISIN CODE	ISSUER	NET NOMINAL VALUE	CURRENCY	INTEREST	MATURITY		VALUE 31.03.2011
<b>Bond loans</b>							
NO001043982	Storebrand Bank ASA	310.0	NOK	Fixed	04.06.2015		348.5
NO001045553	Storebrand Bank ASA	327.0	NOK	Fixed	03.09.2012		330.4
NO001051323	Storebrand Bank ASA	300.0	NOK	Fixed	25.05.2016		313.8
NO001047340	Storebrand Bank ASA	408.0	NOK	Fixed	21.11.2013		416.0
NO001049263	Storebrand Bank ASA	730.5	NOK	Floating	20.02.2012		731.9
NO001050777	Storebrand Bank ASA	548.0	NOK	Floating	30.04.2014		555.6
NO001059077	Storebrand Bank ASA	500.0	NOK	Floating	10.05.2013		502.3
NO001059982	Storebrand Bank ASA	400.0	NOK	Floating	11.08.2014		401.6
NO001054848	Storebrand Bank ASA	500.0	SEK	Floating	26.01.2012		440.5
<b>Total bond loans</b>							<b>4 040.5</b>
<b>Covered bonds</b>							
NO0010428584	Storebrand Boligkreditt AS	1 000.0	NOK	Fixed	06.05.2015		1 098.7
NO0010428592	Storebrand Boligkreditt AS	640.0	NOK	Floating	02.05.2011		642.7
NO0010466071	Storebrand Boligkreditt AS	1 250.0	NOK	Fixed	24.04.2014		1 363.1
NO0010548373	Storebrand Boligkreditt AS	1 000.0	NOK	Fixed	28.10.2019		1 027.5
NO0010575913	Storebrand Boligkreditt AS	550.0	NOK	Floating	03.06.2016		550.0
Accrued cost							-0.3
<b>Total covered bonds</b>							<b>4 681.9</b>
<b>Structured bond loans</b>							
NO001035920	Storebrand Bank ASA	17.0	NOK	Zero coupon	23.05.2011		16.9
<b>Total structured bond loans</b>							<b>16.9</b>
<b>Dated subordinated loan capital</b>							
NO001034566	Storebrand Bank ASA	100.0	NOK	Floating	21.12.2011		100.1
NO001036427	Storebrand Bank ASA	250.0	NOK	Floating	08.05.2012		251.1
NO001040278	Storebrand Bank ASA	150.0	NOK	Floating	19.12.2012		150.3
<b>Other subordinated loan capital</b>							
NO001771168	Storebrand Bank ASA	9.3	NOK	Fixed	perpetual		9.3
<b>Hybrid tier 1 capital</b>							
NO001024206	Storebrand Bank ASA	107.0	NOK	Fixed	29.10.2014		110.6
NO001024207	Storebrand Bank ASA	168.0	NOK	Floating	29.10.2014		168.5
<b>Total subordinated loan capital incl. hybrid tier 1 capital</b>							<b>789.9</b>
<b>Total securities issued and subordinated loan capital</b>							<b>9 529.1</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 3 to note 7 of the 2010 annual report explains the banking group's financial risks which also describes the financial risks as per 31 March 2011.

## 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 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 March 2011. 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			STOREBRAND BANK GROUP	
31.12.2010	31.03.2011	NOK MILLION	31.03.2011	31.12.2010
960.6	960.6	Share capital	960.6	960.6
1 329.0	1 350.2	Other equity	1 316.3	1 300.0
<b>2 289.6</b>	<b>2 310.7</b>	<b>Total equity</b>	<b>2 276.9</b>	<b>2 260.6</b>
		Deductions:		
	-21.2	Profit not included in the calculation of net primary capital	-68.3	
-42.2	-46.8	Intangible assets	-125.9	-119.8
-83.6	-75.4	Deferred tax asset	-70.6	-84.2
		Addition:		
279.4	275.4	Perpetual subordinated bonds	275.4	279.4
<b>2 443.1</b>	<b>2 442.7</b>	<b>Core capital</b>	<b>2 287.4</b>	<b>2 336.0</b>
509.1	509.3	Supplementary capital	509.3	509.2
		Deductions		
<b>2 952.2</b>	<b>2 952.1</b>	<b>Net primary capital</b>	<b>2 796.7</b>	<b>2 845.2</b>

Continued next page

# Notes to the account

## NOTE 16 CAPITAL ADEQUACY (continued)

### Minimum capital requirement

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2010	31.03.2011	NOK MILLION	31.03.2011	31.12.2010
1 320.2	1 528.4	Credit risk	1 691.9	1 627.7
		Of which:		
	8.0	Public sector owned corporates	8.0	
234.9	240.8	Institutions	24.3	28.6
475.6	653.5	Corporates	647.1	618.2
393.8	437.8	Loans secured on residential real estate	884.2	817.8
54.0	43.1	Retail market	43.1	54.0
55.4	40.1	Loans past-due	42.3	58.0
71.3	74.6	Covered bonds	16.8	13.5
35.2	30.5	Other	26.1	37.6
<b>1 320.2</b>	<b>1 528.4</b>	<b>Total minimum requirement for credit risk</b>	<b>1 691.9</b>	<b>1 627.7</b>
		Settlement risk		1
<b>0.0</b>	<b>0.0</b>	<b>Total minimum requirement for market risk</b>	<b>0.0</b>	<b>0.5</b>
65.5	65.5	Operational risk <sup>1)</sup>	97.1	97.1
		Deductions		
-6.6	-5.0	Write-downs of groups of loans	-5.1	-6.7
<b>1 379.2</b>	<b>1 588.9</b>	<b>Minimum requirement for capital base</b>	<b>1 783.8</b>	<b>1 718.6</b>

### Capital adequacy

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2010	31.03.2011		31.03.2011	31.12.2010
17.1 %	14.9 %	Capital ratio	12.5 %	13.0 %
14.2 %	12.3 %	Core capital ratio	10.3 %	10.6 %

<sup>1)</sup> The figures for 2010 and Q1 2011 are calculated as an average of total income for 2008, 2009 and 2010

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 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
Interest income	317.3	316.8	326.8	307.8	297.7	299.4	326.9	388.8
Interest expense	-228.8	-238.2	-245.8	-234.1	-228.0	-226.7	-240.1	-331.9
<b>Net interest income</b>	<b>88.5</b>	<b>78.5</b>	<b>81.0</b>	<b>73.6</b>	<b>69.6</b>	<b>72.7</b>	<b>86.8</b>	<b>56.9</b>
Fee and commission income from banking services	26.1	26.3	27.2	25.4	25.6	30.9	25.4	24.2
Fee and commission expenses for banking services	-2.8	-4.4	-4.3	-5.2	-3.8	-7.6	-3.9	-4.9
<b>Net fee and commission income</b>	<b>23.3</b>	<b>21.9</b>	<b>22.9</b>	<b>20.2</b>	<b>21.7</b>	<b>23.3</b>	<b>21.5</b>	<b>19.3</b>
Net income and gains from associated companies	0.0	-0.4	-0.3	-0.3	-0.3	0.3	-0.5	-0.5
Net gains on financial instruments at fair value	8.0	26.5	28.6	-53.5	-20.3	23.5	51.1	49.8
Other income	7.2	76.9	0.0	1.7	0.2	73.0	0.2	0.3
<b>Total other operating income</b>	<b>15.2</b>	<b>103.0</b>	<b>28.3</b>	<b>-52.1</b>	<b>-20.3</b>	<b>96.8</b>	<b>50.8</b>	<b>49.6</b>
Staff expenses	-33.7	-37.1	-34.5	-33.0	-36.8	-33.7	-48.0	-33.6
General administration expenses	-22.6	-24.2	-20.3	-19.8	-22.3	-22.9	-22.8	-24.5
Other operating cost	-37.2	-24.8	-31.7	-30.8	-17.5	-32.6	-59.5	-30.8
<b>Total operating costs</b>	<b>-93.5</b>	<b>-86.1</b>	<b>-86.5</b>	<b>-83.7</b>	<b>-76.7</b>	<b>-89.1</b>	<b>-130.3</b>	<b>-88.8</b>
<b>Operating profit before loan losses</b>	<b>33.5</b>	<b>117.3</b>	<b>45.7</b>	<b>-41.9</b>	<b>-5.7</b>	<b>103.7</b>	<b>28.7</b>	<b>37.0</b>
Loan losses for the period	-4.1	-19.1	-0.1	-16.4	0.3	-22.8	-10.4	-18.5
<b>Profit before tax</b>	<b>29.4</b>	<b>98.2</b>	<b>45.5</b>	<b>-58.4</b>	<b>-5.4</b>	<b>80.8</b>	<b>18.4</b>	<b>18.5</b>
Tax	-8.2	-33.8	-12.8	-0.7	1.5	-22.0	-5.1	-5.2
<b>Profit for the year</b>	<b>21.2</b>	<b>64.4</b>	<b>32.8</b>	<b>-59.0</b>	<b>-3.9</b>	<b>58.9</b>	<b>13.2</b>	<b>13.3</b>

Continued next page

# Notes to the account

## NOTE 17 QUARTERLY PROFIT AND LOSS (continued)

### Storebrand Bank Group

NOK MILLION	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
Interest income	373.2	381.9	394.7	376.1	369.6	366.6	378.6	433.1
Interest expense	-257.7	-268.9	-281.6	-251.3	-263.5	-262.5	-273.1	-340.5
<b>Net interest income</b>	<b>115.5</b>	<b>112.9</b>	<b>113.1</b>	<b>124.8</b>	<b>106.1</b>	<b>104.2</b>	<b>105.4</b>	<b>92.6</b>
Fee and commission income from banking services	22.5	23.1	24.0	22.7	21.7	27.6	23.1	21.9
Fee and commission expenses for banking services	-2.8	-4.4	-4.3	-5.2	-3.8	-7.6	-3.9	-4.9
<b>Net fee and commission income</b>	<b>19.7</b>	<b>18.6</b>	<b>19.7</b>	<b>17.5</b>	<b>17.9</b>	<b>19.9</b>	<b>19.1</b>	<b>17.0</b>
Net income and gains from associated companies	0.0	-0.4	-0.3	-0.3	-0.3	0.3	-0.5	-0.5
Net gains on financial instruments at fair value	5.2	3.3	6.9	-18.3	-3.0	16.2	13.5	8.4
Other income	30.1	31.8	26.9	31.8	22.9	40.6	26.5	24.4
<b>Total other operating income</b>	<b>35.3</b>	<b>34.7</b>	<b>33.4</b>	<b>13.2</b>	<b>19.6</b>	<b>57.2</b>	<b>39.5</b>	<b>32.4</b>
Staff expenses	-48.8	-53.1	-49.3	-49.7	-52.6	-57.2	-64.0	-51.3
General administration expenses	-26.0	-31.6	-23.0	-22.8	-25.7	-26.8	-25.9	-27.5
Other operating cost	-46.9	-37.7	-41.7	-44.9	-41.4	-62.1	-46.0	-43.2
Unrealised loss real estate at fair value, assets repossessed	-7.2	-2.1	0.0	-5.0	-7.0	-10.0	-6.3	-18.6
<b>Total operating costs</b>	<b>-128.9</b>	<b>-124.6</b>	<b>-114.0</b>	<b>-122.4</b>	<b>-126.6</b>	<b>-156.1</b>	<b>-142.3</b>	<b>-140.6</b>
<b>Operating profit before loan losses</b>	<b>41.6</b>	<b>41.7</b>	<b>52.1</b>	<b>33.1</b>	<b>16.9</b>	<b>25.1</b>	<b>21.8</b>	<b>1.4</b>
Loan losses for the period	3.1	-15.3	0.1	-5.1	5.8	-12.5	-3.9	-0.4
<b>Profit before tax</b>	<b>44.7</b>	<b>26.4</b>	<b>52.2</b>	<b>28.0</b>	<b>22.8</b>	<b>12.5</b>	<b>17.8</b>	<b>0.9</b>
Tax	23.6	-38.9	-15.9	-24.0	-12.4	-7.4	-5.4	-1.9
<b>Profit for the year</b>	<b>68.3</b>	<b>-12.5</b>	<b>36.3</b>	<b>4.0</b>	<b>10.4</b>	<b>5.2</b>	<b>12.4</b>	<b>-0.9</b>

## NOTE 18 VALUATION

Storebrand Bank group categorizes financial instruments valued at fair value on three levels, which are described in more detail in note 2 and note 8 of the 2010 annual report. There have not been any substantial changes in the categorization in 2011.

Translation from the original Norwegian version

To the board of Storebrand Bank ASA

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statement of financial position of Storebrand Bank ASA (the Group) as of March 31, 2011, and the related statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the three month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard No 34 "Interim Financial Reporting" adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information is not prepared, in all material aspects, in accordance with International Accounting Standard No 34 "Interim Financial Reporting".

Oslo, May 10, 2011  
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:

Truls Nergaard	Managing Director
Trond Fladvad	Finance Director
Robert Fjelli	Head of Markets
Monica Kristoffersen Hellekleiv	Head of Retail Banking
Truls Nergaard	Head of Corporate Banking
Anne Grete T. Wardeberg	Head of Staff Functions

## Board of Directors:

Idar Kreutzer	Chairman
Stein Wessel-Aas	Deputy chairman
Kristine Schei	Board Member
Roar Thoresen	Board Member
Maria Borch Helsingreen	Board Member
Anne-Kristine Baltzersen	Board Member
Heidi Storruste	Board Member

## 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](http://www.storebrand.no).

