

Interim Report

Storebrand Bank Group



1th quarter
2013

Storebrand Bank Group

- quarterly report for the 1st quarter of 2013

(Profit figures for the corresponding period in 2012 are shown in brackets. Balance figures in brackets are for the end of 2012.)

- Positive margin trend
- Increases in margins on fixed-rate loans results in a negative change in the market value on this portfolio

Financial performance

During the quarter, the bank group achieved a profit before tax of NOK 28 million (NOK 51 million).

Net interest income showed a positive development during the quarter. However, profits were weakened, by the estimated negative change in the market value of fixed-rate loans as a result of the increase in lending rates.

There is positive lending growth in the retail market. The development of deposits has also been positive.

Net interest income totalled NOK 129 million (NOK 113 million) for the quarter. The interest margin has shown a positive development, driven by good lending margins and falling funding costs. Net interest income as a percentage of average total assets was 1.28 per cent (1.18 per cent) for the quarter.

Net commission income is stable. Other income has developed less strongly than in corresponding periods last year due to negative changes in the market value of fixed-rate loans recorded at fair value in the balance sheet. The change in the market value of the bank's fixed-rate loans in the 1st quarter amounted to minus NOK 12 million. Net commission income for the 1st quarter was NOK 17 million (NOK 16 million). Other income amounted to minus NOK 16 million (NOK 15 million) for the quarter.

Operating expenses totalled NOK 99 million (NOK 98 million) for the 1st quarter.

The portfolio quality is improving and the volume of non-performing loans is decreasing. NOK 2 million (NOK 6 million) was charged as an expense for loan write-downs in the 1st quarter. Group write-downs increased by NOK 8 million during the quarter.

Balance sheet performance

The loan portfolio for the retail market has shown growth in the 1st quarter, yet a slight decrease in lending to the corporate market. Gross lending to customers totalled NOK 35.5 billion at the end of the 1st quarter, almost unchanged as at the end of 2012. The syndicated volume of Storebrand Livsforsikring fell by NOK 0.3 billion.

The banking group's retail market portfolio totals NOK 23.9 billion, equivalent to 67 per cent of total loans, and mainly consists of low risk home mortgages. The average weighted loan to value ratio is about 54 per cent for home mortgages, almost unchanged compared with the end of 2012. Corporate market lending accounts for 33 per cent of the portfolio. There are few customers who have defaulted and the portfolio's loss level is low.

The volume of non-performing loans was low and in decline during the 1st quarter and accounted for 0.7 per cent (0.8 per cent) of gross lending. This development is the result of a continued good portfolio quality. Non-performing loans that are not impaired amounted to NOK 117 million (NOK 151 million) and impaired non-performing loans totalled NOK 126 million (NOK 115 million).

Liquidity risk and funding

The bank has established good liquidity buffers, and attaches great importance to having a balanced funding structure with different maturities and issuances in different markets. Credit facilities/agreements have been established with other banks that Storebrand Bank can draw down as required. The volume of customer deposits totalled NOK 21.5 billion at the end of the 1st quarter. Both the retail and corporate markets have shown growth compared with the same period last year. The deposit-to-loan ratio was 61 per cent (54 per cent) at the end of the quarter.

The banking group issued senior loans worth NOK 0.5 billion in the 1st quarter.

Capital adequacy

The banking group's capital adequacy was 11.9 per cent and the core capital ratio was 11.2 per cent at the end of the quarter.

Market

The retail market sector continued to develop positively during the quarter. Good sales performance has resulted in growth in both lending and deposits. Deposit-promoting measures have continued to be developed. Improved customer experience continues to be a high priority, and customer satisfaction surveys show good performance in this regard.

1) The banking business consists of Storebrand Bank ASA and Storebr

Performance of Storebrand Bank ASA

Storebrand Bank ASA reports a pre-tax loss in the 1st quarter of 2013 of minus NOK 13 million (NOK 64 million).

Net interest income for Storebrand Bank ASA totalled NOK 75 million (NOK 93 million) in the 1st quarter.

The development of other income for the parent company was negative during the quarter, amounting to minus NOK 13 million (NOK 39 million). This weak performance was primarily due to the estimated negative change in market value of the bank's fixed-rate loans as a result of the increase in market lending rates.

NOK 1 million (NOK 6 million entered as income) was charged as an expense for loan write-downs in the 1st quarter. Non-performing loans that are not impaired totalled NOK 82 million (NOK 106 million) and impaired non-performing loans total NOK 132 million (NOK 122 million) at the end of the quarter. Net non-performing loans amount to NOK 97 million (NOK 112 million) at the end of the 1st quarter.

The deposit-to-loan ratio in the parent bank was 119.7 per cent (109.9 per cent) at the end of the quarter. The change in the deposit-to-loan ratio in the parent company reflects the increased volume of deposits.

Other

In 2013 Storebrand Bank will continue to focus on improving the business' profitability combined with moderate growth. The bank will gradually increase the share of retail market loans in the balance sheet. The bank will continue to prioritise maintaining a moderate risk profile with a good balance sheet and funding composition.

In an environment characterised by much international uncertainty the bank will maintain its focus on sound management of the bank's credit risk, liquidity risk and control of operational risk and also continue to closely monitor developments in non-performing loans and loan losses.

Developments in the Norwegian and international capital markets, interest rates, unemployment and the property market are regarded as the key risk factors that can affect the results of Storebrand Bank Group in 2013.

It is being considered whether, and to what extent, the recent Supreme Court judgements concerning structured products will be of significance to Storebrand Bank's complaints which are pending before the Financial Complaints Board. No errors or omissions corresponding to those revealed in the Røeggen case have been discovered which indicate that Storebrand Bank must make allocations in the first quarter's accounts.

No events of material importance to the interim financial statements have occurred since the balance sheet date.

Lysaker, 23 April 2013
The Board of Directors of Storebrand Bank ASA

Storebrand Bank Group

PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q1		FULL YEAR
		2013	2012	2012
Interest income		378,7	399,4	1 552,8
Interest expense		-249,8	-286,3	-1 062,7
Net interest income	4	128,9	113,1	490,1
Fee and commission income from banking services		19,8	18,8	85,5
Fee and commission expenses for banking services		-3,3	-2,9	-14,3
Net fee and commission income		16,5	15,9	71,2
Net income and gains from associated companies		0,0	0,0	1,2
Net gains on financial instruments	5	-17,0	13,2	35,3
Other income		0,7	1,7	23,0
Total other operating income		-16,2	14,9	59,5
Staff expenses		-35,2	-34,4	-154,8
General administration expenses		-15,0	-14,9	-65,2
Other operating costs		-48,4	-49,1	-199,8
Total operating costs		-98,6	-98,4	-419,7
Operating profit before loan losses	10	30,6	45,6	201,1
Loan losses for the period		-2,5	5,8	7,7
Profit before tax	6	28,1	51,3	208,8
Tax		-7,9	-11,8	-36,6
Result after tax sold/discontinued operations		-0,6	-0,1	2,7
Profit for the year		19,6	39,4	174,9
Allocated to:				
Shareholders		19,6	39,4	174,9
Minority interests		0,0	0,0	0,0

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q1		FULL YEAR
	2013	2012	2012
Pension experience adjustments	0,0	0,0	2,8
Profit for the period	19,6	39,4	174,9
Total comprehensive income for the period	19,6	39,4	177,7
Allocated to:			
Shareholders	19,6	39,4	177,7
Minority interests	0,0	0,0	0,0
Total	19,6	39,4	177,7

Storebrand Bank Group

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.03.2013	31.12.2012
Cash and deposits with central banks		373,4	8,8
Loans to and deposits with credit institutions		397,5	255,1
Financial assets designated at fair value through profit and loss:			
Equity instruments	17	4,3	5,2
Bonds and other fixed-income securities	9, 17	2 962,6	2 861,7
Derivatives	17	951,8	1 005,0
Bonds at amortised cost	9	953,7	990,0
Other assets		249,9	121,6
Gross lending	17	35 453,5	35 445,5
- Write-downs on individual loans	10	-106,6	-105,0
- Write-downs on groups of loans	10	-47,6	-39,1
Net lending to customers		35 299,4	35 301,4
Tangible assets	11	8,0	8,5
Intangible assets and goodwill	11	100,6	106,3
Deferred tax assets		0,0	7,3
Assets sold/discontinued operations		0,0	0,2
Total assets		41 301,4	40 671,2
Liabilities to credit institutions	12, 17	1 489,1	2 498,7
Deposits from and due to customers		21 498,4	19 932,7
Other financial liabilities:			
Derivatives	17	541,0	601,1
Commercial papers and bonds issued	13	14 555,5	14 540,3
Other liabilities		273,6	102,4
Liabilities sold/discontinued operations		8,5	10,1
Provision for accrued expenses and liabilities		17,3	17,7
Deferred tax		0,5	0,0
Pension liabilities		71,3	71,3
Subordinated loan capital	13	442,6	441,4
Total liabilities		38 897,8	38 215,6
Paid in capital		960,6	960,6
Retained earnings		1 443,0	1 495,1
Minority interests		0,0	0,0
Total equity		2 403,6	2 455,7
Total equity and liabilities		41 301,4	40 671,2

Storebrand Bank ASA

PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q1		FULL YEAR
		2013	2012	2012
Interest income		268,1	323,8	1 158,1
Interest expense		-193,4	-231,2	-818,2
Net interest income	4	74,7	92,7	339,8
Fee and commission income from banking services		23,1	22,2	99,0
Fee and commission expenses for banking services		-3,3	-2,9	-14,3
Net fee and commission income		19,8	19,3	84,7
Net income and gains from associated companies		0,0	0,0	1,2
Net gains on financial instruments	5	-12,5	37,3	69,1
Other income		0,0	1,5	151,4
Total other operating income		-12,5	38,7	221,7
Staff expenses		-33,4	-32,7	-146,5
General administration expenses		-14,9	-14,7	-64,5
Other operating costs		-45,2	-44,4	-184,9
Total operating costs		-93,5	-91,8	-395,9
Operating profit before loan losses		-11,5	58,9	250,4
Loan losses for the period	10	-1,1	5,5	10,4
Profit before tax		-12,6	64,4	260,8
Tax	6	3,5	-18,0	-63,7
Profit for the year		-9,1	46,3	197,1

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q1		FULL YEAR
	2013	2012	2012
Pension experience adjustments	0,0	25,1	25,1
Profit for the period	-9,1	46,3	197,1
Total comprehensive income for the period	-9,1	71,4	222,2

Storebrand Bank ASA

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.03.2013	31.12.2012
Cash and deposits with central banks		373,4	8,8
Loans to and deposits with credit institutions		5 497,7	4 763,3
Financial assets designated at fair value through profit and loss:			
Equity instruments	17	1,7	1,8
Bonds and other fixed-income securities	9, 17	5 726,3	5 624,6
Derivatives	17	599,6	660,0
Bonds at amortised cost	9	953,7	990,0
Other assets		1 082,1	1 086,2
Gross lending	17	17 978,8	18 151,1
- Write-downs on individual loans	10	-116,5	-115,2
- Write-downs on groups of loans	10	-46,0	-38,6
Net lending to customers		17 816,3	17 997,2
Tangible assets	11	7,7	8,1
Intangible assets and goodwill	11	61,5	65,7
Deferred tax assets		17,6	14,0tt
Total assets		32 137,6	31 219,8
Liabilities to credit institutions	12, 17	1 789,5	2 797,0
Deposits from and due to customers		21 523,3	19 948,5
Other financial liabilities:			
Derivatives	17	541,0	601,1
Commercial papers and bonds issued	13	4 977,2	4 666,9
Other liabilities		410,0	301,4
Provision for accrued expenses and liabilities		17,3	17,7
Pension liabilities		71,3	71,3
Subordinated loan capital	13	442,6	441,4
Total liabilities		29 772,2	28 845,2
Paid in capital		1 657,0	1 657,0
Retained earnings		708,5	717,6
Total equity		2 365,5	2 374,6
Total equity and liabilities		32 137,6	31 219,8

Key figures

STOREBRAND BANK GROUP

NOK MILLION AND PERCENTAGE	Q1		FULL YEAR
	2013	2012	2012
Profit and Loss account: (as % of avg. total assets)			
Net interest income	1,28 %	1,18 %	1,25 %
Other operating income 3)	0,00 %	0,32 %	0,33 %
Main balance sheet figures:			
Total assets	41 301,4	38 317,1	40 671,2
Average total assets 1)	40 908,9	38 535,8	39 250,3
Gross lending to customers	35 453,5	33 642,1	35 445,5
Deposits from customers	21 498,4	18 111,3	19 932,7
Deposits from customers as % of gross lending	60,6 %	53,8 %	56,2 %
Equity	2 403,6	2 296,0	2 455,7
Other key figures:			
Total non-interest income as % of total income	0,2 %	21,4 %	21,1 %
Loan losses and provisions as % of average total lending 5)	0,03 %	-0,07 %	-0,02 %
Gross non-performing and loss-exposed loans as % of total average lending	0,7 %	1,0 %	0,8 %
Cost/income ratio banking activities 4)	73,2 %	65,1 %	64,0 %
Return on equity before tax 2)	4,7 %	8,9 %	8,9 %
Core capital ratio	11,2 %	11,6 %	11,2 %

STOREBRAND BANK ASA

NOK MILLION AND PERCENTAGE	Q1		FULL YEAR
	2013	2012	2012
Profit and Loss account: (as % of avg. total assets)			
Net interest income	0,96 %	1,16 %	1,09 %
Other operating income 3)	0,09 %	0,73 %	0,98 %
Main balance sheet figures:			
Total assets	32 137,6	30 169,0	31 219,8
Average total assets 1)	31 701,1	31 912,9	31 220,2
Gross lending to customers	17 978,8	17 112,6	18 151,1
Deposits from customers	21 523,3	18 154,9	19 948,5
Deposits from customers as % of gross lending	119,7 %	106,1 %	109,9 %
Equity	2 365,5	2 248,7	2 374,6
Other key figures:			
Total non-interest income as % of total income	8,9 %	38,5 %	47,4 %
Loan losses and provisions as % of average total lending 5)	0,02 %	-0,13 %	-0,06 %
Gross non-performing and loss-exposed loans as % of total average lending	1,2 %	1,7 %	1,3 %
Cost/income ratio	114,1 %	60,9 %	61,3 %
Return on equity before tax 2)	-2,2 %	11,6 %	11,5 %
Core (tier 1) capital ratio	13,5 %	14,4 %	13,7 %

Definitions:

- 1) Average total assets is calculated on the basis of monthly total assets for the quarter and for the year to date respectively.
- 2) Annualised profit before tax for continued operations as % of average equity.
- 3) Other operating income includes net fee and commission income.
- 4) Banking activities consists of Storebrand Bank ASA and Storebrand Boligkreditt AS.
- 5) Loan losses and provisions for Storebrand Bank Group includes the items loan losses for the period and losses real estate at fair value, assets repossessed, in the profit & loss account.

Reconciliation of changes in equity

STOREBRAND BANK GROUP

NOK MILLION	MAJORITY'S SHARE OF EQUITY								TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID IN EQUITY	TOTAL PAID IN EQUITY	REVENUE AND COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL RETAINED EARNINGS	MINORITY INTERESTS	
Equity at 31.12.2011	960,6	156,0	400,3	1 516,8	20,3	767,6	787,9	0,1	2 304,8
Profit for the period						174,9	174,9		174,9
Pension experience adjustments					25,1		25,1		25,1
Total other comprehensive income	0,0	0,0	0,0	0,0	25,1	0,0	25,1	0,0	25,1
Total comprehensive income for the period	0,0	0,0	0,0	0,0	25,1	174,9	200,0	0,0	200,0
Equity transactions with owners:									
Provision for group contribution						-50,0	-50,0		-50,0
Other changes						0,9	0,9		0,9
Equity at 31.12.2012	960,6	156,0	400,3	1 516,8	45,4	893,4	938,8	0,0	2 455,7
Profit for the period						19,6	19,6		19,6
Pension experience adjustments									0,0
Total other comprehensive income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total comprehensive income for the period	0,0	0,0	0,0	0,0	0,0	19,6	19,6	0,0	19,6
Equity transactions with owners:									
Provision for group contribution						-71,8	-71,8		-71,8
Equity at 31.03.2013	960,6	156,0	400,3	1 516,8	45,4	841,2	886,7	0,0	2 403,5

Reconciliation of changes in equity

STOREBRAND BANK ASA

NOK MILLION	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID IN EQUITY	TOTAL PAID IN EQUITY	REVENUE AND COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL RETAINED EARNINGS	TOTAL EQUITY
Equity at 31.12.2011	960,6	156,0	518,7	1 635,2	18,4	548,8	567,2	2 202,4
Profit for the period						197,1	197,1	197,1
Pension experience adjustments					25,1		25,1	25,1
Total other comprehensive income	0,0	0,0	0,0	0,0	25,1	0,0	25,1	25,1
Total comprehensive income for the period	0,0	0,0	0,0	0,0	25,1	197,1	222,2	222,2
Equity transactions with owners:								
Provision for group contribution						-71,8	-71,8	-71,8
Group contribution received			21,8	21,8				21,8
Equity at 31.12.2012	960,6	156,0	540,4	1 657,0	43,5	674,1	717,6	2 374,6
Profit for the period						-9,1	-9,1	-9,1
Pension experience adjustments								
Total other comprehensive income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total comprehensive income for the period	0,0	0,0	0,0	0,0	0,0	-9,1	-9,1	-9,1
Equity at 31.03.2013	960,6	156,0	540,4	1 657,0	43,5	665,0	708,5	2 365,5

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

The equity changes with the result for the individual period, equity transactions with the owners and items that are entered directly on the balance sheet. Share capital, the share premium fund and other equity is evaluated and managed together. The share premium fund may be used to cover a loss, and other equity may be used in accordance with the provisions of the Public Limited Liabilities Company Act.

Storebrand Bank actively manages the level of equity in the company and the group. The capital level is tailored to the economic risk and capital requirements in which the composition of its business areas and their growth will be an important driver. The goal of the capital management is to ensure an effective capital structure and secure an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. If there is a need for new capital, this must be issued by the holding company Storebrand ASA.

Storebrand Bank is a financial group subject to statutory requirements regarding primary capital under the capital adequacy regulations. Primary capital encompasses both equity and subordinated loan capital. For Storebrand Bank, these legal requirements are most important in its capital management.

The core capital adequacy have to be at least 9 per cent at all times.

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

Cash flow statement

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.03.2012	31.03.2013	NOK MILLION	31.03.2013	31.03.2012
		Cash flow from operations		
258,0	241,9	Receipts of interest, commissions and fees from customers	367,3	380,5
-135,6	-134,8	Payments of interest, commissions and fees to customers	-134,8	-152,5
145,0	193,1	Net disbursements/payments on customer loans	-24,2	144,5
-345,1	1 692,5	Net receipts/payments of deposits from banking customers	1 683,2	-373,2
2 983,0	-37,4	Net receipts/payments - securities at fair value	-57,0	406,6
		Net receipts/payments - real estate at fair value		8,9
		Payments - taxes		-2,5
-86,9	-92,4	Payments of operating costs	-100,0	-92,6
1,5	-11,3	Net receipts/payments on other operating activities	1,9	-12,4
2 819,8	1 851,6	Net cash flow from operations	1 736,2	307,3
		Cash flow from investment activities		
-0,1		Net payments on purchase/capitalisation of subsidiaries		
-10,3	-4,5	Net payments on purchase/sale of fixed assets etc.	-4,5	-10,3
-10,4	-4,5	Net cash flow from investment activities	-4,5	-10,3
		Cash flow from financing activities		
-2 321,2	-203,2	Payments - repayments of loans and issuing of bond debt	-500,5	-2 300,6
1 097,4	500,4	Receipts - new loans and issuing of bond debt	500,4	3 853,3
-87,9	-51,0	Payments - interest on loans	-109,7	-152,9
-7,7	-5,4	Payments - interest on subordinated loan capital	-5,4	-7,7
-1 916,5	-1 007,7	Net receipts/payments of liabilities to credit institutions	-1 009,9	-1 909,5
58,8	118,5	Receipts - group contribution		
-85,8	-99,7	Payments - group contribution / dividends	-99,7	-50,0
-3 262,9	-748,1	Net cash flow from financing activities	-1 224,8	-567,3
-453,5	1 099,1	Net cash flow in the period	507,0	-270,4
4 912,8	4 772,1	Cash and bank deposits at the start of the period	263,9	777,0
0,0	0,0	Cash and bank deposits at the start of the period for new companies	0,0	0,0
4 459,3	5 871,1	Cash and bank deposits at the end of the period	770,9	506,6
		Cash and bank deposits consist of:		
184,5	373,4	Cash and deposits with central banks	373,4	184,5
4 274,8	5 497,7	Loans to and deposits with credit institutions	397,5	322,1
4 459,3	5 871,1	Total cash and bank deposits in the balance sheet	770,9	506,6

The cash flow analysis shows the group's cash flows for operations, investment and financing activities pursuant to the direct method. The cash flows show the overall change in cash and bank deposits over the year.

Operations

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

Investment activities

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

Financing activities

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

Cash and bank deposits

Cash and bank deposits are defined as claims on central banks and lending to and claims on financial institutions.

Notes

NOTE 1 ACCOUNTING PRINCIPLES

The consolidated interim accounts for the group include Storebrand Bank ASA together with subsidiaries, joint ventures and associated companies. The interim accounts for Q1 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required in the annual report.

The interim accounts of Storebrand Bank ASA are prepared in accordance with Section 1-5 of the Norwegian regulations for the annual accounts of banks and finance companies etc. that provides for simplified application of international accounting standards, (hereinafter termed simplified IFRS), and with IAS 34 Interim Financial Reporting. Simplified IFRS permits recognition to profit and loss of provisions for dividend and group contribution, and allows the Board of Director's proposal for dividend and group contribution to be recognized as a liability on the balance sheet date. The full application of IFRS stipulates that dividend and group contribution must remain part of equity until approved by the company's general meeting. Other than this, simplified IFRS requires the use of the same accounting principles as the full application of IFRS.

Storebrand Bank Group has not made any substantial changes to the accounting policies applied in 2013, with exception of a change in IA19 - Employee Benefits. A description of the accounting policies applied in the preparation of the financial statements is provided in the 2012 annual report.

The annual report and accounts of Storebrand Bank ASA and the Storebrand Bank ASA group for 2012 is available at www.storebrand.no.

NOTE 2 ESTIMATES AND PROVISIONS

The preparation of the interim accounts involves the use of estimates and assumptions that have an effect on assets, liabilities, revenue, costs, the notes to the accounts and information on potential liabilities. There is uncertainty related to estimates and assumptions. In the future, actual experience may deviate from the estimates used. Please refer to note 1 and 2 in the annual report and accounts for 2012.

In the first quarter of 2013, there has been growing uncertainty regarding the pricing of fixed-rate loans recorded at fair value in which there is a large variation in the interest rate conditions offered by banks, while the demand for fixed-rate loans has decreased. As a result, it has been more difficult to find observable conditions. Consequently, the bank has reclassified fixed-rate loans from level 2 to level 3 in terms of the valuation hierarchy. See further discussion in note 13 - Valuation of financial instruments at fair value.

NOTE 3 PENSION SCHEMES FOR OWN EMPLOYEES

Storebrand Bank has a closed defined-benefit scheme and a defined-contribution scheme for its employees. The K2005 mortality table provides the basis for calculating the pension liabilities for the Norwegian companies. In a letter of 8 March 2013, the Financial Supervisory Authority of Norway determined that a new mortality basis K2013 would be introduced for group pension insurance effective from 2014. The new table has therefore not been used as a basis in determining the pension liabilities as at 31 March 2013.

The changes in key assumptions for calculating pension liabilities under IAS 19 are relatively limited and new calculations of the liabilities have not been carried out as at 31 March 2013.

AFP

From 1 January 2013 Storebrand Bank has been included in the AFP contractual pension scheme. The private AFP contractual pension scheme shall be accounted for as a defined-benefit multi-purpose scheme and is financed through annual premiums that are determined to be one per cent of salary between 1 and 7.1 G. There is no information available for recognising the new liability in the statement of financial position. The premium for 2013 constitutes 2.0 per cent of salary between 1 and 7.1 G, and the premium plus employer's National Insurance contributions are recognised as an expense on an ongoing basis.

Storebrand Bank employees in Norway are given the right to retire at 65 years old and receive a pension directly until they reach 67 years old. How membership of the AFP scheme will affect direct pensions for persons aged between 65 and 67 years old has not yet been clarified. Current liabilities for direct pensions have been maintained in the financial statements as at 31 March 2013.

Amendments in IAS 19

Amendments have been adopted to IAS 19 - Employee Benefits from 1 January 2013. The amendments include the elimination of the corridor approach as an alternative when accounting for estimate discrepancies. Another change is that costs for managing pension funds must also be recognised in the total comprehensive income.

The estimated return on the pension assets shall be calculated based on the discount rate that is used for the pension liabilities. The corridor approach is not used in Storebrand Banks's financial statements, and all of the estimated pension liabilities for the company's own employees are already recognised on the statement of financial position. The elimination of the corridor approach will thus not entail any change in Storebrand Bank's consolidated financial statements. In Storebrand Banks's financial statements for 2012 the expected return on pension plan assets, which was included in the pension costs, was recognised by using an estimated rate of return of 4.6 per cent. If the same interest rate as the discount rate had been used, 3.1 per cent, the difference in interest rates would not have had a material effect on the profit and loss account and the Statement of total comprehensive Income (OCI) for 2012. Therefore comparable figures for 2012 have not been restated.

Notes

NOTE 4 NET INTEREST INCOME

Storebrand Bank Group

NOK MILLION	Q1		FULL YEAR
	2013	2012	2012
Interest and other income on loans to and deposits with credit institutions	4,4	3,6	12,7
Interest and other income on loans to and due from customers	353,5	366,2	1 436,3
Interest on commercial paper, bonds and other interest-bearing securities	19,2	27,9	96,9
Other interest income and related income	1,6	1,6	6,8
Total interest income	378,7	399,4	1 552,8
Interest and other expenses on debt to credit institutions	-11,8	-44,5	-104,4
Interest and other expenses on deposits from and due to customers	-131,4	-132,4	-519,6
Interest and other expenses on securities issued	-96,9	-101,7	-408,5
Interest and expenses on subordinated loan capital	-5,4	-7,7	-29,5
Other interest expenses and related expenses	-4,2	0,0	-0,8
Total interest expenses	-249,8	-286,3	-1 062,7
Net interest income	128,9	113,1	490,1

Storebrand Bank ASA

NOK MILLION	Q1		FULL YEAR
	2013	2012	2012
Interest and other income on loans to and deposits with credit institutions	36,4	40,2	139,6
Interest and other income on loans to and due from customers	194,7	205,8	802,0
Interest on commercial paper, bonds and other interest-bearing securities	35,3	76,2	209,6
Other interest income and related income	1,6	1,6	6,8
Total interest income	268,1	323,8	1 158,1
Interest and other expenses on debt to credit institutions	-13,1	-46,0	-109,8
Interest and other expenses on deposits from and due to customers	-131,6	-132,7	-520,1
Interest and other expenses on securities issued	-39,2	-43,0	-156,9
Interest and expenses on subordinated loan capital	-5,4	-7,7	-29,5
Other interest expenses and related expenses	-4,2	-1,8	-2,0
Total interest expenses	-193,4	-231,2	-818,2
Net interest income	74,7	92,7	339,8

Notes

NOTE 5 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES

Storebrand Bank Group

	Q1		FULL YEAR
NOK MILLION	2013	2012	2012
<i>Equity instruments</i>			
Dividends received from equity investments			
Net gains/losses on realisation of equity investments			
Net change in fair value of equity investments	-0,1	-0,1	0,1
Total equity investments, FVO	-0,1	-0,1	0,2
<i>Commercial papers and bonds</i>			
Realised gain/loss on commercial papers and bonds, FVO	1,0	5,4	6,8
Unrealised gain/loss on commercial papers and bonds, FVO	-2,4	2,8	11,4
Total gain/loss on commercial papers and bonds, FVO	-1,4	8,2	18,3
<i>Lending to customers</i>			
Unrealised gain/loss on lending to customers, FVO	-11,6	1,2	22,4
Total gain/loss on lending to customers, FVO	-11,6	1,2	22,4
<i>Liabilities to credit institutions and other funding</i>			
Realised gain/loss on liabilities to credit institutions and other funding, FVO	0,0	-8,8	-8,8
Unrealised gain/loss on liabilities to credit institutions and other funding, FVO	-0,3	8,7	2,4
Total gain/loss on liabilities to credit institutions and other funding, FVO	-0,3	-0,1	-6,4
<i>Financial derivatives and foreign exchange</i>			
Realised gain/loss on financial derivatives, held for trading	2,4	14,3	18,3
Unrealised gain/loss on financial derivatives, held for trading	-4,4	-31,1	-39,4
Total financial derivatives and foreign exchange, held for trading	-1,9	-16,8	-21,1
Net income and gains from financial assets and liabilities at fair value	-15,3	-7,6	13,4
<i>Fair value hedging</i>			
Realised gain/loss on derivatives and bonds issued, fair value hedging	-0,6		
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	-0,8		
Net gain/loss on fair value hedging	-1,4	0,0	0,0
<i>Commercial papers and bonds</i>			
Realised gain/loss on commercial papers and bonds at amortised cost	1,4	1,1	2,6
Total gain/loss on commercial papers and bonds at amortised cost	1,4	1,1	2,6
<i>Bonds issued</i>			
Realised gain/loss on bonds issued at amortised cost	-1,7	21,6	20,0
Total gain/loss on bonds issued at amortised cost	-1,7	21,6	20,0
Net income and gains from financial assets and liabilities at amortised cost	-0,3	22,7	22,6
Net income and gains from financial assets and liabilities	-17,0	15,1	36,0

Notes

NOTE 5 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES *(continues)*

Storebrand Bank ASA	Q1		FULL YEAR
NOK MILLION	2013	2012	2012
<i>Equity instruments</i>			
Dividends received from equity investments			
Net gains/losses on realisation of equity investments			
Net change in fair value of equity investments	-0,1	-0,1	0,1
Total equity investments, FVO	-0,1	-0,1	0,2
<i>Commercial papers and bonds</i>			
Realised gain/loss on commercial papers and bonds, FVO	1,0	9,9	10,4
Unrealised gain/loss on commercial papers and bonds, FVO	-1,5	21,7	42,1
Total gain/loss on commercial papers and bonds, FVO	-0,5	31,6	52,5
<i>Lending to customers</i>			
Unrealised gain/loss on lending to customers, FVO	-11,6	1,2	22,4
Total gain/loss on lending to customers, FVO	-11,6	1,2	22,4
<i>Liabilities to credit institutions and other funding</i>			
Realised gain/loss on liabilities to credit institutions and other funding, FVO	0,0	-8,8	-8,8
Unrealised gain/loss on liabilities to credit institutions and other funding, FVO	-0,3	8,7	2,4
Total gain/loss on liabilities to credit institutions and other funding, FVO	-0,3	-0,1	-6,4
<i>Financial derivatives and foreign exchange</i>			
Realised gain/loss on financial derivatives, held for trading	2,4	14,3	18,3
Unrealised gain/loss on financial derivatives, held for trading	-4,4	-31,1	-39,4
Total financial derivatives and foreign exchange, held for trading	-1,9	-16,8	-21,1
Net income and gains from financial assets and liabilities at fair value	-14,4	15,8	47,6
<i>Fair value hedging</i>			
Realised gain/loss on derivatives and bonds issued, fair value hedging	2,2		-4,6
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	-0,1	-1,2	3,4
Net gain/loss on fair value hedging	2,2	-1,2	-1,1
<i>Commercial papers and bonds</i>			
Realised gain/loss on commercial papers and bonds at amortised cost	1,4	1,1	2,6
Total gain/loss on commercial papers and bonds at amortised cost	1,4	1,1	2,6
<i>Bonds issued</i>			
Realised gain/loss on bonds issued at amortised cost	-1,7	21,6	20,0
Total gain/loss on bonds issued at amortised cost	-1,7	21,6	20,0
Net income and gains from financial assets and liabilities at amortised cost	-0,3	22,7	22,6
Net income and gains from financial assets and liabilities	-12,5	37,3	69,1

The note includes gain and loss on investments in bonds and commercial papers, all of the financial derivatives, lending at FVO, other funding at FVO, net gain and loss on fair value hedging and total bonds and commercial papers issued. Other financial assets and liabilities are not included in the note.

Notes

NOTE 6 TAX

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

NOTE 7 CLOSE ASSOCIATES

Covered bonds issued by Storebrand Boligkreditt AS

Storebrand Bank ASA has invested a total of NOK 2.7 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 March 2013. 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.

Loans transferred to Storebrand Boligkreditt AS

Storebrand Bank ASA shall arrange the transfer and return of loans when changes have to be made, i.e. if there is a request to increase the loan amount, change from variable to fixed interest, conversion to employee loan or conversion to a flexible mortgage. The costs are included in the contractual administration fee. The mortgages are transferred on commercial terms. Non-performing loans in Storebrand Boligkreditt AS remain in the company. These loans will, pursuant to the service agreement with Storebrand Bank ASA, be treated in the same way as non-performing loans in the bank. Specific reports are prepared for non-performing loans in Storebrand Boligkreditt AS. These loans are not included in the cover pool.

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

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

Storebrand Bank ASA and Storebrand Boligkreditt AS have signed a management agreement pursuant to which Storebrand Boligkreditt AS will purchase administrative services from the bank. Storebrand Boligkreditt AS also purchases administrative services from Storebrand Livsforsikring AS.

Notes

NOTE 8 - SEGMENT INFORMATION

Storebrand Bank Group

Profit and loss by segment:

NOK MILLION	CORPORATE			RETAIL		
	Q1 2013	2012	FULL YEAR 2012	Q1 2013	Q1 2012	FULL YEAR 2012
Profit and loss items:						
Net interest income	49,9	49,3	202,0	74,6	60,4	273,9
Net fee and commission income	2,7	3,1	10,3	13,8	13,2	61,1
Other income	2,7	4,8	36,5	-14,4	1,2	3,8
Total operating costs	-33,2	-30,5	-139,0	-60,3	-63,5	-268,4
Losses real estate at fair value, assets repossessed						
Operating profit before loan losses	22,0	26,6	109,8	13,8	11,3	70,4
Loan losses	3,4	7,3	8,1	-5,9	5,7	1,1
Ordinary profit from continuing operations	25,4	33,9	117,9	7,9	17,0	71,5
Ordinary profit from discontinued businesses	0,0	0,0	0,0	0,0	0,0	0,0
Balance sheet items:						
Gross lending to customers	11 518,7	11 195,2	11 670,8	23 921,6	22 288,8	23 734,4
Deposits from and due to customers	9 757,6	6 525,3	7 549,1	11 703,6	11 521,4	12 370,0
Key figures:						
Cost/income ratio	60 %	53 %	56 %	81 %	85 %	79 %
Deposits from customers as % of gross lending	85 %	58 %	65 %	49 %	52 %	52 %
Total level of provisioning	133 %	79 %	123 %	19 %	15 %	13 %

Notes

NOTE 8 - SEGMENT INFORMATION *(continues)*

Storebrand Bank Group

Profit and loss by segment:

NOK MILLION	TREASURY / OTHER			TOTAL		
	Q1 2013	2012	FULL YEAR 2012	Q1 2013	2012	FULL YEAR 2012
Profit and loss items:						
Net interest income	4,4	3,4	14,2	128,9	113,1	490,1
Net fee and commission income	0,0	-0,3	-0,2	16,5	15,9	71,2
Other income	-4,5	9,0	19,2	-16,2	14,9	59,5
Total operating costs	-5,0	-4,4	-12,3	-98,6	-98,4	-419,7
Losses real estate at fair value, assets repossessed						
Operating profit before loan losses	-5,1	7,7	20,9	30,6	45,5	201,1
Loan losses	0,0	-7,2	-1,5	-2,5	5,8	7,7
Ordinary profit from continuing operations	-5,1	0,5	19,4	28,1	51,3	208,8
Ordinary profit from sold/discontinued businesses	-0,6	-0,1	2,7	-0,6	-0,1	2,7
Balance sheet items:						
Gross lending to customers	13,2	158,1	40,2	35 453,5	33 642,1	35 445,5
Deposits from and due to customers	37,3	59,7	13,6	21 498,4	18 106,4	19 932,7
Key figures:						
Cost/income ratio				76 %	68 %	68 %
Deposits from customers as % of gross lending				61 %	54 %	56 %
Total level of provisioning				63 %	46 %	54 %

Business segments are the Group's primary reporting segments. The Group's activities mainly take place in Norway.

Description of the segments:

Corporate market: The segment includes corporate customers' deposits and loans, mainly property owners and developers, as well as commercial real estate agency for corporate customers (Hadrian Eiendom AS). Changes in the value of acquired assets, that are presented in the income statement as a separate line item, are shown in the segment note on the loan losses line, reflecting the accounting treatment internally. The reclassification is presented under the "Treasury/other" segment. Corporate business and other capital market business for customers within the bank's corporate market segment are presented under the "Corporate market" segment. The subsidiary Hadrian Eiendom AS is also included in this area. The bank holds an ownership interest of 100% in the company.

Retail market: Deposits from and loans to retail market customers, including credit cards. Loans comprise primarily home mortgages. The segment includes loans in Storebrand Boligkreditt AS. All capital market business for customers within the bank's retail market segment are presented under the "Retail market" segment. The bank's entire residential real estate agency business is being wound up, and the results are presented on the line for discontinued operations.

The allocation of income and expenses that are not directly attributable has been made on the basis of assumed resource use. The effects of financial risk management and the liquidity portfolio have not been allocated to the business areas and are reported under "Treasury/other".

Notes

NOTE 9 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	31.03.2013	NOK MILLION	31.03.2013	31.12.2012
226,0	244,6	Guarantees	244,6	226,0
4 268,6	3 671,3	Undrawn credit limits	4 385,9	4 181,4
796,1	601,9	Lending commitments	601,9	796,1
5 290,7	4 517,8	Total contingent liabilities	5 232,3	5 203,5
1 854,0	1 451,5	Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank	1 451,5	1 854,0
2 043,1	1 533,3	Booked value of securities pledged as collateral for the government securities for covered bonds swap scheme	0,0	0,0
384,3	384,7	Booked value of bonds pledged as security with other credit institutions	0,0	0,0
4 281,5	3 369,4	Total book value of off balance sheet liabilities	1 451,5	1 854,0

Undrawn credit limits reported in Storebrand Bank ASA as of 31 March 2013 includes NOK 1.2 billion to the subsidiary Storebrand Boligkreditt AS.

It is being considered whether, and to what extent, the recent Supreme Court judgements concerning structured products will be of significance to Storebrand Bank's complaints which are pending before the Financial Complaints Board. No errors or omissions corresponding to those revealed in the Røeggen case have been discovered which indicate that Storebrand Bank must make allocations in the first quarter's accounts.

NOTE 10 NON-PERFORMING LOANS AND LOAN LOSSES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	31.03.2013	NOK MILLION	31.03.2013	31.12.2012
		Non-performing loans		
105,9	81,6	Non-performing loans without evidence of impairment	117,1	150,9
121,7	132,1	Loss-exposed loans with evidence of impairment	126,2	115,1
227,6	213,7	Gross non-performing and loss-exposed loans	243,3	265,9
-115,2	-116,5	Provisions for individual loan losses	-106,6	-105,0
112,3	97,2	Net non-performing and loss-exposed loans	136,8	161,0
		Key figures		
-38,6	-46,0	Loan loss provisions on groups of loans (NOK million)	-47,6	-39,1
-153,9	-162,5	Total loan loss provisions (NOK million)	-154,1	-144,1
95 %	88 %	Level of provisioning for individual loss-exposed loans ¹⁾	84 %	91 %
68 %	76 %	Total level of provisioning ²⁾	63 %	54 %

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

2) Total loan loss provisions in percent of gross non-performing and loss-exposed loans.

Commitments are regarded as non-performing and loss-exposed:

- when a credit facility has been overdrawn for more than 90 days
- when an ordinary mortgage has arrears older than 90 days
- when a credit card has arrears older than 90 days and the credit limit has been overdrawn. If a repayment plan has been agreed with the customer and is being adhered to, the overdraft is not regarded as a non-performing loan.

When one of the three situations described above occurs, the commitment and the rest of the customer's commitments are regarded as non-performing. The number of days is counted from when the arrears exceed NOK 2,000. The account is given a clean bill of health when there are no longer any arrears. The amount in arrears at the time of reporting can be less than NOK 2,000. 00.

Notes

NOTE 10 NON-PERFORMING LOANS AND LOAN LOSSES *(continues)*

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.03.2012	31.03.2013	NOK MILLION	31.03.2013	31.03.2012
		Losses on loans and guarantees etc. during period		
-1,4	-3,9	Change in individual loan loss provisions	-4,0	-1,7
6,5	-7,3	Change in grouped loan loss provisions	-8,4	7,0
0,9	-0,1	Other effects on loan loss provisions	-0,2	0,8
1,2	-0,5	Realised losses specifically provided for previously	-0,5	1,2
0,5	-0,1	Realised losses not specifically provided for previously	-0,1	0,5
-2,1	10,8	Recoveries on previous realised losses	10,8	-2,1
5,5	-1,1	Loan losses for the period	-2,5	5,8

Lending commitments that are continued after collateral is taken over are classified in the financial statements according to their type. Lending commitments, including individual loan loss provisions against debt in taken over company are eliminated in the consolidated financial statements. The volume of non-performing and loss-exposed loans is similarly eliminated. A separate assessment is made in the consolidated financial statements in relation to any loan loss provision/value adjustment of the assets that have been taken over.

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

In Q1 2013, costs of NOK 4.5 million were capitalised 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.

Intangible assets recognised on the balance sheet in connection with the "Hadrian" brand name were previously assessed as having unlimited useful economic life and therefore not previously depreciated. With effect from 01.01.2012, the useful economic life has been changed to 5 years and the book value of NOK 30.7 million is depreciated over the economic life in accordance with IAS 38. In Q1 2013, NOK 1.5 million has been recognised as depreciation of the brand name.

Notes

NOTE 12 LIABILITES TO CREDIT INSTITUTIONS

NOK MILLION	STOREBRAND BANK GROUP	
	31.03.2013	31.12.2012
Total liabilities to credit institutions without fixed maturity at amortised cost	0,8	11,6
F-loans:		
Maturity 2013		500,3
Loans with floating interest rate:		
Accrued expenses	0,8	0,8
Total liabilities to credit institutions with fixed maturity at amortised cost	0,8	501,0
Borrowings under the Norwegian Government's Swap arrangement:		
Maturity 2013	495,5	990,3
Maturity 2014	992,0	995,7
Total liabilities to credit institutions with fixed maturity at fair value (FVO)	1 487,5	1 986,0
Total liabilities to credit institutions	1 489,1	2 498,7

As per 31 March 2013, Storebrand Bank ASA had one current credit facility. A NOK 750 million Revolving Credit Facility was signed in October 2010. The credit facility agreement for NOK 750 million contains certain special covenants. In Q1 2013, Storebrand Bank ASA fulfilled all the terms and conditions of the agreement.

NOTE 13 SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL

NOK MILLION	STOREBRAND BANK GROUP	
	31.03.2013	31.12.2012
Commercial papers	0,0	0,0
Bond loans	14 555,5	14 540,3
Subordinated loan capital	442,6	441,4
Total securities issued and subordinated loan capital	14 998,2	14 981,7

Notes

NOTE 13 LIABILITIES TO CREDIT INSTITUTIONS (continues)

Specification of bonds issued and subordinated loan capital as 31 March 2013 of - Storebrand Bank Group

NOK MILLION		NET NOMINAL VALUE	CURRENCY	INTEREST	MATURITY 1)	BOOK VALUE 31.03.2013
Bond loans						
NO0010439821	Storebrand Bank ASA	310,0	NOK	Fixed	04.06.2015	346,9
NO0010513237	Storebrand Bank ASA	300,0	NOK	Fixed	25.05.2016	333,4
NO0010660806	Storebrand Bank ASA	300,0	NOK	Fixed	08.10.2019	308,8
NO0010590771	Storebrand Bank ASA	331,0	NOK	Floating	10.05.2013	332,2
NO0010473408	Storebrand Bank ASA	262,5	NOK	Floating	21.11.2013	264,7
NO0010507775	Storebrand Bank ASA	773,0	NOK	Floating	30.04.2014	781,8
NO0010599822	Storebrand Bank ASA	198,0	NOK	Floating	11.08.2014	198,6
NO0010635626	Storebrand Bank ASA	350,0	NOK	Floating	26.01.2015	352,2
NO0010654510	Storebrand Bank ASA	450,0	NOK	Floating	06.07.2015	453,4
NO0010670979	Storebrand Bank ASA	500,0	NOK	Floating	29.01.2016	502,3
NO0010641079	Storebrand Bank ASA	800,0	NOK	Floating	27.03.2017	801,9
NO0010662752	Storebrand Bank ASA	300,0	NOK	Floating	13.11.2017	301,0
Total bond loans						4 977,2
Covered bonds						
NO0010466071	Storebrand Boligkreditt AS	850,0	NOK	Fixed	24.04.2014	923,6
NO0010428584	Storebrand Boligkreditt AS	1 000,0	NOK	Fixed	06.05.2015	1 121,9
NO0010548373	Storebrand Boligkreditt AS	1 250,0	NOK	Fixed	28.10.2019	1 418,2
NO0010638307	Storebrand Boligkreditt AS	1 000,0	NOK	Floating	17.06.2015	999,4
NO0010575913	Storebrand Boligkreditt AS	646,5	NOK	Floating	03.06.2016	490,8
NO0010612294	Storebrand Boligkreditt AS	2 000,0	NOK	Floating	15.06.2016	1 556,7
NO0010635071	Storebrand Boligkreditt AS	2 650,0	NOK	Floating	21.06.2017	2 567,8
NO0010660822	Storebrand Boligkreditt AS	500,0	NOK	Floating	20.06.2018	499,9
Total covered bonds						9 578,3
Total commercial papers and bonds issued						14 555,5
1) Maturity date in this summary is the first possible maturity date (Call date).						
ISIN CODE	ISSUER	NET NOMINAL VALUE	CURRENCY	INTEREST	MATURITY 1)	BOOK VALUE 31.03.2013
Dated subordinated loan capital						
NO001064165	Storebrand Bank ASA	150,0	NOK	Floating	12.04.2017	151,2
Other subordinated loan capital						
NO001771168	Storebrand Bank ASA	9,3	NOK	Fixed	perpetual	9,5
Hybrid tier 1 capital						
NO001024206	Storebrand Bank ASA	107,0	NOK	Fixed	29.10.2014	113,3
NO001024207	Storebrand Bank ASA	168,0	NOK	Floating	29.10.2014	168,6
Total subordinated loan capital						442,6
Total securities issued and subordinated loan capital						14 998,2

The loan agreements contain standard covenants. Storebrand Bank ASA and Storebrand Boligkreditt AS were in compliance with all relevant covenants in Q1 2013. Under the loan programme in Storebrand Boligkreditt AS the company's overcollateralisation requirement was 109.5 percent fulfilled.

Notes

NOTE 14 RISK

The market value of Storebrand Bank's financial assets and liabilities varies due to financial market risks. Note 3 to note 7 of the 2012 annual report explains the banking group's financial risks which also is representative of the financial risks as per 31 March 2013.

Storebrand Bank has identified the following areas of risk: credit risk, liquidity risk, market risk, operational risk and compliance risk.

Credit risk

The risk of loss arising from the client lacking the capacity or intent to fulfil its obligations. This includes the risk that the security is less effective than expected (residual risk) and concentration risk. Credit risk encompasses counterparty risk.

Liquidity risk

The risk that the Bank Group, the parent bank and the subsidiaries are unable to fulfil their obligations without incurring substantial additional expense in the form of low prices for assets that must be realised, or in the form of especially expensive financing. Refer to notes 12 and 13 for more information.

Market risk

The risk of losses on open positions in financial instruments due to changes in market variables and/or market conditions within a specified time horizon. Covers counterparty risk in financial instruments trading, as well as securities risk, interest rate risk and exchange rate risk.

Operational risk

The risk of financial loss due to ineffective, inadequate or failing internal processes or systems, human error, external events or failure to comply with internal guidelines. Breach of laws and regulations can obstruct the Group from achieving its objectives and this part of compliance risk is included in operational risk.

Compliance risk

The risk that the Group incurs public sanctions or financial losses due to failure to comply with external and internal regulations.

Notes

NOTE 15 CAPITAL ADEQUACY

Capital adequacy calculations are subject to special consolidation rules in accordance with the regulation on consolidated application of the capital adequacy rules etc. (the "Consolidation Regulation"). The Storebrand Bank group is defined pursuant to Section 5 of the Consolidation Regulation as a financial group comprising solely or mainly undertakings other than insurance companies. The valuation rules used in the company's accounts form the basis for consolidation. Consolidation is mainly carried out in accordance with the same principles as those used in the accounts, with all internal transactions eliminated, including shares, loans and deposits as well as other receivables and liabilities.

Net primary capital

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	31.03.2013	NOK MILLION	31.03.2013	31.12.2012
960,6	960,6	Share capital	960,6	960,6
1 414,0	1 404,9	Other equity	1 443,0	1 495,1
2 374,6	2 365,5	Total equity	2 403,6	2 455,7
		Deductions:		
	0,0	Profit not included in the calculation of net primary capital	-19,6	
-65,7	-61,5	Intangible assets	-100,6	-106,3
-14,0	-17,6	Deferred tax asset		-7,3
		Provision for group contribution		-50,0
2 294,9	2 286,4	Core capital exc. Hybrid Tier 1 capital	2 283,3	2 292,0
		Addition:		
278,8	278,3	Hybrid Tier 1 capital	278,3	278,8
2 573,6	2 564,7	Core capital	2 561,6	2 570,8
158,6	158,7	Supplementary capital	158,7	158,6
		Deductions		
2 732,2	2 723,4	Net primary capital	2 720,3	2 729,4

Notes

NOTE 15 CAPITAL ADEQUACY (continues)

Minimum capital requirement

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2012	31.03.2013		31.03.2013	31.12.2012
1 433,6	1 452,7	Credit risk	1 750,6	1 758,1
		Of which:		
9,2	7,0	Local and regional authorities	7,0	9,2
	1,6	Public sector owned corporates	1,6	
167,6	211,4	Institutions	19,3	15,4
947,6	931,3	Corporates	931,3	938,9
189,9	189,0	Loans secured on residential real estate	698,5	693,6
47,8	47,7	Retail market	47,7	47,8
10,6	8,3	Loans past-due	10,3	12,9
39,1	39,8	Covered bonds	17,6	17,1
21,8	16,5	Other	17,2	23,2
1 433,6	1 452,7	Total minimum requirement for credit risk	1 750,6	1 758,1
		Settlement risk		
0,0	0,0	Total minimum requirement for market risk	0,0	0,0
69,4	69,4	Operational risk 1)	89,5	89,5
		Deductions		
-3,1	-3,7	Loan loss provisions on groups of loans	-3,8	-3,1
1 499,9	1 518,4	Minimum requirement for net primary capital	1 836,3	1 844,5

Capital adequacy

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	31.03.2013		31.03.2013	31.12.2012
14,6 %	14,4 %	Capital ratio	11,9 %	11,8 %
13,7 %	13,5 %	Core (tier 1) capital ratio	11,2 %	11,2 %

1) The figures per 31.03.2013 and 31.12.2012 are calculated as an average of total income for 2010, 2011 and 2012.

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 core capital adequacy have to be at least 9 per cent at all times.

Notes

NOTE 15 CAPITAL ADEQUACY *(continues)*

Basis of calculation (risk-weighted volume)

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2012	31.03.2013		31.03.2013	31.12.2012
17 920,0	18 158,7	Credit risk	21 882,4	21 976,2
		Of which:		
115,3	87,8	Local and regional authorities	87,9	115,3
	20,1	Public sector owned corporates	20,1	
2 095,1	2 642,8	Institutions	241,2	192,0
11 844,6	11 640,9	Corporates	11 640,9	11 735,9
2 373,3	2 362,7	Loans secured on residential real estate	8 731,6	8 670,1
597,8	596,8	Retail market	596,8	597,8
132,4	104,2	Loans past-due	129,2	160,8
488,6	497,3	Covered bonds	220,4	214,0
272,9	206,1	Other	214,5	290,3
17 920,0	18 158,6	Total basis of calculation credit risk	21 882,4	21 976,2
0,0	0,0	Settlement risk	0,0	0,0
0,0	0,0	Total basis of calculation market risk	0,0	0,0
867,8	867,8	Operational risk	1 119,1	1 119,1
		Deductions		
-38,6	-46,0	Loan loss provisions on groups of loans	-47,6	-39,1
18 749,2	18 980,5	Total basis of calculation of minimum requirements for capital base	22 953,9	23 056,1

Notes

NOTE 16 QUARTERLY PROFIT AND LOSS

Storebrand Bank Group

	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
NOK MILLION	2013	2012	2012	2012	2012	2011	2011	2011
Interest income	378,7	385,6	381,8	386,0	399,4	395,9	364,9	401,4
Interest expense	-249,8	-252,8	-259,5	-263,3	-286,3	-292,3	-252,2	-290,2
Net interest income	128,9	132,8	122,3	122,7	113,1	103,6	112,7	111,1
Fee and commission income from banking services	19,8	22,6	21,9	22,2	18,8	24,9	22,4	21,7
Fee and commission expenses for banking services	-3,3	-5,1	-3,2	-3,1	-2,9	-6,9	-4,0	-4,8
Net fee and commission income	16,5	17,5	18,7	19,1	15,9	18,0	18,5	16,9
Net income and gains from associated companies	0,0	0,0	0,0	1,3	0,0	0,2	0,4	0,2
Net gains on financial instruments	-17,0	2,1	12,7	6,5	13,2	-1,2	-1,5	-0,6
Other income	0,7	5,6	7,6	8,0	1,7	8,3	1,5	9,6
Total other operating income	-16,2	7,7	20,3	15,8	14,9	7,3	0,5	9,2
Staff expenses	-35,2	-36,6	-46,6	-37,1	-34,4	-32,6	-32,0	-29,6
General administration expenses	-15,0	-20,8	-14,9	-14,6	-14,9	-22,9	-22,4	-17,3
Other operating cost	-48,4	-51,5	-50,3	-48,9	-49,1	-31,1	-43,6	-37,1
Losses real estate at fair value, assets repossessed	0,0	0,0	0,0	0,0	0,0	4,7	-1,5	0,0
Total operating costs	-98,6	-108,9	-111,8	-100,6	-98,4	-81,8	-99,5	-84,0
Operating profit before loan losses	30,6	49,1	49,5	57,0	45,6	47,1	32,1	53,2
Loan losses for the period	-2,5	6,9	0,9	-5,8	5,8	-4,5	11,3	3,9
Profit before tax	28,1	55,9	50,4	51,2	51,3	42,6	43,5	57,1
Tax	-7,9	1,3	-12,5	-13,5	-11,8	1,9	-12,4	-44,0
Result after tax sold/discontinued operations	-0,6	1,3	3,4	-2,0	-0,1	-31,7	-16,2	-10,1
Profit for the year	19,6	58,5	41,3	35,7	39,4	12,8	14,8	3,0

Notes

NOTE 16 QUARTERLY PROFIT AND LOSS *(continues)*

Storebrand Bank ASA

	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
NOK MILLION	2013	2012	2012	2012	2012	2011	2011	2011
Interest income	268,1	274,1	277,6	282,6	323,8	346,4	339,5	326,3
Interest expense	-193,4	-191,1	-195,7	-199,5	-231,2	-250,5	-243,9	-236,4
Net interest income	74,7	82,9	81,9	83,1	92,7	95,9	95,6	90,0
Fee and commission income from banking services	23,1	25,9	25,3	25,5	22,2	28,2	25,7	25,3
Fee and commission expenses for banking services	-3,3	-5,1	-3,2	-3,1	-2,9	-6,9	-4,0	-4,8
Net fee and commission income	19,8	20,9	22,1	22,5	19,3	21,3	21,7	20,6
Net income and gains from associated companies	0,0	0,0	0,0	1,3	0,0	0,2	0,4	0,2
Net gains on financial instruments	-12,5	4,3	22,6	4,1	37,3	-20,0	-11,9	12,4
Other income	0,0	144,0	6,0	0,0	1,5	19,1	-78,9	-18,8
Total other operating income	-12,5	148,2	28,6	5,4	38,7	-0,7	-90,4	-6,1
Staff expenses	-33,4	-32,8	-45,5	-35,5	-32,7	-29,0	-30,6	-27,5
General administration expenses	-14,9	-20,6	-14,8	-14,4	-14,7	-22,7	-22,2	-17,1
Other operating cost	-45,2	-47,4	-47,5	-45,6	-44,4	-28,5	-41,1	-33,9
Total operating costs	-93,5	-100,7	-107,8	-95,5	-91,8	-80,1	-94,0	-78,5
Operating profit before loan losses	-11,5	151,3	24,8	15,4	58,9	36,4	-67,1	25,9
Loan losses for the period	-1,1	8,5	1,7	-5,3	5,5	1,7	0,8	4,1
Profit before tax	-12,6	159,8	26,5	10,1	64,4	38,1	-66,3	30,0
Tax	3,5	-37,3	-5,7	-2,7	-18,0	-15,6	-6,3	-41,0
Profit for the year	-9,1	122,5	20,8	7,4	46,3	22,5	-72,6	-11,0

Notes

NOTE 17 VALUATION

Storebrand Bank Group conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Bonds are generally valued based on prices collected from Reuters and Bloomberg. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by well recognised brokerage houses.

Unlisted derivatives, including primarily interest rate and foreign exchange instruments, are also valued theoretically. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Reuters, Bloomberg and Norges Bank.

Storebrand Bank Group carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

The Storebrand Group categorises financial instruments that are valued at fair value into three different levels which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models that gather information from a wide range of well-informed sources with reference to minimize uncertainty related to the valuation.

Fixed-rate loans to customers, which are valued at fair value (FVO) for accounting purposes, have been moved from level 2 to level 3 as uncertainty related to the stipulation of the market's margin requirements for such loans is considered to have increased during the first quarter. The value of fixed-rate loans is determined by agreed cash flows discounted over the remaining fixed-rate period at a discount rate that is adjusted for an estimate of the market's margin requirements. No negative development in the borrower's ability to repay, or negative development in underlying collateral securities has been observed.

Notes

NOTE 17 VALUATION (continues)

Specification of financial assets at fair value

NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	BOOK VALUE 31.03.2013	BOOK VALUE 31.12.2012
	QUOTED PRICES	OBSERVABLE ASSUMPTIONS	NON-OBSERVABLE ASSUMPTIONS		
Equities		4,3		4,3	
Total equities 2012		5,2			5,2
Lending to customers			1 377,3	1 377,3	
Total lending to customers 2012		1 240,8			1 240,8
Sovereign and Government Guaranteed bonds	541,2			541,2	492,7
Credit bonds	0,0	489,4		489,4	526,2
Mortgage and asset backed bonds	64,1	1 867,8		1 932,0	4 605,7
Total bonds	605,4	2 357,2	0,0	2 962,6	
Total bonds 2012	557,4	2 304,3			2 861,7
Interest rate derivatives		410,5		410,5	403,9
Currency derivatives		0,3		0,3	0,0
Total derivatives	0,0	410,8	0,0	410,8	
Derivatives with a positive fair value		951,8		951,8	1 005,0
Derivatives with a negative fair value		-541,0		-541,0	-601,1
Total derivatives 2012		403,9			403,9
Specification of financial liabilities at fair value					
Liabilities to credit institutions		1 487,5		1 487,5	
Total liabilities to credit institutions 2012		1 986,0			1 986,0

There have not been any changes between quoted prices and observable assumptions on the various financial instruments in the quarter.

Specification of securities pursuant to valuation techniques (non-observable assumptions)

NOK MILLION	LENDING TO CUSTOMERS
Book value 01.01.	0,0
Net gains/losses on financial instruments	
Supply / disposal	
Sales / due settlements	
Transferred from observable assumptions to non-observable	1 377,3
Translation differences	
Other	
Book value 31.03	1 377,3

Translation from the original Norwegian version

To the Board of Directors 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, 2013, 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 interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Oslo, April 23, 2013
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
E-mail address: bank@storebrand.no

Company registration number: 953 299 216

Senior Management:

Truls Nergaard	Managing Director
Bernt Uppstad	Head of Finance and Risk Management
Robert Fjelli	Head of Capital Market Products
Monica Kristoffersen Hellekleiv	Head of Retail Banking
Torstein Hagen	Head of Corporate Banking
Anne Grete T. Wardeberg	Head of Staff Functions

Board of Directors:

Stein Wessel-Aas	Chairman
Heidi Skaaret	Deputy chairman
Geir Holmgren	Board Member
Inger Roll-Matthiesen	Board Member
Heidi Storruste	Board Member

Contact persons:

Truls Nergaard. Managing Director. Tel.:+ 47 - 916 02 270.
Bernt Uppstad. Head of Finance and Risk Management. Tel:+ 47 - 901 68 821.

Other sources of information:

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