

Storebrand Bank Group

1st quarter 2012

 storebrand



Storebrand Bank Group

- quarterly report for the 1st quarter of 2012

(Profit and loss figures for the corresponding period in 2011 are shown in brackets. Balance figures in brackets are for the end of 2011.)

- Stable results
- Reversals of loan losses
- New mobile bank launched and internet banking upgrade

Earnings performance

In 2011 the bank group achieved a profit before tax of NOK 51 million (NOK 47 million). The performance is driven by good underlying operations, positive changes in market values during the quarter and the reversal of previous loan loss provisions. There is positive lending growth in both the retail and corporate markets.

Net interest income totalled NOK 113 million (NOK 116 million) for the quarter. After a rising trend in money market rates towards the end of 2011, the money market has quickly changed direction towards a lower interest rate level over an extended period, following Norges Banks latest two reductions in the key rate. During the first half of the quarter, this led to increased lending margins, but put pressure on deposit margins. Net interest income as a percentage of average total assets was 1.18 per cent (1.21 per cent) for the quarter.

Net commission income was NOK 16 million (NOK 20 million) in the 1st quarter and other income amounted to NOK 15 million (NOK 15 million). Other income in the 1st quarter was positively affected by an accounting gain of NOK 8 million (NOK 3 million) from changes in the value of financial instruments. The main driver for the positive result is that the bank during the quarter, made early settlement of a loan in the swap facility of about NOK 1.5 billion that was due to mature in November 2013. This transaction has reduced financial risk and given an accounting gain of about NOK 6 million in the group. During the 1st quarter of 2011, the bank had an accounting gain of NOK 8 million from the sale of a shareholding in a property development company. In previous years the business activities of Ring Eiendomsmegling AS have been included in this part of the income statement, but the results from Ring are now reported under sold/discontinued operations.

Operating expenses totalled NOK 98 million (NOK 106 million) for the 1st quarter. Operating expenses in the 1st quarter of 2011 include write-downs on investment properties of NOK 7 million related to repossessed assets that the bank has taken over. The banking business¹⁾ cost ratio was 65 per cent for the quarter (64 per cent)

International financial instability has not led to problems in the bank's lending portfolio to date and the total volume of non-performing loans is low and less than it was during the corresponding period in 2011. NOK 6 million (NOK 3 million) was recognised as income on

write-downs on loans in the 1st quarter. Group impairment losses have been reduced due to improved portfolio quality.

Balance sheet performance

The positive trend in the retail market continued in the 1st quarter, with growth in both lending and deposits. The lending portfolio to the corporate market has also shown an increase in the 1st quarter. Gross lending to customers totalled NOK 33.6 billion at the end of the 1st quarter. There was an increase of NOK 0.2 billion on the bank's balance sheet in the 1st quarter, while syndicated volume at Storebrand Livsforsikring increased by NOK 0.2 billion.

The Bank Group's retail market portfolio totals NOK 22.4 billion, equivalent to 67 per cent of the bank's total lending, and chiefly comprises 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 2011. 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 almost unchanged in the 1st quarter and represents 1.0 per cent (1.0 per cent) of gross lending. This development is the result of continued improvement in portfolio quality. Non-performing loans that are not impaired amounted to NOK 163 million (NOK 160 million) and impaired non-performing loans totalled NOK 160 million (NOK 171 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 bank group had NOK 2,967 million in tradable securities and NOK 322 million deposited in other banks at the end of the 1st quarter. The volume of customer deposits totalled NOK 18.1 billion at the end of the quarter. The deposit-to-loan ratio was 54 per cent at the end of the quarter. This is the same level as the corresponding period the previous year and somewhat down from year-end.

Storebrand Boligkreditt AS issued NOK 2,750 million in bonds on the market in the 1st quarter. This capital has

1) The banking business consists of Storebrand Bank ASA and Storebrand Boligkreditt AS

been partly used for the early settlement of a loan in the swap facility that was due to mature in autumn 2013, so that the remaining financing via Norges Bank's swap facility is less than NOK 2 billion.

Capital adequacy

Capital adequacy in the Bank Group was 13.9 per cent and core capital adequacy was 11.6 per cent at the end of the quarter. During the quarter, the bank issued new subordinated loans of NOK 150 million and during the 2nd quarter a subordinated loan of NOK 250 million will be redeemed early. Following this, capital adequacy in the bank group would have been 13.0 per cent at the end of the quarter.

Market

The bank continues the positive volume trend in the retail market and has maintained its competitive terms. In March, the bank launched its new mobile bank, which was received positively, and in April internet banking has been integrated with the group's other internet solutions. The internet solution has also been updated, with a new menu structure that is better suited to tablets and smart phones.

The transactions market for commercial property is better than in 2011. Lease rates are showing a moderate rise in attractive areas and are stable in other parts of the Oslo region. There is a high level of residential building, especially in the Oslo and Stavanger regions.

Performance of Storebrand Bank ASA

Storebrand Bank ASA achieved a profit before taxes in the 1st quarter of 2012 of NOK 64 million (NOK 29 million).

Net interest income for Storebrand Bank ASA totalled NOK 93 million (NOK 89 million) in the 1st quarter. The increase is mainly the result of improved lending margins in the corporate market.

Other income for the parent company showed a positive development for the quarter, due to realised and unrealised gains in the liquidity portfolio of fixed income securities, totalling NOK 37 million (NOK 8 million). The changes in value have been largely driven by changes in market value of the bank's own holdings of covered bonds issued by Storebrand Boligkreditt AS. Other income

totalled NOK 39 million (NOK 15 million) for the 1st quarter.

In the 1st quarter, net loan loss provisions of NOK 6 million have been recognised (expenses of NOK 4 million). Non-performing loans that are not impaired totalled NOK 105 million (NOK 119 million) and impaired non-performing loans were NOK 179 million at the end of the quarter; total non-performing loans represented NOK 284 million (NOK 313 million).

The deposit to loan ratio in the parent bank was 106 per cent (109 per cent) at the end of the quarter. The change in the deposit to loan ratio in the parent company reflects both the increased volume of deposits and the reduction in total lending in connection with the sale of loans from the parent bank to the mortgage company.

Other

In 2012 Storebrand Bank will continue to focus on improving the business' profitability combined with moderate growth. The consequences of the international financial instability for both the banking industry and our customers will be closely monitored. The bank will continue to prioritise maintaining a moderate risk profile with a good balance sheet and funding composition.

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

In an environment characterised by much international uncertainty the bank will maintain its focus on sound management of the bank's credit risk, liquidity risk 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 2012.

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

Storebrand Bank Group

PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q1		FULL YEAR
		2012	2011	2011
Interest income		399.4	374.8	1 536.9
Interest expense		-286.3	-259.2	-1 093.9
Net interest income	5	113.1	115.6	443.0
Fee and commission income from banking services		18.8	22.5	91.5
Fee and commission expenses for banking services		-2.9	-2.8	-18.5
Net fee and commission income		15.9	19.7	73.0
Net income and gains from associated companies				0.9
Net gains on financial instruments	6	13.2	5.2	2.0
Other income		1.7	9.7	29.1
Total other operating income		14.9	14.9	32.0
Staff expenses		-34.4	-35.9	-130.1
General administration expenses		-14.9	-22.8	-85.4
Other operating costs		-49.1	-40.4	-152.2
Losses real estate at fair value, assets repossessed	12		-7.2	-3.9
Total operating costs		-98.4	-106.3	-371.6
Operating profit before loan losses		45.6	43.9	176.4
Loan losses for the period	11	5.8	3.1	13.9
Profit before tax		51.3	47.1	190.2
Tax	7	-11.8	22.9	-31.5
Result after tax sold/discontinued operations		-0.1	-1.7	-59.8
Profit for the year		39.4	68.3	98.9
Allocated to:				
Shareholders		39.4	68.3	98.9
Minority interests		0.0	0.0	0.0

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	Q1		FULL YEAR
		2012	2011	2011
Pension experience adjustments				2.8
Profit for the period		39.4	68.3	98.9
Total comprehensive income for the period		39.4	68.3	101.7
Allocated to:				
Shareholders		39.4	68.3	101.7
Minority interests		0.0	0.0	0.0
Total		39.4	68.3	101.7

Storebrand Bank Group

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.03.2012	31.12.2011
Cash and deposits with central banks		184.5	508.4
Loans to and deposits with credit institutions		322.1	268.6
Financial assets designated at fair value through profit and loss:			
Equity instruments	18	5.1	5.2
Bonds and other fixed-income securities	10, 18	1 967.9	2 655.0
Derivatives	18	921.3	920.6
Bonds at amortised cost	10	999.5	651.2
Other assets		274.5	210.3
Gross lending	18	33 642.1	33 474.5
- Write-downs on individual loans	11	-101.9	-103.4
- Write-downs on groups of loans		-46.2	-53.2
Net lending to customers		33 494.0	33 317.9
Investments in associated companies		2.8	2.8
Tangible assets	12	10.4	11.2
Real estate at fair value	12		11.7
Intangible assets and goodwill	12	115.2	111.1
Deferred tax assets			8.1
Assets sold/discontinued operations		19.8	35.4
Total assets		38 317.1	38 717.7
Liabilities to credit institutions	13, 18	3 681.3	6 015.8
Deposits from and due to customers	18	18 111.3	18 485.5
Other financial liabilities:			
Derivatives	18	489.8	500.2
Commercial papers and bonds issued	14	12 662.3	10 082.8
Other liabilities		178.3	501.8
Liabilities sold/discontinued operations		20.8	30.0
Provision for accrued expenses and liabilities		4.0	0.8
Pension liabilities		103.7	103.7
Subordinated loan capital	14	769.4	692.3
Total liabilities		36 021.1	36 412.9
Paid in capital		1 516.8	1 516.8
Retained earnings		777.3	787.9
Minority interests		1.9	0.1
Total equity		2 296.0	2 304.8
Total equity and liabilities		38 317.1	38 717.7

Storebrand Bank ASA

PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q1		FULL YEAR
		2012	2011	2011
Interest income		323.8	317.3	1 329.6
Interest expense		-231.2	-228.8	-959.6
Net interest income	5	92.7	88.5	370.0
Fee and commission income from banking services		22.2	26.1	105.3
Fee and commission expenses for banking services		-2.9	-2.8	-18.5
Net fee and commission income		19.3	23.3	86.9
Net income and gains from associated companies				0.9
Net gains on financial instruments	6	37.3	8.0	-11.6
Other income		1.5	7.2	-71.4
Total other operating income		38.7	15.2	-82.1
Staff expenses		-32.7	-33.7	-120.8
General administration expenses		-14.7	-22.6	-84.6
Other operating costs		-44.4	-37.2	-140.7
Losses real estate at fair value, assets repossessed		-91.8	-93.5	-346.1
Total operating costs		-98.4	-106.3	-371.6
Operating profit before loan losses		58.9	33.5	28.7
Loan losses for the period	11	5.5	-4.1	2.5
Profit before tax		64.4	29.4	31.2
Tax	7	-18.0	-8.2	-71.1
Profit for the year		46.3	21.2	-39.9

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q1		FULL YEAR
	2012	2011	2011
Pension experience adjustments			2.8
Profit for the period	46.3	21.2	-39.9
Total comprehensive income for the period	46.3	21.2	-37.2

Storebrand Bank ASA

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.03.2012	31.12.2011
Cash and deposits with central banks		184.5	508.4
Loans to and deposits with credit institutions		4 274.8	4 404.4
Financial assets designated at fair value through profit and loss:			
Equity instruments	18	1.7	1.8
Bonds and other fixed-income securities	10, 18	6 142.5	9 319.6
Derivatives	18	567.3	606.1
Bonds at amortised cost	10	999.5	651.2
Other assets		962.2	1 263.4
Gross lending	18	17 112.6	16 963.8
- Write-downs on individual loans	11	-115.4	-117.2
- Write-downs on groups of loans		-45.4	-51.9
Net lending to customers		16 951.8	16 794.7
Investments in associated companies		1.3	1.4
Tangible assets	12	9.9	10.7
Intangible assets and goodwill	12	69.9	64.3
Deferred tax assets		3.4	21.5
Total assets		30 169.0	33 647.4
Liabilities to credit institutions	13, 18	3 975.5	6 318.0
Deposits from and due to customers	18	18 154.9	18 492.4
Other financial liabilities:			
Derivatives	18	489.8	500.2
Commercial papers and bonds issued	14	4 234.5	4 448.9
Other liabilities		192.0	888.7
Provision for accrued expenses and liabilities		0.4	0.8
Pension liabilities		103.7	103.7
Subordinated loan capital	14	769.4	692.3
Total liabilities		27 920.2	31 445.0
Paid in capital		1 635.2	1 635.2
Retained earnings		613.5	567.2
Total equity		2 248.7	2 202.4
Total equity and liabilities		30 169.0	33 647.4

Key figures

STOREBRAND BANK GROUP

NOK MILLION AND PERCENTAGE	Q1		FULL YEAR
	2012	2011	2011
Profit and Loss account: (as % of avg. total assets)			
Net interest income	1.18 %	1.21 %	1.13 %
Other operating income 3)	0.32 %	0.36 %	0.27 %
Main balance sheet figures:			
Total assets	38 717.7	38 842.1	38 717.7
Average total assets 1)	38 535.8	39 169.0	39 106.5
Total lending to customers	33 642.1	34 228.8	33 474.5
Deposits from customers	18 111.3	18 618.7	18 485.5
Deposits from customers as % of gross lending	53.8 %	54.4 %	55.2 %
Equity	2 296.0	2 276.9	2 304.8
Other key figures:			
Total non-interest income as % of total income	21.4 %	23.0 %	19.2 %
Loan losses and provisions as % of average total lending 5)	-0.07 %	-0.04 %	-0.03 %
Individual loan loss provisions as % of gross loss-exposed loans	1.0 %	1.2 %	1.0 %
Cost/income ratio banking activities 4)	65.1 %	63.9 %	65.9 %
Return on equity before tax 2)	8.9 %	8.7 %	8.3 %
Core capital ratio	11.6 %	10.3 %	11.4 %

STOREBRAND BANK ASA

NOK MILLION AND PERCENTAGE	Q1		FULL YEAR
	2012	2011	2011
Profit and Loss account: (as % of avg. total assets)			
Net interest income	1.16 %	1.03 %	1.06 %
Other operating income 3)	0.73 %	0.44 %	0.42 %
Main balance sheet figures:			
Total assets	30 169.0	35 209.4	33 647.4
Average total assets 1)	31 912.9	35 406.1	34 982.8
Total lending to customers	17 112.6	19 044.5	16 963.8
Deposits from customers	18 154.9	18 637.2	18 492.4
Deposits from customers as % of gross lending	106.1 %	97.9 %	109.0 %
Equity	2 248.7	2 310.7	2 202.4
Other key figures:			
Total non-interest income as % of total income	38.5 %	30.3 %	28.2 %
Loan losses and provisions as % of average total lending 5)	-0.13 %	0.09 %	-0.08 %
Individual loan loss provisions as % of gross loss-exposed loans	1.7 %	2.3 %	1.8 %
Cost/income ratio	60.9 %	73.6 %	67.2 %
Return on equity before tax 2)	11.6 %	5.4 %	1.4 %
Core (tier 1) capital ratio	14.4 %	12.3 %	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 item Loan losses for the period and losses real estate at fair value, assets repossessed. in the profit & loss account.

Reconciliation of changes in equity

STOREBRAND BANK GROUP

NOK MILLION	MAJORITY'S SHARE OF EQUITY								MINORITY INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID IN EQUITY	TOTAL PAID IN EQUITY	OTHER EQUITY					
					REVENUE AND COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY			
Equity at 31.12.2010	960.6	156.0	400.3	1 516.8	17.6	722.9	740.5	3.3	2 260.6	
Profit for the period						98.9	98.9		98.9	
Pension experience adjustments					2.8		2.8		2.8	
Total other comprehensive income	0.0	0.0	0.0	0.0	2.8	0.0	2.8	0.0	2.8	
Total comprehensive income for the period	0.0	0.0	0.0	0.0	2.8	98.9	101.7	0.0	101.7	
Equity transactions with owners:										
Purchase of minority interests						-1.0	-1.0	-4.0	-5.1	
Provision for group contribution						-50.0	-50.0		-50.0	
Other changes						-3.2	-3.2	0.8	-2.4	
Equity at 31.12.2011	960.6	156.0	400.3	1 516.8	20.3	767.6	787.9	4.1	2 304.8	
Profit for the period						39.4	39.4	0.0	39.4	
Pension experience adjustments										
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	39.4	39.4	0.0	39.4	
Equity transactions with owners:										
Provision for group contribution						-50.0	-50.0		-50.0	
Other changes								1.8	1.8	
Equity at 31.03.2012	960.6	156.0	400.3	1 516.8	20.3	758.0	777.3	5.9	2 296.0	

Reconciliation of changes in equity

STOREBRAND BANK ASA

NOK MILLION	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID IN EQUITY	TOTAL PAID IN EQUITY	REVENUE AND COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	TOTAL EQUITY
Equity at 31.12.2010	960.6	156.0	518.7	1 635.2	15.6	638.7	654.3	2 289.6
Profit for the period						-39.9	-39.9	-39.9
Pension experience adjustments					2.8		2.8	2.8
Total other comprehensive income	0.0	0.0	0.0	0.0	2.8	0.0	2.8	2.8
Total comprehensive income for the period	0.0	0.0	0.0	0.0	2.8	-39.9	-37.2	-37.2
Equity transactions with owners:								
Provision for group contribution						-50.0	-50.0	-50.0
Equity at 31.12.2011	960.6	156.0	518.7	1 635.2	18.4	548.8	567.1	2 202.4
Profit for the period						46.3	46.3	46.3
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	46.3	46.3	46.3
Equity at 31.03.2012	960.6	156.0	518.7	1 635.2	18.4	595.1	613.4	2 248.7

The share capital is made up of 64.037.183 shares of nominal value NOK 15.

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

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

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

Storebrand Bank view it as necessary to have a core capital ratio of at least 9 per cent at all times, regardless of macro economic environment. In good economic conditions, the core capital ratio should be substantially higher and Storebrand Bank therefore targets at core capital ratio of at least 11 per cent from 2013. In general, the equity of the banking group can be managed without material restrictions if the capital requirements are met and the respective legal entities have adequate solidity.

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

Cash flow statement

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.03.2011	31.03.2012	NOK MILLION	31.03.2012	31.03.2011
		Cash flow from operations		
266.0	258.0	Receipts of interest, commissions and fees from customers	380.5	268.2
-118.8	-135.6	Payments of interest, commissions and fees to customers	-152.5	-118.8
-565.4	145.0	Net disbursement/payments on customer loans	144.5	313.0
-140.1	-345.1	Net receipts/payments of deposits from banking customers	-373.2	-148.6
-112.2	2 983.0	Net receipts/payments - securities at fair value	406.6	-165.8
		Net receipts/payments - real estate at fair value	8.9	23.2
		Payments - taxes	-2.5	-2.8
-74.1	-86.9	Payments of operating costs	-92.6	-60.8
-61.1	1.5	Net receipts/payments on other operating activities	-12.4	-59.7
-805.7	2 819.8	Net cash flow from operating activities	307.3	47.9
		Cash flow from investment activities		
32.5		Net receipts from sale of subsidiaries and associated companies		
-0.1	-0.1	Net payments on purchase/capitalisation of subsidiaries		
-7.5	-10.3	Net payments on purchase/sale of fixed assets etc.	-10.3	-1.3
24.9	-10.4	Net cash flow from investment activities	-10.3	-1.3
		Cash flow from financing activities		
-672.4	-2 321.2	Payments - repayments of loans and issuing of bond debt	-2 300.6	-672.4
699.5	1 097.4	Receipts - new loans and issuing of bond debt	3 853.3	699.5
-85.3	-87.9	Payments - interest on loans	-152.9	-70.5
-6.5	-7.7	Payments - interest on subordinated loan capital	-7.7	-6.5
336.4	-1 916.5	Net receipts/payments of liabilities to credit institutions	-1 909.5	-415.0
135.6	58.8	Receipts - group contribution		
-115.5	-85.8	Payments - group contribution / dividends	-50.0	-50.0
291.8	-3 262.9	Net cash flow from financing activities	-567.3	-514.9
-489.0	-453.3	Net cash flow in period	-270.4	-468.3
4 006.7	4 912.8	Cash and bank deposits at the start of the period	777.0	864.1
3 517.7	4 459.3	Cash and bank deposits at the end of the period	506.6	395.8
1.0	184.5	Cash and deposits with central banks	184.5	1.0
3 516.7	4 274.8	Loans to and deposits with credit institutions	322.1	394.8
3 517.7	4 459.3	Total cash and bank deposits in the balance sheet	506.6	395.8

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

Operational activities

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

Investment activities

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

Financing activities

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

Cash/cash equivalents

Cash/cash equivalents are defined as claims on central banks and lending to and claims on financial institutions.

Notes

NOTE 1 ACCOUNTING PRINCIPLES

The consolidated interim accounts for the group include Storebrand Bank ASA together with subsidiaries, joint ventures and associated companies. The interim accounts for 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 financial statements.

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

Storebrand Bank Group has not made any changes to the accounting policies applied in 2012. A description of the accounting policies applied in the preparation of the financial statements is provided in the 2011 annual report.

The annual report and accounts of Storebrand Bank ASA and the Storebrand Bank ASA group for 2011 is available at www.storebrand.no.

NOTE 2 ESTIMATES

The preparation of the interim accounts involves the use of estimates and assumptions that have an effect on assets, liabilities, revenue, costs, the notes to the accounts and information on potential liabilities. There will be uncertainty related to estimates and assumptions. In the future, actual experience may deviate from the estimates used. Please refer to note 1 and 2 in the annual report and accounts for 2011. Please also see note 12 regarding changes in estimates in Q1 2012.

NOTE 3 CHANGES IN THE COMPOSITION OF THE GROUP

In March 2011, 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 2011. 2011. A write-down of NOK 6 million was reversed in the fourth quarter.

NOTE 4 CHANGES IN THE COMPOSITION OF THE GROUP

Storebrand Eiendoms kreditt AS has been wound up in the first quarter of 2012 and Storebrand Bank ASA has received a liquidating dividend of NOK 0.2 million. Storebrand Bank ASA has bought more shares in Hadrian Utvikling AS and owns 100 per cent of the company as at the end of the 1st quarter of 2012.

Notes

NOTE 5 NET INTEREST INCOME

Storebrand Bank Group

NOK MILLION	Q1		FULL YEAR
	2012	2011	2011
Interest and other income on loans to and deposits with credit institutions	3.6	4.6	21.5
Interest and other income on loans to and due from customers	366.2	346.2	1 394.0
Interest on commercial paper, bonds and other interest-bearing securities	27.9	22.7	115.3
Other interest income and related income	1.6	1.3	6.1
Total interest income	399.4	374.8	1 536.9
Interest and other expenses on debt to credit institutions	-44.5	-59.9	-225.2
Interest and other expenses on deposits from and due to customers	-132.4	-115.1	-475.4
Interest and other expenses on securities issued	-101.7	-75.0	-329.0
Interest and expenses on subordinated loan capital	-7.7	-8.4	-39.5
Other interest expenses and related expenses		-0.8	-24.7
Total interest expenses	-286.3	-259.2	-1 093.9
Net interest income	113.1	115.6	443.0

Storebrand Bank ASA

NOK MILLION	Q1		FULL YEAR
	2012	2011	2011
Interest and other income on loans to and deposits with credit institutions	40.2	24.7	151.8
Interest and other income on loans to and due from customers	205.8	215.2	831.2
Interest on commercial paper, bonds and other interest-bearing securities	76.2	76.2	340.5
Other interest income and related income	1.6	1.3	6.1
Total interest income	323.8	317.3	1 329.6
Interest and other expenses on debt to credit institutions	-46.0	-63.4	-245.2
Interest and other expenses on deposits from and due to customers	-132.7	-116.0	-480.1
Interest and other expenses on securities issued	-43.0	-40.3	-170.0
Interest and expenses on subordinated loan capital	-7.7	-8.4	-39.5
Other interest expenses and related expenses	-1.8	-0.8	-24.7
Total interest expenses	-231.2	-228.8	-959.6
Net interest income	92.7	88.5	370.0

Notes

NOTE 6 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES

Storebrand Bank Group	Q1		FULL YEAR
NOK MILLION	2012	2011	2011
<i>Equity instruments</i>			
Dividends received from equity investments			0.1
Net gains/losses on realisation of equity investments			
Net change in fair value of equity investments	-0.1	0.1	0.2
Total equity investments, FVO	-0.1	0.1	0.3
<i>Commercial papers and bonds</i>			
Realised gain/loss on commercial papers and bonds, FVO	5.4	1.1	3.2
Unrealised gain/loss on commercial papers and bonds, FVO	2.8	1.3	-1.4
Total gain/loss on commercial papers and bonds, FVO	8.2	2.4	1.8
<i>Lending to customers</i>			
Unrealised gain/loss on lending to customers, FVO	1.2	-8.0	7.6
Total gain/loss on lending to customers, FVO	1.2	-8.0	7.6
<i>Liabilities to credit institutions and other funding</i>			
Realised gain/loss on liabilities to credit institutions and other funding, FVO	-8.8		-1.9
Unrealised gain/loss on liabilities to credit institutions and other funding, FVO	8.7	-0.5	-6.9
Total gain/loss on liabilities to credit institutions and other funding, FVO	-0.1	-0.5	-8.9
<i>Financial derivatives and foreign exchange</i>			
Realised gain/loss on financial derivatives, held for trading	23.1	0.1	-55.4
Unrealised gain/loss on financial derivatives, held for trading	-39.9	10.9	58.1
Total financial derivatives and foreign exchange, held for trading	-16.8	11.0	2.7
Net income and gains from financial assets and liabilities at fair value	-7.7	5.2	3.5
<i>Fair value hedging</i>			
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	-1.8		
Net gain/loss on fair value hedging	-1.8	0.0	0.0
<i>Commercial papers and bonds</i>			
Realised gain/loss on commercial papers and bonds at amortised cost	1.1		
Total gain/loss on commercial papers and bonds at amortised cost	1.1	0.0	0.0
<i>Bonds issued</i>			
Realised gain/loss on bonds issued at amortised cost	21.6		-1.6
Total gain/loss on bonds issued at amortised cost	21.6	0.0	-1.6
Net income and gains from financial assets and liabilities at amortised cost	22.7	0.0	-1.6
Net income and gains from financial assets and liabilities	13.2	5.2	2.0

Notes

NOTE 6 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES

Storebrand Bank ASA

NOK MILLION	Q1		FULL YEAR
	2012	2012	2011
<i>Equity instruments</i>			
Dividends received from equity investments			0.1
Net gains/losses on realisation of equity investments			
Net change in fair value of equity investments	-0.1	0.1	0.2
Total equity investments, FVO	-0.1	0.1	0.3
<i>Commercial papers and bonds</i>			
Realised gain/loss on commercial papers and bonds, FVO	9.9	1.1	3.2
Unrealised gain/loss on commercial papers and bonds, FVO	21.7	4.1	-14.7
Total gain/loss on commercial papers and bonds, FVO	31.6	5.2	-11.5
<i>Lending to customers</i>			
Unrealised gain/loss on lending to customers, FVO	1.2	-8.0	7.6
Total gain/loss on lending to customers, FVO	1.2	-8.0	7.6
<i>Liabilities to credit institutions and other funding</i>			
Realised gain/loss on liabilities to credit institutions and other funding, FVO	-8.8		-1.9
Unrealised gain/loss on liabilities to credit institutions and other funding, FVO	8.7	-0.5	-6.9
Total gain/loss on liabilities to credit institutions and other funding, FVO	-0.1	-0.5	-8.9
<i>Financial derivatives and foreign exchange</i>			
Realised gain/loss on financial derivatives, held for trading	23.1	0.1	-55.6
Unrealised gain/loss on financial derivatives, held for trading	-39.8	10.9	58.1
Total financial derivatives and foreign exchange, held for trading	-16.8	11.0	2.4
Net income and gains from financial assets and liabilities at fair value	15.8	8.0	-10.0
<i>Fair value hedging</i>			
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	-1.2		
Net gain/loss on fair value hedging	-1.2	0.0	0.0
<i>Commercial papers and bonds</i>			
Realised gain/loss on commercial papers and bonds at amortised cost	1.1		
Total gain/loss on commercial papers and bonds at amortised cost	1.1	0.0	0.0
<i>Bonds issued</i>			
Realised gain/loss on bonds issued at amortised cost	21.6		-1.6
Total gain/loss on bonds issued at amortised cost	21.6	0.0	-1.6
Net income and gains from financial assets and liabilities at amortised cost	22.7	0.0	-1.6
Net income and gains from financial assets and liabilities	37.3	8.0	-11.6

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 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 4.2 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 March 2012. The investments are included in the liquidity portfolio in the parent company and are classified at fair value option. The investment has been eliminated in the consolidated accounts against bonds issued by Storebrand Boligkreditt AS.

Lending transferred to Storebrand Boligkreditt AS

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

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

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

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

Notes

NOTE 9 - SEGMENT INFORMATION

Storebrand Bank Group

Profit and loss by segment:

NOK MILLION	CORPORATE			RETAIL		
	Q1 2012	2011	FULL YEAR 2011	Q1 2012	2011	FULL YEAR 2011
Profit and loss items:						
Net interest income	49.3	54.6	216.0	60.4	66.5	255.0
Net fee and commission income	3.1	5.5	15.3	13.2	14.2	57.9
Other income	4.8	5.5	33.2	1.2	0.7	3.4
Total operating costs	-30.5	-30.9	-125.6	-63.5	-61.7	-234.3
Losses real estate at fair value, assets repossessed						
Operating profit before loan losses	26.6	34.7	138.9	11.3	19.7	82.0
Loan losses	7.3	7.1	-2.9	-1.5	-3.9	5.7
Ordinary profit from continuing operations	33.9	41.8	136.0	9.7	15.8	87.7
Ordinary profit from discontinued businesses	0.0	0.0	0.0	0.0	0.0	0.0
Balance sheet items:						
Gross lending to customers	11 195.2	12 357.6	11 184.1	22 443.5	21 928.5	22 028.8
Deposits from and due to customers	6 525.3	7 410.5	6 961.9	11 618.9	11 082.3	10 854.5
Key figures:						
Cost/income ratio	53 %	47 %	47 %	85 %	76 %	74 %
Deposits from customers as % of gross lending	58 %	60 %	62 %	52 %	51 %	49 %
Total level of provisioning	79 %	81 %	90 %	17 %	13 %	15 %

Notes

NOTE 9 - SEGMENT INFORMATION *(continues)*

Storebrand Bank Group

Profit and loss by segment:

NOK MILLION	TREASURY / OTHER			TOTAL		
	Q1 2012	2011	FULL YEAR 2011	Q1 2012	2011	FULL YEAR 2011
Profit and loss items:						
Net interest income	3.4	-5.4	-28.0	113.1	115.6	443.0
Net fee and commission income	-0.3	0.0	-0.2	15.9	19.7	73.0
Other income	9.0	8.7	-4.6	14.9	14.9	32.0
Total operating costs	-4.4	-6.6	-7.8	-98.4	-99.1	-367.7
Losses real estate at fair value, assets repossessed		-7.2			-7.2	-3.9
Operating profit before loan losses	7.7	-10.4	-40.6	45.6	43.9	176.4
Loan losses			11.1	5.8	3.1	13.9
Ordinary profit from continuing operations	7.7	-10.4	-29.6	51.3	47.1	190.2
Ordinary profit from sold/discontinued businesses	-0.1	-1.7	-59.8	-0.1	-1.7	-59.8
Balance sheet items:						
Gross lending to customers	3.4	-57.3	261.6	33 642.1	34 228.8	33 474.5
Deposits from and due to customers	-32.9	125.9	669.1	18 111.3	18 618.7	18 485.5
Key figures:						
Cost/income ratio				68 %	66 %	67 %
Deposits from customers as % of gross lending				54 %	54 %	55 %
Total level of provisioning				46 %	44 %	47 %

Business segments are the Group's primary reporting segments.

Description of the segments:

The bank's segment reporting has been changed with effect from the fourth quarter of 2011, and is no longer directly comparable with figures presented in prior reports. The comparable figures in the notes have been restated. The bank now reports for two segments: the Corporate market and the Retail market.

Corporate market: The segment includes corporate customers' deposits and loans, mainly property owners and developers, as well as commercial estate agency for corporate customers (Hadrian Eiendom AS).

Changes in the value of acquired assets that are presented in the income statement as a separate line item, are shown in the segment note on the losses line, reflecting the accounting treatment internally. The reclassification is presented under the "Treasury/other" segment. Stockbroking, corporate business and other capital market business for customers within the bank's corporate market segment are presented under the "Corporate market" segment. The subsidiaries Hadrian Eiendom AS and Hadrian Utvikling AS are also included in this area. The bank holds an ownership interest of 100% in these companies.

Retail market: Deposits from and loans to retail market customers, including credit cards. Loans comprise primarily home mortgages. The segment includes loans in Storebrand Boligkreditt AS. The bank's 50 per cent ownership interest in Storebrand Baltic UAB in Lithuania is included in the segment "Retail market".

Stockbroking, corporate business and other capital market business for customers within the bank's retail market segment are presented under the "Retail market" segment. The bank's entire estate agency business is being wound up, and the results are presented on the line for discontinued operations.

The allocation of income and expenses that are not directly attributable has been made on the basis of assumed resource use. The elimination of double entries principally applies to customer businesses that relate to more than one category. The effects of financial risk management and the liquidity portfolio have not been allocated to the business areas and are reported under "Treasury/other".

Notes

NOTE 10 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2011	31.03.2012	NOK MILLION	31.03.2012	31.12.2011
293.6	296.1	Guarantees	296.1	293.6
4 263.1	4 465.8	Undrawn credit limits	3 794.8	3 706.9
1 408.5	1 460.0	Lending commitments	1 460.0	1 408.5
5 965.2	6 221.9	Total contingent liabilities	5 551.0	5 409.0
3 164.4	1 691.2	Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank	1 691.2	2 159.4
3 542.3	2 038.1	Booked value of securities pledged as collateral for the government securities for covered bonds swap scheme		
286.5	382.0	Booked value of bonds pledged as security within other credit institutions		
6 993.2	4 111.4	Total book value of off balance sheet liabilities	1 691.2	2 159.4

Undrawn credit limits reported in Storebrand Bank ASA as of 31 March 2012 includes NOK 2.4 billion to the subsidiary Storebrand Boligkreditt AS.

In 2009 an action was brought against Storebrand Bank seeking damages for two customers for economic loss in respect of investments in one of Storebrand Bank's stock index bonds. The bank won the case in both the district court and the court of appeal. The case was appealed by the plaintiff to the Supreme Court, which gave its judgement on 28 February 2012, when the appeal was dismissed. Because the case dealt with a matter of principle, the bank was not awarded costs. The customers have since settled all their commitments with the bank.

NOTE 11 NON-PERFORMING LOANS AND LOAN LOSSES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2011	31.03.2012	NOK MILLION	31.03.2012	31.12.2011
		Non-performing loans		
118.6	104.7	Non-performing loans without evidence of impairment	163.3	159.5
194.2	179.2	Loss-exposed loans with evidence of impairment	159.9	170.8
312.7	283.8	Gross non-performing and loss-exposed loans	323.2	330.2
-117.2	-115.4	Provisions for individual loan losses	-101.9	-103.4
195.5	168.4	Net non-performing and loss-exposed loans	221.3	226.9
		Key figures		
-51.9	-45.4	Loan loss provisions on groups of loans (NOK million)	-46.2	-53.2
-169.1	-160.8	Total loan loss provisions (NOK million)	-148.1	-156.6
60 %	64 %	Level of provisioning for individual loss-exposed loans 1)	64 %	61 %
54 %	57 %	Total level of provisioning 2)	46 %	47 %

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

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

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

- when a credit facility has been overdrawn for more than 90 days
- when an ordinary mortgage has arrears older than 90 days
- when a credit card has arrears older than 90 days and the credit limit has been overdrawn. If a repayment plan has been agreed with the customer and is being adhered to, the overdraft is not regarded as a non-performing loan. When one of the three situations described above occurs, the commitment and the rest of the customer's commitments are regarded as non-performing. The number of days is counted from when the arrears exceed NOK 2.000. The account is given a clean bill of health when there are no longer any arrears. The amount in arrears at the time of reporting can be less than NOK 2.000.

Notes

NOTE 11 NON-PERFORMING LOANS AND LOAN LOSSES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.11	31.03.12	NOK MILLION	31.03.12	31.12.11
		Losses on loans and guarantees etc. during period		
49.6	-1.4	Change in individual loan loss provisions	-1.7	49.6
19.8	6.5	Change in grouped loan loss provisions	7.0	19.9
-2.1	0.9	Other effects on loan loss provisions	0.8	-2.1
-73.1	1.2	Realised losses specifically provided for previously	1.2	-66.0
-1.7	0.5	Realised losses not specifically provided for previously	0.5	-1.7
3.5	-2.1	Recoveries on previous realised losses	-2.1	3.5
-4.1	5.5	Loan losses for the period	5.8	3.1

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

NOTE 12 INTANGIBLE ASSETS, FIXED ASSETS AND REAL ESTATE AT FAIR VALUE, ASSETS REPOSSESSED

Costs of NOK 10.3 million were capitalised in Q1 2012 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.

In calculating the value in use of Hadrian Eiendom AS, a cash flow based assessment of value has been made using the expected profit before taxes. The calculation is based on Board-authorized budgets and forecasts for the next three years. A stable growth rate of 2.5% has been assumed in determining the terminal value, corresponding to the rate of inflation. The value in use is calculated by applying the required rate of return after tax of 12.5%. The required rate of return is determined by establishing the risk-free rate of return and adding a premium to reflect the risk in the business. The calculations show that the goodwill relating to Hadrian Eiendom AS has not been impaired.

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 impaired. With effect from 01.01.2012, the useful economic life has been changed to 5 years and the carrying value of NOK 30.7 million is impaired over the economic life in accordance with IAS 38. In the 1st quarter of 2012, NOK 1.5 million has been recognised as impairment of the brand name.

Notes

NOTE 13 LIABILITIES TO CREDIT INSTITUTIONS

NOK MILLION	STOREBRAND BANK GROUP	
	31.03.2012	31.12.2011
Total liabilities to credit institutions without fixed maturity at amortised cost	4.1	5.1
F-loans:		
Maturity 2012		1 413.1
Loans with floating interest rate:		
Maturity 2012	950.0	350.0
Maturity 2013	750.0	750.0
Accrued expenses	0.7	0.8
Total liabilities to credit institutions with fixed maturity at amortised cost	1 700.7	2 513.9
Borrowings under the Norwegian Government's Swap arrangement:		
Maturity 2013	992.2	2 508.4
Maturity 2014	984.3	988.4
Total liabilities to credit institutions with fixed maturity at fair value (FVO)	1 976.5	3 496.9
Total liabilities to credit institutions	3 681.3	6 015.8

As per 31 March 2012, Storebrand Bank ASA had only one current credit facility. A NOK 750 million Revolving Credit Facility was signed in October 2010.

NOTE 14 SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL

NOK MILLION	STOREBRAND BANK GROUP	
	31.03.2012	31.12.2011
Commercial papers	505.7	501.4
Bond loans	12 156.5	9 581.4
Subordinated loan capital	769.4	692.3
Total securities issued and subordinated loan capital	13 431.7	10 775.1

Notes

Specification of bonds issued and subordinated loan capital as of 31 March 2012 - Storebrand Bank Group

NOK MILLION ISIN CODE	ISSUER	NET NOMINAL VALUE	CURRENCY	INTEREST	MATURITY 1)	BOOK VALUE 31.03.2012
Commercial papers						
NO0010630700	Storebrand Bank ASA	500.0	NOK	Fixed	20.06.2012	505.7
Total commercial papers						505.7
Bond loans						
NO0010455538	Storebrand Bank ASA	327.0	NOK	Fixed	03.09.2012	343.2
NO0010590771	Storebrand Bank ASA	450.0	NOK	Floating	10.05.2013	452.2
NO0010473408	Storebrand Bank ASA	408.0	NOK	Floating	21.11.2013	414.1
NO0010507775	Storebrand Bank ASA	773.0	NOK	Floating	30.04.2014	786.4
NO0010599822	Storebrand Bank ASA	400.0	NOK	Floating	11.08.2014	401.6
NO0010635626	Storebrand Bank ASA	350.0	NOK	Floating	26.01.2015	352.9
NO0010439821	Storebrand Bank ASA	310.0	NOK	Fixed	04.06.2015	349.0
NO0010513237	Storebrand Bank ASA	300.0	NOK	Fixed	25.05.2016	329.6
NO0010641079	Storebrand Bank ASA	300.0	NOK	Floating	27.03.2017	299.6
Total bond loans						3 728.6
Covered bonds						
NO0010466071	Storebrand Boligkreditt AS	1 250.0	NOK	Fixed	24.04.2014	1 384.9
NO0010428584	Storebrand Boligkreditt AS	1 000.0	NOK	Fixed	06.05.2015	1 131.9
NO0010638307	Storebrand Boligkreditt AS	1 000.0	NOK	Floating	17.06.2015	1 000.8
NO0010575913	Storebrand Boligkreditt AS	515.0	NOK	Floating	03.06.2016	516.3
NO0010612294	Storebrand Boligkreditt AS	1 535.0	NOK	Floating	15.06.2016	1 530.9
NO0010635071	Storebrand Boligkreditt AS	1 750.0	NOK	Floating	21.06.2017	1 756.2
NO0010548373	Storebrand Boligkreditt AS	1 000.0	NOK	Fixed	28.10.2019	1 107.0
Total covered bonds						8 427.9
Total commercial papers and bonds issued						12 662.3

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 31.03.2012
Dated subordinated loan capital						
NO0010364276	Storebrand Bank ASA	177.0	NOK	Floating	08.05.2012	177.8
NO0010402787	Storebrand Bank ASA	150.0	NOK	Floating	19.12.2012	150.1
NO0010641657	Storebrand Bank ASA	150.0	NOK	Floating	12.04.2017	149.2
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	114.1
NO001024207	Storebrand Bank ASA	168.0	NOK	Floating	29.10.2014	168.7
Total subordinated loan capital incl. hybrid tier 1 capital						769.4
Total securities issued and subordinated loan capital						13 431.7

Notes

NOTE 15 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 2011 annual report explains the banking group's financial risks which also describes the financial risks as per 31 March 2012.

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

Credit risk

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

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 13 and 14 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 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 2012.

Net primary capital

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2011	31.03.2012		31.03.2012	31.12.2011
960.6	960.6	Share capital	960.6	960.6
1 241.8	1 288.2	Other equity	1 335.4	1 344.2
2 202.4	2 248.7	Total equity	2 296.0	2 304.8
		Deductions:		
	-46.3	Profit not included in the calculation of net primary capital	-39.4	
-64.3	-69.9	Intangible assets	-115.2	-111.1
-21.5	-3.4	Deferred tax asset		-22.6
		Provision for group contribution		-50.0
		Addition:		
279.0	278.9	Perpetual subordinated bonds	278.9	279.0
2 395.6	2 407.9	Core capital	2 420.3	2 400.1
409.2	485.4	Supplementary capital	485.4	409.2
		Deductions		
2 804.9	2 893.4	Net primary capital	2 905.7	2 809.3

Notes

NOTE 16 CAPITAL ADEQUACY

Minimum capital requirement

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2011	31.03.2012		31.03.2012	31.12.2011
1 340.7	1 283.4	Credit risk	1 586.2	1 597.8
		Of which:		
2.5		Local and regional authorities		2.5
8.0		Public sector owned corporates		8.0
193.5	185.2	Institutions	37.1	19.8
666.1	653.4	Corporates	650.0	664.3
316.6	316.9	Loans secured on residential real estate	802.5	800.6
44.2	43.5	Retail market	43.5	44.2
19.6	17.6	Loans past-due	19.4	21.1
71.1	51.4	Covered bonds	18.0	17.7
19.1	17.6	Other	15.8	19.6
1 340.7	1 285.4	Total minimum requirement for credit risk	1 586.2	1 597.8
		Settlement risk		
0.0	0.0	Total minimum requirement for market risk	0.0	0.0
60.8	60.8	Operational risk 1)	91.1	91.1
		Deductions		
-4.2	-3.6	Loan loss provisions on groups of loans	-3.7	-4.3
1 397.4	1 342.6	Minimum requirement for capital base	1 673.6	1 684.7

Capital adequacy

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2011	31.03.2012		31.03.2012	31.12.2011
16.1 %	17.2 %	Capital ratio	13.9 %	13.3 %
13.7 %	14.4 %	Core (tier 1) capital ratio	11.6 %	11.4 %

1) The figures for 31.03.2012 and 2011 are calculated as an average of total income for 2009, 2010 and 2011.

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 per cent.

Notes

NOTE 17 QUARTERLY PROFIT AND LOSS

Storebrand Bank Group

	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
NOK MILLION	2012	2011	2011	2011	2011	2010	2010	2010
Interest income	399.4	395.9	364.9	401.4	374.8	383.1	396.5	374.7
Interest expense	-286.3	-292.3	-252.2	-290.2	-259.2	-270.1	-283.4	-249.7
Net interest income	113.1	103.6	112.7	111.1	115.6	113.0	113.1	125.0
Fee and commission income from banking services	18.8	24.9	22.4	21.7	22.5	23.1	24.0	22.7
Fee and commission expenses for banking services	-2.9	-6.9	-4.0	-4.8	-2.8	-4.4	-4.3	-5.2
Net fee and commission income	15.9	18.0	18.5	16.9	19.7	18.6	19.7	17.5
Net income and gains from associated companies		0.2	0.4	0.2		-0.4	-0.3	-0.3
Net gains on financial instruments	13.2	-1.2	-1.5	-0.6	5.2	3.3	6.9	-18.3
Other income	1.7	8.3	1.5	9.6	9.7	11.9	3.4	6.6
Total other operating income	14.9	7.3	0.5	9.2	14.9	14.8	9.9	-12.0
Staff expenses	-34.4	-32.6	-32.0	-29.6	-35.9	-41.1	-37.7	-35.9
General administration expenses	-14.9	-22.9	-22.4	-17.3	-22.8	-25.0	-20.6	-20.3
Other operating cost	-49.1	-31.1	-43.6	-37.1	-40.4	-31.0	-34.8	-36.4
Losses real estate at fair value, assets repossessed		4.7	-1.5		-7.2	-2.1		-5.0
Total operating costs	-98.4	-81.8	-99.5	-84.0	-106.3	-99.2	-93.2	-97.6
Operating profit before loan losses	45.6	47.1	32.1	53.2	43.9	47.1	49.6	32.9
Loan losses for the period	5.8	-4.5	11.3	3.9	3.1	-15.3	0.1	-5.1
Profit before tax	51.3	42.6	43.5	57.1	47.1	31.8	49.7	27.8
Tax	-11.8	1.9	-12.4	-44.0	22.9	-38.5	-15.2	-24.3
Result after tax sold/discontinued operations	-0.1	-31.7	-16.2	-10.1	-1.7	-5.8	1.8	0.5
Profit for the year	39.4	12.8	14.8	3.0	68.3	-12.5	36.3	4.0

Notes

NOTE 17 QUARTERLY PROFIT AND LOSS

Storebrand Bank ASA

	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
NOK MILLION	2012	2011	2011	2011	2011	2010	2010	2010
Interest income	323.8	346.4	339.5	326.3	317.3	316.8	326.8	307.8
Interest expense	-231.2	-250.5	-243.9	-236.4	-228.8	-238.2	-245.8	-234.1
Net interest income	92.7	95.9	95.6	90.0	88.5	78.5	81.0	73.6
Fee and commission income from banking services	22.2	28.2	25.7	25.3	26.1	26.3	27.2	25.4
Fee and commission expenses for banking services	-2.9	-6.9	-4.0	-4.8	-2.8	-4.4	-4.3	-5.2
Net fee and commission income	19.3	21.3	21.7	20.6	23.3	21.9	22.9	20.2
Net income and gains from associated companies		0.2	0.4	0.2		-0.4	-0.3	-0.3
Net gains on financial instruments	37.3	-20.0	-11.9	12.4	8.0	26.5	28.6	-53.5
Other income	1.5	19.1	-78.9	-18.8	7.2	76.9	0.0	1.7
Total other operating income	38.7	-0.7	-90.4	-6.1	15.2	103.0	28.3	-52.1
Staff expenses	-32.7	-29.0	-30.6	-27.5	-33.7	-37.1	-34.5	-33.0
General administration expenses	-14.7	-22.7	-22.2	-17.1	-22.6	-24.2	-20.3	-19.8
Other operating cost	-44.4	-28.5	-41.1	-33.9	-37.2	-24.8	-31.7	-30.8
Total operating costs	-91.8	-80.1	-94.0	-78.5	-93.5	-86.1	-86.5	-83.7
Operating profit before loan losses	58.9	36.4	-67.1	25.9	33.5	117.3	45.7	-41.9
Loan losses for the period	5.5	1.7	0.8	4.1	-4.1	-19.1	-0.1	-16.4
Profit before tax	64.4	38.1	-66.3	30.0	29.4	98.2	45.5	-58.4
Tax	-18.0	-15.6	-6.3	-41.0	-8.2	-33.8	-12.8	-0.7
Profit for the year	46.3	22.5	-72.6	-11.0	21.2	64.4	32.8	-59.0

NOTE 18 VALUATION

Storebrand Bank Group categorises financial instruments valued at fair value on three different levels, which are described in more detail in note 2 and note 8 of the 2011 annual report. There have not been any substantial changes in the categorization in 2012.

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, 2012, 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 for the Group is not prepared, in all material aspects, in accordance with International Accounting Standard No 34 "Interim Financial Reporting" adopted by EU.

Oslo, May 2, 2012
Deloitte AS

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

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Senior Management:

Truls Nergaard	Managing Director
Trond Fladvad	Finance Director
Robert Fjelli	Head of Capital Market Products
Bernt Uppstad	Acting Head of Retail Banking
Torstein Hagen	Head of Corporate Banking
Anne Grete T. Wardeberg	Head of Staff Functions

Board of Directors:

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

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Other sources of information:

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