

# Interim report

Storebrand Bank ASA



**4<sup>th</sup> quarter**  
2013 (unaudited)

# Storebrand Bank Group

## Quarterly report for the 4th quarter of 2013

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

- Continued good margins
- Good cost control
- Reduced total non-performing loans in the quarter

The retail market area also delivers good profits for the fourth quarter. Lending balances were a little lower, while deposits increased in the quarter. Lending margins are good, and the retail market area has good cost control. Storebrand Bank has entered into an agreement with Skandinavisk Data Center (SDC) as the new supplier of the bank's IT services. The work on changing supplier is proceeding on schedule.

Storebrand has decided to wind up the corporate market in the bank. The winding up of the operation will be gradual and controlled, with existing customers being well looked after.

### Financial performance

The Bank Group achieved a profit before tax of NOK 89 million (56 million) for the fourth quarter and a profit before tax of NOK 235 million (209 million) for the year. Net interest income showed a positive trend during the fourth quarter and for the year.

Net interest income was NOK 139 million (133 million) for the fourth quarter and NOK 547 million (490 million) for the year. The interest margin has developed positively, driven by good lending margins. Net interest income as a percentage of average total assets was 1.39 per cent (1.29 per cent) for the fourth quarter and 1.35 per cent (1.25 per cent) for the year. Net interest income as a percentage of average total assets related to the retail market of the Bank Group was 1.25 per cent (1.09 per cent) for the quarter and 1.219 per cent (1.02 per cent) for the year.

Net fee and commission income is at the same level as it was in the corresponding period last year. The trend of other operating income has been weaker than in corresponding periods last year mainly due to negative changes in market value. The change in market value of the bank's fixed-rate loans in the fourth quarter amounted to plus NOK 3 million and minus NOK 19 million for the year. Taking into account the associated derivatives, the effect on profits for the year is minus NOK 5 million. Other income is also negatively affected by the downsizing of the corporate market.

Operating expenses totalled NOK 63 million (109 million) in the fourth quarter, and NOK 375 million (420 million) for the year. Operating expenses in the fourth quarter were lower due to the restructuring of Storebrand's pension scheme for its employees. An amendment to the pension rules has led to a lower provision for future pension disbursements, which resulted in reduced pension costs, and at the same time lower costs for future

pensions. Goodwill was written down by NOK 7 million during the quarter, NOK 11 million for the year.

The portfolio's loss level is low. NOK 12 million (7 million recognised as income) has been charged as loan write-downs in the fourth quarter, and NOK 11 million has been charged (8 million recognised as income) for the year. Group write-downs were reduced by NOK 5 million during the quarter and decreased by NOK 9 million for the year.

### Balance sheet performance

There was a marginal reduction in the loan portfolio for the retail market in the fourth quarter, and a continued decrease in lending to the corporate market. Gross lending to customers at the end of the fourth quarter amounts to NOK 33.7 billion, which is a reduction of NOK 1.7 billion from the end of 2012. The syndicated volume of Storebrand Livsforsikring is reduced by NOK 0.3 billion.

The Bank Group's retail market portfolio totals NOK 23.9 billion, equivalent to 71 per cent of the bank's total lending, and chiefly comprises low risk home mortgages. The weighted average loan-to-value ratio in the Bank Group for the retail market portfolio is about 55 per cent for home loans, in comparison with 51 per cent at the end of 2012. Corporate market lending accounts for 29 per cent of the portfolio.

During the quarter the volume of non-performing loans has been reduced by NOK 94 million due to repayments. The volume of non-performing loans amounts to 1.4 per cent (0.8 per cent) of gross lending as at 31 December 2013. The bank considers the portfolio quality to be good. Non-performing loans that are not impaired amounted to NOK 111 million (185 million) and impaired non-performing loans totalled NOK 356 million (115 million) at the end of the year.

### Liquidity risk and funding

The bank has established good liquidity buffers and places considerable emphasis on having a balanced funding structure with varying maturities and issuances in various markets. The volume of customer deposits totalled NOK 20.7 billion at year-end. The deposit-to-loan ratio was 61.4 per cent (56 per cent) at the end of the year. There has been growth in the retail market in comparison with the end of 2012.

During the second quarter of 2013 Storebrand Bank issued new hybrid tier 1 capital of NOK 150 million. The bond meets the requirements of the new CRD IV European regulations to be viable core capital.

Storebrand Bank ASA had a revolving credit facility until it matured in October 2013, the amount of the facility was EUR 750 million and it has not been renewed.

### **Capital adequacy**

Parliament adopted new capital requirements which came into force from 1 July 2013. In accordance with this, the overall requirements for core tier 1 capital and total capital are 9 and 12.5 per cent respectively, and 10 and 13.5 per cent respectively as of 1 July 2014. Additionally, a counter-cyclical capital buffer of up to 2.5 percentage points core tier 1 capital is expected to be introduced from the start of 2015.

The Storebrand Bank Group had a net capital base of NOK 2.9 billion at the end of 2013. The total capital ratio was 13.6 per cent and core (tier 1) capital ratio was 12.8 per cent, compared to 11.8 per cent and 11.2 per cent respectively at the end of 2012. The Bank Group aims to comply with the applicable buffer capital requirements at all times.

The Bank Group, the parent bank, and the residential mortgage company all fulfil the new statutory requirements.

### **Performance of Storebrand Bank ASA**

Storebrand Bank ASA achieved a profit before tax of NOK 258 million (160 million) for the fourth quarter and NOK 222 million (261 million) for the year.

Net interest income for Storebrand Bank ASA totalled NOK 73 million (83 million) in the fourth quarter and NOK 291 million (340 million) for the year.

During the quarter, the bank wrote down shares in subsidiaries by NOK 9 million, and NOK 25 million for the year. There were minus NOK 13 million (plus 8 million) in loan write-downs in the fourth quarter, and minus NOK 9 million (plus 10 million) for the year.

### **Other**

In 2014 Storebrand Bank will continue to work on improving the business' profitability combined with moderate growth. The consequences of the international financial instability for both the banking industry and our customers will be closely monitored. The bank will prioritise maintaining a moderate risk profile with a good balance sheet and funding composition.

Within the retail market the bank will prioritise conversion to a new core banking system. Furthermore, focus will be directed towards reducing costs, increasing the degree of automation in customer and work processes, as well as developing better mobile and tablet solutions for customers.

As the corporate market is being wound up, the bank does not wish to become involved in new projects, provide new loans or through other means bring in new customers within the corporate market.

New legal requirements for capital and capital buffers in Norway have been established. The requirements represent an early introduction of parts of a new set of European capital adequacy regulations that will be applicable in Norway when introduced into the EEA agreement. In addition to higher capital requirements and stricter requirements on capital quality, the new regulations entail new quantitative requirements on liquidity. The scope of reporting will increase significantly in the second half of 2014. The bank is working systematically to adapt to the new solvency regulations.

Sound management of the bank's credit and liquidity risk, and control of the operational risk in key work processes will also be a vital focus in 2014, and the bank will 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 2014.

Storebrand Bank has received a total of 166 complaint cases with regard to retail customers' investments in various equity index bonds in Storebrand Bank ASA. None of the complaints was upheld by the bank's internal complaints resolution panel. 116 of the customers have appealed the bank's decision to the Norwegian Financial Services Complaints Board. As of 31 December 2013 the Secretariat of the Norwegian Financial Services Complaints Board has considered 73 cases and none of the customer complaints was upheld. No lawsuits have been filed by customers relating to investments in structured products.

There have not been any adjusting events after the reporting period that require adjustments of the interim financial statements.

Lysaker, Norway 11 February 2014  
The Board of Directors of Storebrand Bank ASA

# Storebrand Bank Group

## PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q4		FULL YEAR	
		2013	2012	2013	2012
Interest income		385.8	385.6	1 548.6	1 552.8
Interest expense		-246.6	-252.8	-1 001.9	-1 062.7
<b>Net interest income</b>	<b>4</b>	<b>139.2</b>	<b>132.8</b>	<b>546.7</b>	<b>490.1</b>
Fee and commission income from banking services		20.3	22.6	82.0	85.5
Fee and commission expenses for banking services		-2.5	-5.1	-11.8	-14.3
<b>Net fee and commission income</b>		<b>17.8</b>	<b>17.5</b>	<b>70.2</b>	<b>71.2</b>
Net income and gains from associated companies					1.2
Net gains on financial instruments	5	-0.6	2.1	-16.0	35.3
Other income		7.5	5.6	20.3	23.0
<b>Total other operating income</b>		<b>6.9</b>	<b>7.7</b>	<b>4.3</b>	<b>59.5</b>
Staff expenses		0.5	-36.6	-127.6	-154.8
General administration expenses		-13.2	-20.8	-55.6	-65.2
Other operating costs		-50.5	-51.5	-191.6	-199.8
<b>Total operating costs</b>		<b>-63.2</b>	<b>-108.9</b>	<b>-374.8</b>	<b>-419.7</b>
<b>Operating profit before loan losses</b>		<b>100.7</b>	<b>49.1</b>	<b>246.5</b>	<b>201.1</b>
Loan losses for the period	11	-11.6	6.9	-11.1	7.7
<b>Profit before tax</b>		<b>89.1</b>	<b>55.9</b>	<b>235.3</b>	<b>208.8</b>
Tax	7	-28.2	1.3	-69.1	-36.6
Result after tax sold/discontinued operations		-1.7	1.3	-3.8	2.7
<b>Profit for the year</b>		<b>59.1</b>	<b>58.5</b>	<b>162.3</b>	<b>174.9</b>
Allocated to:					
Shareholders		59.1	58.5	162.3	174.9
Minority interests		0.0	0.0	0.0	0.0

## STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q4		FULL YEAR	
	2013	2012	2013	2012
Profit for the period	59.1	58.5	162.3	174.9
Other result elements not to be classified to profit/loss				
Pension experience adjustments	-5.7	34.9	-5.7	34.9
Tax on pension experience adjustments	2.1	-9.8	2.1	-9.8
<b>Total other result elements not to be classified to profit/loss</b>	<b>-3.5</b>	<b>25.1</b>	<b>-3.5</b>	<b>25.1</b>
<b>Total comprehensive income for the period</b>	<b>55.6</b>	<b>83.6</b>	<b>158.8</b>	<b>200.0</b>
Allocated to:				
Shareholders	55.6	83.6	158.8	200.0
Minority interests	0.0	0.0	0.0	0.0
<b>Total</b>	<b>55.6</b>	<b>83.6</b>	<b>158.8</b>	<b>200.0</b>

# Storebrand Bank Group

## STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.12.2013	31.12.2012
Cash and deposits with central banks		19.8	8.8
Loans to and deposits with credit institutions	18	152.5	255.1
Financial assets designated at fair value through profit and loss:			
Equity instruments	19	1.7	5.2
Bonds and other fixed-income securities	10, 19	2 790.7	2 861.7
Derivatives	19	693.2	1 005.0
Bonds at amortised cost	10, 18	1 541.8	990.0
Other assets		100.6	121.6
Gross lending, amortised cost	18	32 457.7	34 204.7
Gross lending, FVO	19	1 289.0	1 240.8
Gross lending		33 746.8	35 445.5
- Write-downs on individual loans	11	-82.7	-105.0
- Write-downs on groups of loans	11	-30.2	-39.1
Net lending to customers		33 633.9	35 301.4
Tangible assets	12	9.5	8.5
Intangible assets and goodwill	12	99.1	106.3
Deferred tax assets	7	13.0	7.3
Assets sold/discontinued operations		0.3	0.2
<b>Total assets</b>		<b>39 056.1</b>	<b>40 671.2</b>
Liabilities to credit institutions	13, 18, 19	1 027.8	2 498.7
Deposits from and due to customers	18	20 728.1	19 932.7
Other financial liabilities:			
Derivatives	19	411.0	601.1
Commercial papers and bonds issued	14, 18	13 523.6	14 540.3
Other liabilities		133.6	102.4
Liabilities sold/discontinued operations		0.5	10.1
Provision for accrued expenses and liabilities		18.4	17.7
Pension liabilities		57.8	71.3
Subordinated loan capital	14, 18	589.7	441.4
<b>Total liabilities</b>		<b>36 490.6</b>	<b>38 215.6</b>
Paid in capital		1 516.8	1 516.8
Retained earnings		1 048.6	938.8
Minority interests		0.0	0.0
<b>Total equity</b>		<b>2 565.5</b>	<b>2 455.7</b>
<b>Total equity and liabilities</b>		<b>39 056.1</b>	<b>40 671.2</b>

# Storebrand Bank ASA

## PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q4		FULL YEAR	
		2013	2012	2013	2012
Interest income		266.6	274.1	1 073.3	1 158.1
Interest expense		-193.7	-191.1	-782.6	-818.2
<b>Net interest income</b>	<b>4</b>	<b>72.9</b>	<b>82.9</b>	<b>290.7</b>	<b>339.8</b>
Fee and commission income from banking services		23.4	25.9	95.1	99.0
Fee and commission expenses for banking services		-2.5	-5.1	-11.8	-14.3
<b>Net fee and commission income</b>		<b>20.9</b>	<b>20.9</b>	<b>83.3</b>	<b>84.7</b>
Net income and gains from associated companies					1.2
Net gains on financial instruments	5	-2.2	4.3	-13.6	69.1
Other income		228.1	144.0	211.6	151.4
<b>Total other operating income</b>		<b>225.9</b>	<b>148.2</b>	<b>198.0</b>	<b>221.7</b>
Staff expenses		4.4	-32.8	-118.0	-146.5
General administration expenses		-12.9	-20.6	-54.8	-64.5
Other operating costs		-40.6	-47.4	-168.4	-184.9
<b>Total operating costs</b>		<b>-49.1</b>	<b>-100.7</b>	<b>-341.2</b>	<b>-395.9</b>
<b>Operating profit before loan losses</b>		<b>270.6</b>	<b>151.3</b>	<b>230.8</b>	<b>250.4</b>
Loan losses for the period	11	-12.5	8.5	-9.1	10.4
<b>Profit before tax</b>		<b>258.1</b>	<b>159.8</b>	<b>221.7</b>	<b>260.8</b>
Tax	7	-76.7	-37.3	-70.9	-63.7
<b>Profit for the year</b>		<b>181.5</b>	<b>122.5</b>	<b>150.8</b>	<b>197.1</b>

## STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q4		FULL YEAR	
	2013	2012	2013	2012
Profit for the period	181.5	122.5	150.8	197.1
Other result elements not to be classified to profit/loss				
Pension experience adjustments	-5.7	34.9	-5.7	34.9
Tax on pension experience adjustments	2.1	-9.8	2.1	-9.8
<b>Total other result elements not to be classified to profit/loss</b>	<b>-3.5</b>	<b>25.1</b>	<b>-3.5</b>	<b>25.1</b>
<b>Total comprehensive income for the period</b>	<b>177.9</b>	<b>147.6</b>	<b>147.2</b>	<b>222.2</b>

# Storebrand Bank ASA

## STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.12.2013	31.12.2012
Cash and deposits with central banks		19.8	8.8
Loans to and deposits with credit institutions	18	2 198.9	4 763.3
Financial assets designated at fair value through profit and loss:			
Equity instruments	19	1.7	1.8
Bonds and other fixed-income securities	10, 19	5 550.2	5 624.6
Derivatives	19	445.5	660.0
Bonds at amortised cost	10, 18	1 541.8	990.0
Other assets		1 223.3	1 086.2
Gross lending, amortised cost	18	17 643.3	16 910.3
Gross lending, FVO	19	1 289.0	1 240.8
Gross lending		18 932.4	18 151.1
- Write-downs on individual loans	11	-80.3	-115.2
- Write-downs on groups of loans	11	-29.5	-38.6
Net lending to customers		18 822.5	17 997.2
Tangible assets	12	6.2	8.1
Intangible assets	12	75.4	65.7
Deferred tax assets	7	18.2	14.0
<b>Total assets</b>		<b>29 903.6</b>	<b>31 219.8</b>
Liabilities to credit institutions	13,18,19	1 329.5	2 797.0
Deposits from and due to customers	18	20 749.0	19 948.5
Other financial liabilities:			
Derivatives	19	411.0	601.1
Commercial papers and bonds issued	14, 18	4 050.8	4 666.9
Other liabilities		326.1	301.4
Provision for accrued expenses and liabilities		18.4	17.7
Pension liabilities		57.8	71.3
Subordinated loan capital	14,18	589.7	441.4
<b>Total liabilities</b>		<b>27 532.4</b>	<b>28 845.2</b>
Paid in capital		1 688.4	1 657.0
Retained earnings		682.9	717.6
<b>Total equity</b>		<b>2 371.2</b>	<b>2 374.6</b>
<b>Total equity and liabilities</b>		<b>29 903.6</b>	<b>31 219.8</b>



# Reconciliation of equity

## STOREBRAND BANK GROUP

### MAJORITY'S SHARE OF EQUITY

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	MINORITY INTERESTS	TOTAL EQUITY
<b>Equity at 31.12.2011</b>	<b>960.6</b>	<b>156.0</b>	<b>400.3</b>	<b>1 516.8</b>	<b>20.3</b>	<b>767.6</b>	<b>787.9</b>	<b>0.1</b>	<b>2 304.8</b>
Profit for the period						174.9	174.9	0.0	174.9
Pension experience adjustments					25.1		25.1		25.1
<b>Total other result elements not to be classified to profit/loss</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>25.1</b>	<b>0.0</b>	<b>25.1</b>	<b>0.0</b>	<b>25.1</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>25.1</b>	<b>174.9</b>	<b>200.0</b>	<b>0.0</b>	<b>200.0</b>
<b>Equity transactions with owners:</b>									
Provision for group contribution						-50.0	-50.0		-50.0
Other changes						0.9	0.9		0.9
<b>Equity at 31.12.2012</b>	<b>960.6</b>	<b>156.0</b>	<b>400.3</b>	<b>1 516.8</b>	<b>45.4</b>	<b>893.4</b>	<b>938.8</b>	<b>0.0</b>	<b>2 455.7</b>
Profit for the period						162.3	162.3	0.0	162.3
Pension experience adjustments					-3.5		-3.5		-3.5
<b>Total other result elements not to be classified to profit/loss</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-3.5</b>	<b>0.0</b>	<b>-3.5</b>	<b>0.0</b>	<b>-3.5</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-3.5</b>	<b>162.3</b>	<b>158.8</b>	<b>0.0</b>	<b>158.8</b>
<b>Equity transactions with owners:</b>									
Group contribution received						21.8	21.8		21.8
Group contribution paid						-72.3	-72.3		-72.3
Other changes						1.6	1.6		1.6
<b>Equity at 31.12.2013</b>	<b>960.6</b>	<b>156.0</b>	<b>400.3</b>	<b>1 516.8</b>	<b>41.9</b>	<b>1 006.7</b>	<b>1 048.6</b>	<b>0.0</b>	<b>2 565.5</b>



# Reconciliation of 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
<b>Equity at 31.12.2011</b>	<b>960.6</b>	<b>156.0</b>	<b>518.7</b>	<b>1 635.2</b>	<b>18.3</b>	<b>548.8</b>	<b>567.2</b>	<b>2 202.4</b>
Profit for the period						197.1	197.1	197.1
Pension experience adjustments					25.1		25.1	25.1
<b>Total other result elements, not to be classified to profit/loss</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>25.1</b>	<b>0.0</b>	<b>25.1</b>	<b>25.1</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>25.1</b>	<b>197.1</b>	<b>222.2</b>	<b>222.2</b>
<b>Equity transactions with owners:</b>								
Provision for group contribution						-71.8	-71.8	-71.8
Group contribution received			21.8	21.8				21.8
<b>Equity at 31.12.2012</b>	<b>960.6</b>	<b>156.0</b>	<b>540.4</b>	<b>1 657.0</b>	<b>43.4</b>	<b>674.1</b>	<b>717.6</b>	<b>2 374.6</b>
Profit for the period						150.8	150.8	150.8
Other comprehensive income								
Pension experience adjustments					-3.5		-3.5	-3.5
<b>Total other result elements, not to be classified to profit/loss</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-3.5</b>	<b>0.0</b>	<b>-3.5</b>	<b>-3.5</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-3.5</b>	<b>150.8</b>	<b>147.2</b>	<b>147.2</b>
<b>Equity transactions with owners:</b>								
Change in group contribution received for 2012						-0.6	-0.6	-0.6
Provision for group contribution						-181.4	-181.4	-181.4
Other changes			31.4	31.4			0.0	31.4
<b>Equity at 31.12.2013</b>	<b>960.6</b>	<b>156.0</b>	<b>610.4</b>	<b>1 688.4</b>	<b>39.9</b>	<b>642.9</b>	<b>682.8</b>	<b>2 371.2</b>

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 reserve and other equity is evaluated and managed together. The share premium reserve 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.

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

# Cash flow statement

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	31.12.2013	NOK MILLION	31.12.2013	31.12.2012
		<b>Cash flow from operations</b>		
1 039.1	1 029.0	Receipts of interest, commissions and fees from customers	1 571.0	1 547.0
-534.4	-556.1	Payments of interest, commissions and fees to customers	-556.1	-534.4
-1 176.2	-798.7	Net disbursements/payments on customer loans	1 676.5	-1 907.8
1 423.7	799.9	Net receipts/payments of deposits from banking customers	794.5	1 423.6
3 286.9	-396.9	Net receipts/payments - securities at fair value	-465.4	-462.7
		Net receipts/payments - real estate at fair value		14.9
-378.6	-297.5	Payments of operating costs	-329.2	-407.9
5.0	0.0	Net receipts/payments on other operating activities	-1.8	-20.0
<b>3 665.6</b>	<b>-220.3</b>	<b>Net cash flow from operations</b>	<b>2 689.6</b>	<b>-347.3</b>
		<b>Cash flow from investment activities</b>		
8.5	0.1	Net receipts from sale of subsidiaries and associated companies		8.5
-2.1	-175.0	Net payments on purchase/capitalisation of subsidiaries		
-29.4	-42.8	Net payments on purchase/sale of fixed assets etc.	-42.8	-29.4
<b>-22.9</b>	<b>-217.6</b>	<b>Net cash flow from investment activities</b>	<b>-42.8</b>	<b>-20.8</b>
		<b>Cash flow from financing activities</b>		
-1 600.5	-1 106.5	Payments - repayments of loans and issuing of bond debt	-1 407.0	-1 766.8
1 909.7	500.4	Receipts - new loans and issuing of bond debt	500.4	6 004.9
-266.2	-183.1	Payments - interest on loans	-407.1	-531.0
149.2	150.0	Receipts - subordinated loan capital	150.0	149.2
-400.4		Payments - repayments of subordinated loan capital		-400.4
-29.5	-26.3	Payments - interest on subordinated loan capital	-26.3	-29.5
-3 518.6	-1 466.4	Net receipts/payments of liabilities to credit institutions	-1 469.8	-3 521.4
58.8	252.8	Receipts - group contribution	21.8	
-85.8	-236.3	Payments - group contribution / dividends	-100.5	-50.0
<b>-3 783.3</b>	<b>-2 115.4</b>	<b>Net cash flow from financing activities</b>	<b>-2 738.4</b>	<b>-145.0</b>
<b>-140.7</b>	<b>-2 553.3</b>	<b>Net cash flow in the period</b>	<b>-91.6</b>	<b>-513.2</b>
4 912.8	4 772.1	Cash and bank deposits at the start of the period	263.9	777.0
<b>4 772.1</b>	<b>2 218.7</b>	<b>Cash and bank deposits at the end of the period</b>	<b>172.3</b>	<b>263.9</b>
		Cash and bank deposits consist of:		
8.8	19.8	Cash and deposits with central banks	19.8	8.8
4 763.3	2 198.9	Loans to and deposits with credit institutions	152.5	255.1
<b>4 772.1</b>	<b>2 218.7</b>	<b>Total cash and bank deposits in the balance sheet</b>	<b>172.3</b>	<b>263.9</b>

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 Q4 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required in the annual 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.

Due to the amendment to IAS 1 Presentation of financial statements the presentation of items included in the Statement of Total Comprehensive Income has been changed in 2013. The Statement specifies the items:

- items that in subsequent periods will be reclassified to the profit or loss when certain conditions are met
- as well as items that will not subsequently be reclassified to the profit or loss.

This amendment has not had any significant effect on the consolidated financial statements.

IFRS 13 Fair value measurement has been applicable in 2013 and has entailed an expanded disclosure requirement in the notes associated with accounting information on fair values. Furthermore, amendments have been made to IAS 19R Pensions for own employees which entail additional requirements for the disclosure of gross revenue and cost items.

The changes described above have not had any significant effect on the consolidated financial statements.

## 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 half 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, in Q1 2013 the bank reclassified fixed-rate loans from level 2 to level 3 in terms of the valuation hierarchy. See further discussion in note 19 - Valuation of financial instruments at fair value.

# Notes

## NOTE 3 PENSION SCHEMES FOR OWN EMPLOYEES

Storebrand has a closed defined-benefit scheme and a defined-contribution scheme for its employees. Parts of the defined-benefit scheme are secured, and parts are unsecured. The schemes are recorded following the IAS 19 accounting standard. Long-term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the Basic Amount are particularly subject to a high degree of uncertainty.

Storebrand has applied the covered bond rate as per 31 December 2013 as the discount rate. The main assumptions that were used in calculating the net pension liability are listed below:

	31.12.2013	31.12.2012
Discount rate	4.0 %	4.0 %
Expected return on pension assets during the accounting period	4.0 %	4.0 %
Expected wage growth	3.3 %	3.3 %
Expected annual adjustment to National Insurance	3.5 %	3.3 %
Expected annual adjustment to pension payments	0.1 %	1.5 %
Disability table	KU	KU
Mortality table	K2013BE	K2005

In 2013 Storebrand (Norway) has amended the pension rules in the collective schemes for employees and former employees of the company. The change entails that pensions in payment are no longer annually adjusted by a minimum of 80 per cent of the change in the consumer price index. This gives a positive non-recurring effect in the profit or loss in 2013 which is shown in the pension costs as a change to the scheme.

# Notes

## NOTE 4 NET INTEREST INCOME

### Storebrand Bank Group

NOK MILLION	Q4		FULL YEAR	
	2013	2012	2013	2012
Interest and other income on loans to and deposits with credit institutions	5.0	4.1	17.7	12.7
Interest and other income on loans to and due from customers	359.8	358.8	1 442.6	1 436.3
Interest on commercial paper, bonds and other interest-bearing securities	19.3	20.9	80.8	96.9
Other interest income and related income	1.7	1.8	7.5	6.8
<b>Total interest income</b>	<b>385.8</b>	<b>385.6</b>	<b>1 548.6</b>	<b>1 552.8</b>
Interest and other expenses on debt to credit institutions	-5.4	-15.9	-34.2	-104.4
Interest and other expenses on deposits from and due to customers	-140.1	-128.1	-551.6	-519.6
Interest and other expenses on securities issued	-89.4	-102.0	-373.2	-408.5
Interest and expenses on subordinated loan capital	-7.6	-6.8	-26.3	-29.5
Other interest expenses and related expenses	-4.1	-0.1	-16.7	-0.8
<b>Total interest expenses</b>	<b>-246.6</b>	<b>-252.8</b>	<b>-1 001.9</b>	<b>-1 062.7</b>
<b>Net interest income</b>	<b>139.2</b>	<b>132.8</b>	<b>546.7</b>	<b>490.1</b>

### Storebrand Bank ASA

NOK MILLION	Q4		FULL YEAR	
	2013	2012	2013	2012
Interest and other income on loans to and deposits with credit institutions	17.5	32.1	113.9	139.6
Interest and other income on loans to and due from customers	212.7	202.0	808.0	802.0
Interest on commercial paper, bonds and other interest-bearing securities	34.6	38.1	143.9	209.6
Other interest income and related income	1.7	1.8	7.5	6.8
<b>Total interest income</b>	<b>266.6</b>	<b>274.1</b>	<b>1 073.3</b>	<b>1 158.1</b>
Interest and other expenses on debt to credit institutions	-6.6	-17.2	-39.2	-109.8
Interest and other expenses on deposits from and due to customers	-141.1	-127.8	-553.1	-520.1
Interest and other expenses on securities issued	-34.3	-39.2	-147.4	-156.9
Interest and expenses on subordinated loan capital	-7.6	-6.8	-26.3	-29.5
Other interest expenses and related expenses	-4.1	-0.1	-16.7	-2.0
<b>Total interest expenses</b>	<b>-193.7</b>	<b>-191.1</b>	<b>-782.6</b>	<b>-818.2</b>
<b>Net interest income</b>	<b>72.9</b>	<b>82.9</b>	<b>290.7</b>	<b>339.8</b>

# Notes

## NOTE 5 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES

Storebrand Bank Group	Q4		FULL YEAR	
	2013	2012	2013	2012
NOK MILLION				
<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
<b>Total equity investments, FVO</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.2</b>
<i>Commercial papers and bonds</i>				
Realised gain/loss on commercial papers and bonds, FVO		1.0	5.8	6.8
Unrealised gain/loss on commercial papers and bonds, FVO	-0.3		-10.1	11.4
<b>Total gain/loss on commercial papers and bonds, FVO</b>	<b>-0.3</b>	<b>1.0</b>	<b>-4.3</b>	<b>18.3</b>
<i>Lending to customers</i>				
Unrealised gain/loss on lending to customers, FVO	3.3	2.3	-18.6	22.4
<b>Total gain/loss on lending to customers, FVO</b>	<b>3.3</b>	<b>2.3</b>	<b>-18.6</b>	<b>22.4</b>
<i>Liabilities to credit institutions and other funding</i>				
Realised gain/loss on liabilities to credit institutions and other funding, FVO			-1.0	-8.8
Unrealised gain/loss on liabilities to credit institutions and other funding, FVO	-0.1	-3.1	1.0	2.4
<b>Total gain/loss on liabilities to credit institutions and other funding, FVO</b>	<b>-0.1</b>	<b>-3.1</b>	<b>0.0</b>	<b>-6.4</b>
<i>Financial derivatives and foreign exchange</i>				
Realised gain/loss on financial derivatives, held for trading	1.4	2.2	10.5	18.3
Unrealised gain/loss on financial derivatives, held for trading	-11.1	0.7	-3.2	-39.4
<b>Total financial derivatives and foreign exchange, held for trading</b>	<b>-9.7</b>	<b>2.9</b>	<b>7.3</b>	<b>-21.1</b>
<b>Net income and gains from financial assets and liabilities at fair value</b>	<b>-6.8</b>	<b>3.0</b>	<b>-15.7</b>	<b>13.4</b>
<i>Fair value hedging</i>				
Realised gain/loss on derivatives and bonds issued, fair value hedging	5.6	0.5	4.3	-5.5
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	-0.1	-1.2	-3.4	4.8
<b>Net gain/loss on fair value hedging</b>	<b>5.6</b>	<b>-0.7</b>	<b>0.9</b>	<b>-0.7</b>
<i>Commercial papers and bonds</i>				
Realised gain/loss on commercial papers and bonds at amortised cost			2.7	2.6
<b>Total gain/loss on commercial papers and bonds at amortised cost</b>	<b>0.0</b>	<b>0.0</b>	<b>2.7</b>	<b>2.6</b>
<i>Bonds issued</i>				
Realised gain/loss on bonds issued at amortised cost	0.6	-0.3	-4.0	20.0
<b>Total gain/loss on bonds issued at amortised cost</b>	<b>0.6</b>	<b>-0.3</b>	<b>-4.0</b>	<b>20.0</b>
<b>Net income and gains from financial assets and liabilities at amortised cost</b>	<b>0.6</b>	<b>-0.3</b>	<b>-1.2</b>	<b>22.6</b>
<b>Net income and gains from financial assets and liabilities</b>	<b>-0.6</b>	<b>2.1</b>	<b>-16.0</b>	<b>35.3</b>

# Notes

## NOTE 5 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES (continue)

Storebrand Bank ASA	Q4		FULL YEAR	
	2013	2012	2013	2012
NOK MILLION				
<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
<b>Total equity investments, FVO</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.2</b>
<i>Commercial papers and bonds</i>				
Realised gain/loss on commercial papers and bonds, FVO			5.8	10.4
Unrealised gain/loss on commercial papers and bonds, FVO	-2.2	2.2	-13.2	42.1
<b>Total gain/loss on commercial papers and bonds, FVO</b>	<b>-2.2</b>	<b>2.2</b>	<b>-7.4</b>	<b>52.5</b>
<i>Lending to customers</i>				
Unrealised gain/loss on lending to customers, FVO	3.3	2.3	-18.6	22.4
<b>Total gain/loss on lending to customers, FVO</b>	<b>3.3</b>	<b>2.3</b>	<b>-18.6</b>	<b>22.4</b>
<i>Liabilities to credit institutions and other funding</i>				
Realised gain/loss on liabilities to credit institutions and other funding, FVO			-1.0	-8.8
Unrealised gain/loss on liabilities to credit institutions and other funding, FVO	-0.1	-3.1	1.0	2.4
<b>Total gain/loss on liabilities to credit institutions and other funding, FVO</b>	<b>-0.1</b>	<b>-3.1</b>	<b>0.0</b>	<b>-6.4</b>
<i>Financial derivatives and foreign exchange</i>				
Realised gain/loss on financial derivatives, held for trading	1.4	2.2	10.5	18.3
Unrealised gain/loss on financial derivatives, held for trading	-11.1	0.7	-3.2	-39.4
<b>Total financial derivatives and foreign exchange, held for trading</b>	<b>-9.7</b>	<b>2.9</b>	<b>7.3</b>	<b>-21.1</b>
<b>Net income and gains from financial assets and liabilities at fair value</b>	<b>-8.6</b>	<b>4.3</b>	<b>-18.8</b>	<b>47.6</b>
<i>Fair value hedging</i>				
Realised gain/loss on derivatives and bonds issued, fair value hedging	5.6	0.5	7.1	-4.6
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	0.2	-1.3	-0.7	3.4
<b>Net gain/loss on fair value hedging</b>	<b>5.8</b>	<b>-0.8</b>	<b>6.4</b>	<b>-1.1</b>
<i>Commercial papers and bonds</i>				
Realised gain/loss on commercial papers and bonds at amortised cost		1.0	2.7	2.6
<b>Total gain/loss on commercial papers and bonds at amortised cost</b>	<b>0.0</b>	<b>1.0</b>	<b>2.7</b>	<b>2.6</b>
<i>Bonds issued</i>				
Realised gain/loss on bonds issued at amortised cost	0.6	-0.3	-4.0	20.0
<b>Total gain/loss on bonds issued at amortised cost</b>	<b>0.6</b>	<b>-0.3</b>	<b>-4.0</b>	<b>20.0</b>
<b>Net income and gains from financial assets and liabilities at amortised cost</b>	<b>0.6</b>	<b>0.8</b>	<b>-1.2</b>	<b>22.6</b>
<b>Net income and gains from financial assets and liabilities</b>	<b>-2.2</b>	<b>4.3</b>	<b>-13.6</b>	<b>69.1</b>

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 KEY FIGURES

### STOREBRAND BANK GROUP

NOK MILLION	Q4		FULL YEAR	
	2013	2012	2013	2012
<b>Profit and Loss account: (as % of avg. total assets)</b>				
Net interest income	1.39 %	1.29 %	1.35 %	1.25 %
Other operating income <sup>3)</sup>	0.25 %	0.24 %	0.18 %	0.33 %
<b>Main balance sheet figures:</b>				
Total assets			39 056.1	40 671.2
Average total assets <sup>1)</sup>	39 834.8	40 797.4	40 572.5	39 250.3
Gross lending to customers			33 746.8	35 445.5
Deposits from customers			20 728.1	19 932.7
Deposits from customers as % of gross lending			61.4 %	56.2 %
Equity			2 565.5	2 455.7
<b>Other key figures:</b>				
Total non-interest income as % of total income	15.1 %	15.9 %	12.0 %	21.1 %
Loan losses and provisions as % of average total lending <sup>5)</sup>	0.13 %	-0.08 %	0.03 %	-0.02 %
Gross non-performing and loss-exposed loans as % of total average lending			1.4 %	0.8 %
Cost/income ratio banking activities <sup>4)</sup>	33.6 %	59.3 %	57.2 %	64.0 %
Return on equity before tax <sup>2)</sup>			9.5 %	8.9 %
Core capital ratio			12.8 %	11.2 %

### STOREBRAND BANK ASA

NOK MILLION	Q4		FULL YEAR	
	2013	2012	2013	2012
<b>Profit and Loss account: (as % of avg. total assets)</b>				
Net interest income	0.95 %	1.06 %	0.93 %	1.09 %
Other operating income <sup>3)</sup>	3.21 %	2.15 %	0.90 %	0.98 %
<b>Main balance sheet figures:</b>				
Total assets			29 903.6	31 219.8
Average total assets <sup>1)</sup>	30 519.4	31 162.8	31 313.8	31 220.2
Gross lending to customers			18 932.4	18 151.1
Deposits from customers			20 749.0	19 948.5
Deposits from customers as % of gross lending			109.6 %	109.9 %
Equity			2 371.2	2 374.6
<b>Other key figures:</b>				
Total non-interest income as % of total income	77.2 %	67.1 %	49.2 %	47.4 %
Loan losses and provisions as % of average total lending <sup>5)</sup>	0.26 %	-0.20 %	0.05 %	-0.06 %
Gross non-performing and loss-exposed loans as % of total average lending			2.1 %	1.3 %
Cost/income ratio	15.4 %	40.0 %	59.6 %	61.3 %
Return on equity before tax <sup>2)</sup>			9.4 %	11.5 %
Core (tier 1) capital ratio			15.2 %	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.

# Notes

## NOTE 7 TAX

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
2012	2013	NOK MILLION	2013	2012
<b>Tax charge for the year</b>				
-66.2	-73.0	Tax payable for the period	-70.5	-27.9
2.4	2.0	Change in deferred tax assets	1.4	-8.7
<b>-63.7</b>	<b>-70.9</b>	<b>Total tax charge for the year</b>	<b>-69.1</b>	<b>-36.6</b>
<b>Avstemming av forventet skattekostnad til faktisk skattekostnad</b>				
260.8	221.7	Ordinary pre-tax profit	235.3	208.8
-73.0	-62.1	Expected tax on income at nominal rate	-65.9	-58.5
Tax effect of:				
2.0		Realised shares	1.3	1.3
		Permanent differences		0.3
0.7		Group contribution received		
6.4	-7.6	Permanent differences	-3.4	
		Change in deferred tax assets not recognised in the balance sheet	0.3	20.3
	-1.2	Change in tax rules	-1.0	
0.1	0.0	Change of tax assessment earlier years	-0.5	
<b>-63.7</b>	<b>-70.9</b>	<b>Tax charge</b>	<b>-69.1</b>	<b>-36.6</b>
-66.2	-73.0	Tax payable	-70.5	-27.9
66.2	73.0	- tax effect of group contribution paid		
<b>0.0</b>	<b>0.0</b>	<b>Tax payable in the balance sheet</b>	<b>-70.5</b>	<b>-27.9</b>
<b>Analysis of the tax effect of temporary differences and tax losses carried forward</b>				
15.9	18.3	Total tax increasing timing differences	37.5	75.2
-66.0	-85.6	Total tax reducing timing differences	-85.6	-100.2
<b>-50.1</b>	<b>-67.3</b>	<b>Net timing differences</b>	<b>-48.1</b>	<b>-25.0</b>
		Losses/allowances carried forward	-0.1	-2.3
<b>-50.1</b>	<b>-67.3</b>	<b>Net base for deferred tax/tax assets</b>	<b>-48.2</b>	<b>-27.4</b>
		Write-down of deferred tax asset		1.2
<b>-50.1</b>	<b>-67.3</b>	<b>Net base for deferred tax/tax assets in the balance sheet</b>	<b>-48.2</b>	<b>-26.1</b>
<b>14.0</b>	<b>18.2</b>	<b>Net deferred tax/tax asset in the balance sheet</b>	<b>13.0</b>	<b>7.3</b>
<b>Analysis of tax payable and deferred tax applied to equity</b>				
-9.8	2.1	Pension experience adjustments	2.1	-9.8
<b>-9.8</b>	<b>2.1</b>	<b>Total</b>	<b>2.1</b>	<b>-9.8</b>

Deferred tax assets principally relate to tax reducing temporary differences on fixed assets, pension liabilities and financial instruments. The bank produces an annual profit, and is expected to continue to produce a profit in future years. Deferred tax assets in respect of Storebrand Bank ASA are capitalised to the extent that it is considered likely that it will be possible to make use of the assets.

# Notes

## NOTE 8 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 December 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.

### **Credit facilities with Storebrand Boligkreditt AS**

The bank has two credit facilities with Storebrand Boligkreditt AS. The first agreement is used for general operations, such as the acquisition of home mortgages from Storebrand Bank. The second agreement may be used for repayment of interest and principal on covered bonds and related derivatives. At all times, the size of the available credit facility should cover the interest and repayment of covered bonds for the coming 12 months.

### **Other close associates**

Storebrand Bank ASA conducts transactions with close associates as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with senior employees and close associates are stipulated in notes 45 and 46 in the 2012 annual report for Storebrand Bank ASA.

# Notes

## NOTE 9 - SEGMENT INFORMATION

### Storebrand Bank Group

Profit and loss by segment:	CORPORATE				RETAIL			
	Q4		FULL YEAR		Q4		FULL YEAR	
	2013	2012	2013	2012	2013	2012	2013	2012
NOK MILLION								
<b>Profit and loss items:</b>								
Net interest income	99.7	52.8	199.4	202.0	179.0	76.2	340.0	273.9
Net fee and commission income	7.0	2.2	12.8	10.3	30.6	15.3	57.1	61.1
Other income	12.5	9.2	20.4	36.5	1.2	0.9	-12.5	3.8
Total operating costs	-37.8	-36.1	-126.2	-139.0	-103.7	-65.4	-221.0	-268.4
<b>Operating profit before loan losses</b>	<b>81.4</b>	<b>28.1</b>	<b>106.5</b>	<b>109.8</b>	<b>107.1</b>	<b>27.0</b>	<b>163.5</b>	<b>70.4</b>
Loan losses	-14.9	5.7	-3.9	8.1	-6.8	2.8	-7.2	1.1
<b>Ordinary profit from continuing operations</b>	<b>66.5</b>	<b>33.8</b>	<b>102.6</b>	<b>117.9</b>	<b>100.3</b>	<b>29.8</b>	<b>156.3</b>	<b>71.5</b>
<b>Ordinary profit from discontinued businesses</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Balance sheet items:</b>								
Gross lending to customers			9 809.6	11 670.8			23 905.6	23 734.4
Deposits from and due to customers			8 186.3	7 549.1			12 542.7	12 370.0
<b>Key figures:</b>								
Net interest income as % of total assets	1.58 %	1.54 %	1.55 %	1.53 %	1.25 %	1.09 %	1.21 %	1.02 %
Cost/income ratio	32 %	56 %	54 %	56 %	49 %	71 %	57 %	79 %
Deposits from customers as % of gross lending			83 %	65 %			52 %	52 %
Total level of provisioning			29 %	123 %			15 %	11 %

# Notes

## NOTE 9 - SEGMENT INFORMATION *(continue)*

### Storebrand Bank Group

Profit and loss by segment:	TREASURY/OTHER				TOTAL			
	Q4		FULL YEAR		Q4		FULL YEAR	
	2013	2012	2013	2012	2013	2012	2013	2012
NOK MILLION								
<b>Profit and loss items::</b>								
Net interest income	-139.6	3.8	7.4	14.2	139.2	132.8	546.7	490.1
Net fee and commission income	-19.7	0.0	0.4	-0.2	17.8	17.5	70.2	71.2
Other income	-6.7	-2.4	-3.6	19.2	6.9	7.7	4.3	59.5
Total operating costs	78.3	-7.4	-27.7	-12.3	-63.2	-108.9	-374.8	-419.7
<b>Driftsresultat før tap</b>	<b>-87.8</b>	<b>-6.0</b>	<b>-23.5</b>	<b>20.9</b>	<b>100.7</b>	<b>49.1</b>	<b>246.5</b>	<b>201.1</b>
Loan losses	10.1	-1.6	0.0	-1.5	-11.6	6.9	-11.1	7.7
<b>Ordinary profit from continuing operations</b>	<b>-77.7</b>	<b>-7.6</b>	<b>-23.5</b>	<b>19.4</b>	<b>89.1</b>	<b>55.9</b>	<b>235.3</b>	<b>208.8</b>
<b>Ordinary profit from discontinued businesses</b>	<b>-1.7</b>	<b>1.3</b>	<b>-3.8</b>	<b>2.7</b>	<b>-1.7</b>	<b>1.3</b>	<b>-3.8</b>	<b>2.7</b>
<b>Balance sheet items:</b>								
Gross lending to customers			31.6	40.2			33 746.8	35 445.5
Deposits from and due to customers			-0.9	13.6			20 728.1	19 932.7
<b>Key figures:</b>								
Net interest income as % of total assets					1.39 %	1.29 %	1.35 %	1.25 %
Cost/income ratio					39 %	69 %	60 %	68 %
Deposits from customers as % of gross lending							61 %	56 %
Total level of provisioning							24 %	48 %

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). In April 2013, Storebrand decided to wind up the corporate market at the bank. This market is no longer a prioritised part of Storebrand's core activities. The winding up of the operation will be gradual and controlled, with existing customers being well looked after. 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. All 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 10 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	31.12.2013	NOK MILLION	31.12.2013	31.12.2012
226.0	241.6	Guarantees	241.6	226.0
4 268.6	6 179.2	Undrawn credit limits	4 060.2	4 181.4
796.1	77.4	Lending commitments	77.4	796.1
<b>5 290.7</b>	<b>6 498.1</b>	<b>Total contingent liabilities</b>	<b>4 379.2</b>	<b>5 203.5</b>
1 854.0	1 498.5	Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank	1 498.5	1 854.0
2 043.1	1 024.6	Booked value of securities pledged as collateral for the government securities for covered bonds swap scheme		
384.3	384.4	Booked value of bonds pledged as security with other credit institutions		
<b>4 281.5</b>	<b>2 907.5</b>	<b>Total book value of off balance sheet liabilities</b>	<b>1 498.5</b>	<b>1 854.0</b>

Undrawn credit limits reported in Storebrand Bank ASA as of 31 December 2013 includes NOK 3.9 billion to the subsidiary Storebrand Boligkreditt AS.

## NOTE 11 NON-PERFORMING LOANS AND LOAN LOSSES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	31.12.2013	NOK MILLION	31.12.2013	31.12.2012
		<b>Non-performing loans</b>		
114.3	54.0	Non-performing loans without evidence of impairment	111.1	184.7
121.7	345.4	Loss-exposed loans with evidence of impairment	356.4	115.1
<b>236.0</b>	<b>399.4</b>	<b>Gross non-performing and loss-exposed loans</b>	<b>467.5</b>	<b>299.8</b>
-115.2	-80.3	Provisions for individual loan losses	-82.7	-105.0
<b>120.7</b>	<b>319.1</b>	<b>Net non-performing and loss-exposed loans</b>	<b>384.8</b>	<b>194.8</b>

The volume of non-performing loans increased during the quarter as a result of a corporate commitment encompassing an increased risk and in which an individual write-down was undertaken. The comparison figures in the note are changed in relation to the figures previously reported.

# Notes

## NOTE 11 NON-PERFORMING LOANS AND LOAN LOSSES (continue)

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	31.12.2013	NOK MILLION	31.12.2013	31.12.2012
		<b>Key figures</b>		
-38.6	-29.5	Loan loss provisions on groups of loans (NOK million)	-30.2	-39.1
-153.9	-109.8	Total loan loss provisions (NOK million)	-112.9	-144.1
95 %	23 %	Level of provisioning for individual loss-exposed loans <sup>1)</sup>	23 %	91 %
65 %	28 %	Total level of provisioning <sup>2)</sup>	24 %	48 %

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.

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	31.12.2013	NOK MILLION	31.12.2013	31.12.2012
		<b>Losses on loans and guarantees etc. during period</b>		
9.8	34.9	Change in individual loan loss provisions	34.7	6.3
13.3	9.1	Change in grouped loan loss provisions	8.9	14.1
-3.6	4.8	Other effects on loan loss provisions	5.2	-3.6
-9.1	-76.8	Realised losses specifically provided for previously	-78.3	-9.1
-5.8	-2.4	Realised losses not specifically provided for previously	-2.9	-5.8
5.8	21.2	Recoveries on previous realised losses	21.2	5.8
<b>10.4</b>	<b>-9.1</b>	<b>Loan losses for the period</b>	<b>-11.1</b>	<b>7.7</b>

Lending commitments that are continued after collateral is taken over are classified in the financial statements according to their type. Lending commitments, including individual 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 12 INTANGIBLE ASSETS, FIXED ASSETS AND REAL ESTATE AT FAIR VALUE, ASSETS REPOSSESSED

In 2013 costs of NOK 42.8 million were capitalised as intangible assets and fixed assets in Storebrand Bank ASA and Storebrand Bank Group. Accordingly costs of NOK 20.9 million were capitalised in Q4. This relates principally to costs incurred on systems development, data warehouse, system 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 cost price of NOK 30.7 million is depreciated over the economic life in accordance with IAS 38. In 2013, NOK 6.1 million has been recognised as depreciation of the brand name.

In 2013, there has been a write-down of NOK 10.8 million on goodwill related to Hadrian Eiendom AS. Accordingly, NOK 6.8 million has been written down in Q4.



# Notes

## NOTE 13 LIABILITES TO CREDIT INSTITUTIONS

NOK MILLION	STOREBRAND BANK GROUP	
	31.12.2013	31.12.2012
<b>Total liabilities to credit institutions without fixed maturity at amortised cost</b>	<b>31.2</b>	<b>11.6</b>
<b>F-loans:</b>		
Maturity 2013		500.3
<b>Loans with floating interest rate:</b>		
Accrued expenses		0.8
<b>Total liabilities to credit institutions with fixed maturity at amortised cost</b>	<b>0.0</b>	<b>501.0</b>
<b>Borrowings under the Norwegian Government's Swap arrangement:</b>		
Maturity 2013		990.3
Maturity 2014	996.6	995.7
<b>Total liabilities to credit institutions with fixed maturity at fair value (FVO)</b>	<b>996.6</b>	<b>1 986.0</b>
<b>Total liabilities to credit institutions</b>	<b>1 027.8</b>	<b>2 498.7</b>

## NOTE 14 SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL

NOK MILLION	STOREBRAND BANK GROUP	
	31.12.2013	31.12.2012
Commercial papers		
Bond loans	13 523.6	14 540.3
Subordinated loan capital	589.7	441.4
<b>Total securities issued and subordinated loan capital</b>	<b>14 113.4</b>	<b>14 981.7</b>

# Notes

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

NOK MILLION							BOOK VALUE 31.12.2013
ISIN NUMBER	ISSUER	NET NOMINAL VALUE	CUR- RENCY	INTEREST	CURRENCY		
<b>Bond loans</b>							
NO0010439821	Storebrand Bank ASA	310.0	NOK	Fixed	04.06.2015	335.1	
NO0010513237	Storebrand Bank ASA	300.0	NOK	Fixed	25.05.2016	325.7	
NO0010660806	Storebrand Bank ASA	300.0	NOK	Fixed	08.10.2019	304.2	
NO0010507775	Storebrand Bank ASA	511.0	NOK	Floating	30.04.2014	515.1	
NO0010599822	Storebrand Bank ASA	178.0	NOK	Floating	11.08.2014	178.5	
NO0010635626	Storebrand Bank ASA	332.0	NOK	Floating	26.01.2015	334.0	
NO0010654510	Storebrand Bank ASA	450.0	NOK	Floating	06.07.2015	453.4	
NO0010641079	Storebrand Bank ASA	800.0	NOK	Floating	27.03.2017	801.7	
NO0010662752	Storebrand Bank ASA	300.0	NOK	Floating	13.11.2017	301.0	
NO0010670979	Storebrand Bank ASA	500.0	NOK	Floating	29.01.2016	502.2	
<b>Total bond loans</b>						<b>4 050.8</b>	
<b>Covered bonds</b>							
NO0010466071	Storebrand Boligkreditt AS	850.0	NOK	Fixed	24.04.2014	893.3	
NO0010428584	Storebrand Boligkreditt AS	1 000.0	NOK	Fixed	06.05.2015	1 083.1	
NO0010548373	Storebrand Boligkreditt AS	1 250.0	NOK	Fixed	28.10.2019	1 383.0	
NO0010638307	Storebrand Boligkreditt AS	1 000.0	NOK	Floating	17.06.2015	1 000.6	
NO0010575913	Storebrand Boligkreditt AS	490.0	NOK	Floating	03.06.2016	490.8	
NO0010612294	Storebrand Boligkreditt AS	1 560.0	NOK	Floating	15.06.2016	1 557.6	
NO0010635071	Storebrand Boligkreditt AS	2 550.0	NOK	Floating	21.06.2017	2 564.4	
NO0010660822	Storebrand Boligkreditt AS	500.0	NOK	Floating	20.06.2018	500.0	
<b>Total covered bonds</b>						<b>9 472.8</b>	
<b>Total commercial papers and bonds issued</b>						<b>13 523.6</b>	
1) Maturity date in this summary is the first possible maturity date (Call date).							
ISIN code	ISSUER	NET NOMINAL VALUE	CUR- RENCY	INTEREST	CURRENCY	BOOK VALUE 31.12.2013	
<b>Dated subordinated loan capital</b>							
NO001064165	Storebrand Bank ASA	150.0	NOK	Floating	12.04.2017	151.3	
<b>Other subordinated loan capital</b>							
NO00177116	Storebrand Bank ASA	9.3	NOK	Fixed	Perpetual	9.3	
<b>Hybrid tier 1 capital</b>							
NO001024206	Storebrand Bank ASA	107.0	NOK	Fixed	29.10.2014	110.1	
NO001024207	Storebrand Bank ASA	168.0	NOK	Floating	29.10.2014	168.8	
NO001068355	Storebrand Bank ASA	150.0	NOK	Floating	20.06.2018	150.3	
<b>Total subordinated loan capital</b>						<b>589.7</b>	
<b>Total securities issued and subordinated loan capital</b>						<b>14 113.4</b>	

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

# 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 2012 annual report explains the banking group's financial risks which also is representative of the financial risks as per 31 December 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. Credit risk and liquidity risk are the two most important forms of risk for Storebrand Bank. The bank's risk strategy establishes overall limits for how much credit risk the bank group is willing to assume. The willingness to accept risk is adjusted to the bank's risk appetite and target risk profile, capital adequacy and growth. Credit policies establish general principles for granting credit. The bank group's routines for credit management are set forth in special credit handbooks. The most important control of credit risk is carried out and administered by the Credit Control unit.

### **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.

## **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 those used in the accounts, with all internal transactions eliminated, including shares, loans and deposits as well as other receivables and liabilities.

# Notes

## NOTE 16 CAPITAL ADEQUACY (continue)

### Net primary capital

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	31.12.2013	NOK MILLION	31.12.2013	31.12.2012
960.6	960.6	Share capital	960.6	960.6
1 414.0	1 410.6	Other equity	1 604.9	1 495.1
<b>2 374.6</b>	<b>2 371.2</b>	<b>Total equity</b>	<b>2 565.5</b>	<b>2 455.7</b>
		Deductions:		
-65.7	-75.4	Intangible assets	-99.1	-106.3
-14.0	-18.2	Deferred tax asset	-13.0	-7.3
		Provision for group contribution	-150.0	-50.0
<b>2 294.9</b>	<b>2 277.6</b>	<b>Core capital exc. Hybrid Tier 1 capital</b>	<b>2 303.3</b>	<b>2 292.0</b>
		Addition:		
278.8	426.8	Hybrid Tier 1 capital	426.8	278.8
<b>2 573.6</b>	<b>2 704.4</b>	<b>Core capital</b>	<b>2 730.2</b>	<b>2 570.8</b>
158.6	158.8	Supplementary capital	158.8	158.6
0.0	0.0	Deductions		
<b>2 732.2</b>	<b>2 863.2</b>	<b>Net primary capital</b>	<b>2 888.9</b>	<b>2 729.4</b>

### Minimum capital requirement

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	31.12.2013	NOK MILLION	31.12.2013	31.12.2012
1 433.6	1 350.5	Credit risk	1 613.4	1 758.1
		Of which:		
9.2	8.6	Local and regional authorities	8.6	9.2
167.6	109.6	Institutions	9.9	15.4
947.6	773.9	Corporates	773.9	938.9
189.9	256.5	Loans secured on residential real estate	687.4	693.6
47.8	51.5	Retail market	51.5	47.8
10.6	37.2	Loans past-due	40.1	12.9
39.1	102.3	Covered bonds	23.8	17.1
21.8	11.0	Other	18.3	23.2
<b>1 433.6</b>	<b>1 350.5</b>	<b>Total minimum requirement for credit risk</b>	<b>1 613.4</b>	<b>1 758.1</b>
	0.0	Settlement risk	0.0	
<b>0.0</b>	<b>0.0</b>	<b>Total minimum requirement for market risk</b>	<b>0.0</b>	<b>0.0</b>
69.4	79.7	Operational risk	89.5	89.5
		Deductions		
-3.1	-2.4	Loan loss provisions on groups of loans	-2.4	-3.1
<b>1 499.9</b>	<b>1 427.8</b>	<b>Minimum requirement for net primary capital</b>	<b>1 700.5</b>	<b>1 844.5</b>

# Notes

## NOTE 16 CAPITAL ADEQUACY (continue)

### Capital adequacy

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	31.12.2013		31.12.2013	31.12.2012
14.6 %	16.0 %	Capital ratio	13.6 %	11.8 %
13.7 %	15.2 %	Core (tier 1) capital ratio	12.8 %	11.2 %
12.2 %	12.8 %	Core capital ratio excl. Hybrid Tier 1 capital	10.8 %	9.9 %

The standard method is used for credit risk and market risk, and the basic method for operational risk. New capital requirements came into force from 1 July 2013. The overall requirements for core tier 1 capital and the capital base are 9 and 12.5 per cent respectively as of 1 July 2013, and 10 and 13.5 per cent respectively as of 1 July 2014. The introduction of a counter-cyclical capital buffer of 1 per cent core tier 1 capital should be expected from 30 June 2015.

### Basis of calculation (risk-weighted volume)

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	31.12.2013	NOK MILLION	31.12.2013	31.12.2012
17 920.0	16 881.6	Credit risk	20 168.1	21 976.2
		Of which:		
115.3	106.9	Local and regional authorities	106.9	115.3
2 095.1	1 370.0	Institutions	123.1	192.0
11 844.6	9 674.1	Corporates	9 674.1	11 735.9
2 373.3	3 205.9	Loans secured on residential real estate	8 593.0	8 670.1
597.8	644.0	Retail market	644.0	597.8
132.4	465.3	Loans past-due	501.0	160.8
488.6	1 278.2	Covered bonds	297.3	214.0
272.9	137.3	Other	228.6	290.3
<b>17 920.0</b>	<b>16 881.6</b>	<b>Total basis of calculation credit risk</b>	<b>20 168.1</b>	<b>21 976.2</b>
		Settlement risk		
<b>0.0</b>	<b>0.0</b>	<b>Total basis of calculation market risk</b>	<b>0.0</b>	<b>0.0</b>
867.8	995.7	Operational risk	1 118.8	1 119.1
		Deductions		
-38.6	-29.5	Loan loss provisions on groups of loans	-30.2	-39.1
<b>18 749.2</b>	<b>17 847.8</b>	<b>Total basis of calculation of minimum requirements for capital base</b>	<b>21 256.7</b>	<b>23 056.1</b>

# Notes

## NOTE 17 QUARTERLY PROFIT AND LOSS

### Storebrand Bank Group

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
NOK MILLION	2013	2013	2013	2013	2012	2012	2012	2012
Interest income	385.8	391.8	392.4	378.7	385.6	381.8	386.0	399.4
Interest expense	-246.6	-251.9	-253.6	-249.8	-252.8	-259.5	-263.3	-286.3
<b>Net interest income</b>	<b>139.2</b>	<b>139.8</b>	<b>138.8</b>	<b>128.9</b>	<b>132.8</b>	<b>122.3</b>	<b>122.7</b>	<b>113.1</b>
Fee and commission income from banking services	20.3	23.4	18.5	19.8	22.6	21.9	22.2	18.8
Fee and commission expenses for banking services	-2.5	-3.6	-2.4	-3.3	-5.1	-3.2	-3.1	-2.9
<b>Net fee and commission income</b>	<b>17.8</b>	<b>19.9</b>	<b>16.1</b>	<b>16.5</b>	<b>17.5</b>	<b>18.7</b>	<b>19.1</b>	<b>15.9</b>
Net income and gains from associated companies							1.3	
Net gains on financial instruments	-0.6	2.5	-0.9	-17.0	2.1	12.7	6.5	13.2
Other income	7.5	2.8	9.3	0.7	5.6	7.6	8.0	1.7
<b>Total other operating income</b>	<b>6.9</b>	<b>5.2</b>	<b>8.4</b>	<b>-16.2</b>	<b>7.7</b>	<b>20.3</b>	<b>15.8</b>	<b>14.9</b>
Staff expenses	0.5	-32.1	-60.7	-35.2	-36.6	-46.6	-37.1	-34.4
General administration expenses	-13.2	-14.3	-13.1	-15.0	-20.8	-14.9	-14.6	-14.9
Other operating cost	-50.5	-47.8	-44.9	-48.4	-51.5	-50.3	-48.9	-49.1
Losses real estate at fair value, assets repossessed								
<b>Total operating costs</b>	<b>-63.2</b>	<b>-94.2</b>	<b>-118.7</b>	<b>-98.6</b>	<b>-108.9</b>	<b>-111.8</b>	<b>-100.6</b>	<b>-98.4</b>
<b>Operating profit before loan losses</b>	<b>100.7</b>	<b>70.7</b>	<b>44.5</b>	<b>30.6</b>	<b>49.1</b>	<b>49.5</b>	<b>57.0</b>	<b>45.6</b>
Loan losses for the period	-11.6	-10.1	13.0	-2.5	6.9	0.9	-5.8	5.8
<b>Profit before tax</b>	<b>89.1</b>	<b>60.6</b>	<b>57.5</b>	<b>28.1</b>	<b>55.9</b>	<b>50.4</b>	<b>51.2</b>	<b>51.3</b>
Tax	-28.2	-17.0	-16.1	-7.9	1.3	-12.5	-13.5	-11.8
Result after tax sold/discontinued operations	-1.7	0.2	-1.7	-0.6	1.3	3.4	-2.0	-0.1
<b>Profit for the year</b>	<b>59.1</b>	<b>43.8</b>	<b>39.7</b>	<b>19.6</b>	<b>58.5</b>	<b>41.3</b>	<b>35.7</b>	<b>39.4</b>

# Notes

## NOTE 17 QUARTERLY PROFIT AND LOSS *(continue)*

### Storebrand Bank ASA

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
NOK MILLION	2013	2013	2013	2013	2012	2012	2012	2012
Interest income	266.6	268.1	270.5	268.1	274.1	277.6	282.6	323.8
Interest expense	-193.7	-197.5	-198.0	-193.4	-191.1	-195.7	-199.5	-231.2
<b>Net interest income</b>	<b>72.9</b>	<b>70.6</b>	<b>72.5</b>	<b>74.7</b>	<b>82.9</b>	<b>81.9</b>	<b>83.1</b>	<b>92.7</b>
Fee and commission income from banking services	23.4	26.7	21.9	23.1	25.9	25.3	25.5	22.2
Fee and commission expenses for banking services	-2.5	-3.6	-2.4	-3.3	-5.1	-3.2	-3.1	-2.9
<b>Net fee and commission income</b>	<b>20.9</b>	<b>23.1</b>	<b>19.4</b>	<b>19.8</b>	<b>20.9</b>	<b>22.1</b>	<b>22.5</b>	<b>19.3</b>
Net income and gains from associated companies							1.3	
Net gains on financial instruments	-2.2	2.3	-1.1	-12.5	4.3	22.6	4.1	37.3
Other income	228.1	-16.1	-0.5		144.0	6.0		1.5
<b>Total other operating income</b>	<b>225.9</b>	<b>-13.8</b>	<b>-1.6</b>	<b>-12.5</b>	<b>148.2</b>	<b>28.6</b>	<b>5.4</b>	<b>38.7</b>
Staff expenses	4.4	-30.3	-58.8	-33.4	-32.8	-45.5	-35.5	-32.7
General administration expenses	-12.9	-14.1	-12.9	-14.9	-20.6	-14.8	-14.4	-14.7
Other operating cost	-40.6	-40.8	-41.8	-45.2	-47.4	-47.5	-45.6	-44.4
<b>Total operating costs</b>	<b>-49.1</b>	<b>-85.2</b>	<b>-113.5</b>	<b>-93.5</b>	<b>-100.7</b>	<b>-107.8</b>	<b>-95.5</b>	<b>-91.8</b>
<b>Operating profit before loan losses</b>	<b>270.6</b>	<b>-5.1</b>	<b>-23.1</b>	<b>-11.5</b>	<b>151.3</b>	<b>24.8</b>	<b>15.4</b>	<b>58.9</b>
Loan losses for the period	-12.5	-8.9	13.3	-1.1	8.5	1.7	-5.3	5.5
<b>Profit before tax</b>	<b>258.1</b>	<b>-14.0</b>	<b>-9.8</b>	<b>-12.6</b>	<b>159.8</b>	<b>26.5</b>	<b>10.1</b>	<b>64.4</b>
Tax	-76.7	-0.6	2.7	3.5	-37.3	-5.7	-2.7	-18.0
<b>Profit for the year</b>	<b>181.5</b>	<b>-14.6</b>	<b>-7.1</b>	<b>-9.1</b>	<b>122.5</b>	<b>20.8</b>	<b>7.4</b>	<b>46.3</b>



# Notes

## NOTE 18 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

The fair value of lending to customers subject to variable interest rates is stated as book value. However, the fair value of lending to corporate customers with margin loans is slightly lower than book value since some loans have lower margins than they would have had had they been taken out at 31 December 2013. The shortfall is calculated using a discounted difference between the agreed margin and the current market price over the remaining term to maturity. Fair value is also adjusted for individual loan loss provisions. The fair values of lending, liabilities to financial institutions and securities issued are based on valuation techniques. The valuation techniques use interest rate curves and credit spreads from external providers with exception of lending which are assessed to spreads on new loans correspondingly.

NOK MILLION	31.12.2013		31.12.2012	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
<b>Financial assets:</b>				
Bonds classified as Loans and receivables	1 541.8	1 546.1	990.0	994.2
Loans to and deposits with credit institutions, amortised cost	152.5	152.5	255.1	255.1
Lending to customers, amortised cost	32 344.9	32 281.8	34 060.7	33 966.8
<b>Financial liabilities:</b>				
Deposits from and due to credit institutions, amortised cost	31.2	31.2	512.7	512.7
Deposits from and due to customers, amortised cost	20 728.1	20 728.1	19 932.7	19 932.7
Commercial papers and bonds issued, amortised cost	13 523.6	13 695.1	14 540.3	14 708.1
Subordinated loan capital, amortised cost	589.7	596.9	441.4	443.8

# Notes

## NOTE 18 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST (continue)

Fair value classified per level	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE 31.12.2013	FAIR VALUE 31.12.2012
	QUOTED PRICES	OBSERVABLE ASSUMPTIONS	NON- OBSERVABLE ASSUMPTIONS		
NOK MILLION					
<b>Financial assets:</b>					
Bonds classified as Loans and receivables	100.4	1 445.8		1 546.1	994.2
Loans to and deposits with credit institutions, amortised cost		152.5		152.5	255.1
Lending to customers, amortised cost		32 281.8		32 281.8	33 966.8
Total fair value at 31.12.2012	101.0	35 115.1			
<b>Financial liabilities:</b>					
Deposits from and due to credit institutions, amortised cost		31.2		31.2	512.7
Deposits from and due to customers, amortised cost		20 728.1		20 728.1	19 932.7
Commercial papers and bonds issued, amortised cost		13 695.1		13 695.1	14 708.1
Subordinated loan capital, amortised cost		596.9		596.9	443.8
Total fair value at 31.12.2012		35 597.3			

## NOTE 19 VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

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 in the Annual report 2012. 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 in Q1 2013 as uncertainty related to the stipulation of the market's margin requirements for such loans is considered to have increased. 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 19 VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE (continue)

NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	BOOK VALUE 31.12.2013	BOOK VALUE 31.12.2012
	QUOTED PRICES	OBSERVABLE ASSUMPTIONS	NON- OBSERVABLE ASSUMPTIONS		
<b>Equities</b>		<b>1.7</b>		<b>1.7</b>	
Total equities 31.12.2012		5.2			5.2
<b>Lending to customers</b>			<b>1 289.0</b>	<b>1 289.0</b>	
Total lending to customers 31.12.2012		1 240.8			1 240.8
Sovereign and Government Guaranteed bonds	100.3			100.3	492.7
Credit bonds		534.6		534.6	526.2
Mortgage and asset backed bonds		2 155.8		2 155.8	1 842.8
<b>Total bonds</b>	<b>100.3</b>	<b>2 690.4</b>	<b>0.0</b>	<b>2 790.7</b>	
Total bonds 31.12.2012	557.4	2 304.3			2 861.7
Interest rate derivatives		282.6		282.6	403.9
Currency derivatives		-0.4		-0.4	0.0
<b>Total derivatives</b>	<b>0.0</b>	<b>282.2</b>	<b>0.0</b>	<b>282.2</b>	
Derivatives with a positive fair value		693.2		693.2	1 005.0
Derivatives with a negative fair value		-411.0		-411.0	-601.1
Total derivatives 31.12.2012		403.9			
<b>Specification of financial liabilities at fair value</b>					
<b>Liabilities to credit institutions</b>		<b>996.6</b>		<b>996.6</b>	
Total liabilities to credit institutions 31.12.2012		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 01.01.2013	0.0
Net gains/losses on financial instruments	-7.1
Supply / disposal	41.8
Sales / due settlements	-122.9
Transferred from observable assumptions to non-observable assumptions	1 377.3
Translation differences	
Other	
<b>Book value 31.12.2013</b>	<b>1 289.0</b>

# Company information

**Adresse:**

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

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

Company registration number: 953 299 216

**Senior Management:**

Truls Nergaard	Managing Director
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:**

Heidi Skaaret	Chairman
Geir Holmgren	Deputy chairman
Leif Helmich Pedersen	Board Member
Inger Roll-Matthiesen	Board Member
Ranveig S. Ofstad	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](http://www.storebrand.no).