

# Interim report

Storebrand Bank ASA



3<sup>rd</sup> quarter  
2013

# Storebrand Bank Group

## - Quarterly report for the third 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 positive margin trend
- Good cost control
- Increased volume of non-performing loans for the quarter

The retail market area also delivered good profits during third quarter. Lending growth is continuing, while the deposit balance remains relatively stable. Lending margins are good, and the retail market area has good cost control. Storebrand Bank has decided to enter into an agreement with Skandinavisk Data Center (SDC) as the new supplier of the bank's IT services. Work to change suppliers is making good progress and is on schedule.

Storebrand has 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.

### Financial performance

The Bank Group achieved a pre-tax profit of NOK 61 million (50 million) during the third quarter and a pre-tax profit of NOK 146 million (153 million) for the year to date. Net interest income developed positively during the third quarter and the year to date.

Net interest revenues were NOK 140 million (122 million) for the third quarter and NOK 408 million (357 million) for the year to date. The interest margin has developed positively, driven by good lending margins. Net interest income as a percentage of average total assets was 1.37 per cent (1.21 per cent) for the third quarter and 1.34 per cent (1.22 per cent) for the year to date. Net interest income as a percentage of average total assets related to the retail market of the Bank Group was 1.27 per cent for the quarter and 1.19 per cent for the year to date.

Net commission income is at the same level as the corresponding period last year. The trend of other operating income has been weaker than in corresponding periods last year due to negative changes in the market value of fixed-rate loans recorded at fair value on the balance sheet and the effect of bond buy-backs. The change in market value of the bank's fixed-rate loans in the third quarter amounted to minus NOK 6 million and minus NOK 22 million for the year to date. Taking into account the associated derivatives, the effect on profits year to date is minus NOK 7 million.

Operating expenses amounted to NOK 94 million (112 million) for the third quarter and NOK 312 million (311 million) for the year to date. Goodwill was written down by NOK 4 million during the quarter.

The portfolio's loss level is low. NOK 10 million (NOK 1 million recognised as income) has been charged as loan write-downs in the third quarter, and NOK 0.5 million recognised as income (NOK 1 million recognised as income) for the year to date. During the third quarter, the bank sold a non-performing loan portfolio with a positive effect of NOK 8 million. Group write-downs were reduced by NOK 9 million during the quarter and decreased by NOK 4 million for the year to date.

### Balance sheet performance

The loan portfolio for the retail market has grown in the third quarter with a decrease in lending to the corporate market. Gross lending to customers at the end of the third quarter amounts to NOK 34.8 billion, a reduction of NOK 0.6 billion from the end of 2012. The syndicated volume of Storebrand Livsforsikring was stable during the third quarter.

The Bank Group's retail market portfolio totals NOK 24.1 billion, equivalent to 69 per cent of the bank's total lending, and chiefly comprises low risk home mortgages. The average weighted loan-to-value ratio is about 51 per cent for home mortgages, almost unchanged compared with the end of 2012. Corporate market lending accounts for 31 per cent of the portfolio.

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. Interest is served on the commitment. The volume of non-performing loans amounts to 1.6 per cent (1.0 per cent) of gross lending as at 30.09.2013. The bank considers the portfolio quality to be good. Non-performing loans that are not impaired amounted to NOK 121 million (NOK 185 million) and impaired non-performing loans totalled NOK 441 million (NOK 115 million) at the end of the third quarter.

### 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 20.8 billion at the end of the third quarter. The deposit-to-loan ratio was 60 per cent (57 per cent) at the end of the quarter. There has been growth in the retail market in comparison with the end of 2012.

During the second quarter, Storebrand Bank issued new hybrid tier 1 capital, which is viable core capital under

CRD IV, of NOK 150 million.

At the end of the third quarter of 2013, Storebrand Bank has a Revolving Credit Facility of NOK 750 million maturing in October 2013. The agreement will not be renewed.

#### **Capital adequacy**

The Norwegian Parliament adopted new capital requirements which came into force from 1 July 2013. In accordance with this, the overall requirements for CET1 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, it has been indicated that a counter-cyclical capital buffer of up to 2.5 per cent CET1 capital will be introduced.

The Bank Group's total capital ratio was 13.1 per cent and the core capital ratio was 12.4 per cent at the end of the third quarter. 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 incurred a pre-tax loss of minus NOK 14 million (27 million) in the third quarter, and minus NOK 36 million (101 million) for the year to date.

Net interest income for Storebrand Bank ASA totalled NOK 71 million (82 million) in the third quarter and NOK 218 million (257 million) for the year to date.

During the quarter, the bank wrote down shares in subsidiaries totalling NOK 16 million. NOK 9 million (NOK 2 million recognised as income) has been charged as loan write-downs in the third quarter, and NOK 3 million recognised in income (NOK 2 million recognised as income) for the year to date, primarily as a result of the non-performing loan portfolio sold in the second quarter of 2013.

#### **Other**

Storebrand Bank will continue its efforts to improve the business' profitability combined with moderate growth in the fourth quarter of 2013. The share of retail market loans on the balance sheet will be gradually increased. The gradual and controlled winding up of the corporate market will continue.

Uncertainty related to the macro economy is now increasingly linked to national rather than international conditions. Persistently weak productivity growth, high levels of household debt, and the trend of property price are deemed as the most important risk factors which may affect the future performance of Storebrand Bank Group.

The bank will maintain its moderate risk profile by way of a sound composition of the balance sheet and funding, and by prioritising the effective management of credit risk, liquidity risk, control of operational risk, and continued close monitoring of non-performance and loss trends.

An external legal assessment has been procured concerning whether, and possibly to what extent, the recent rulings of the Norwegian Supreme Court concerning structured products will be of significance to Storebrand Bank's complaints that are being processed by the Financial Services Complaints Board and complaints directly from customers. No errors or omissions have been discovered that are of such significance that they are presumed to have had a decisive influence on the investment decisions of investors.

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

Lysaker, 29 October 2013  
The Board of Directors of Storebrand Bank ASA

# Storebrand Bank Group

## PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	3Q				FULL YEAR
		2013	2012	30.09.2013	30.09.2012	2012
Interest income		391.8	381.8	1 162.9	1 167.3	1 552.8
Interest expense		-251.9	-259.5	-755.3	-809.9	-1 062.7
<b>Net interest income</b>	<b>4</b>	<b>139.8</b>	<b>122.3</b>	<b>407.6</b>	<b>357.4</b>	<b>490.1</b>
Fee and commission income from banking services		23.4	21.9	61.7	62.9	85.5
Fee and commission expenses for banking services		-3.6	-3.2	-9.3	-9.2	-14.3
<b>Net fee and commission income</b>		<b>19.9</b>	<b>18.7</b>	<b>52.4</b>	<b>53.7</b>	<b>71.2</b>
Net income and gains from associated companies					1.2	1.2
Net gains on financial instruments	5	2.5	12.7	-15.4	33.2	35.3
Other income		2.8	7.6	12.8	17.4	23.0
<b>Total other operating income</b>		<b>5.2</b>	<b>20.3</b>	<b>-2.6</b>	<b>51.9</b>	<b>59.5</b>
Staff expenses		-32.1	-46.6	-128.0	-118.1	-154.8
General administration expenses		-14.3	-14.9	-42.5	-44.4	-65.2
Other operating costs		-47.8	-50.3	-141.1	-148.3	-199.8
<b>Total operating costs</b>		<b>-94.2</b>	<b>-111.8</b>	<b>-311.6</b>	<b>-310.8</b>	<b>-419.7</b>
<b>Operating profit before loan losses</b>		<b>70.7</b>	<b>49.5</b>	<b>145.8</b>	<b>152.1</b>	<b>201.1</b>
Loan losses for the period	11	-10.1	0.9	0.4	0.8	7.7
<b>Profit before tax</b>		<b>60.6</b>	<b>50.4</b>	<b>146.2</b>	<b>152.9</b>	<b>208.8</b>
Tax	7	-17.0	-12.5	-41.0	-37.8	-36.6
Result after tax sold/discontinued operations		0.2	3.4	-2.1	1.3	2.7
<b>Profit for the year</b>		<b>43.8</b>	<b>41.3</b>	<b>103.2</b>	<b>116.4</b>	<b>174.9</b>
Allocated to:						
Shareholders		43.8	41.3	103.2	116.4	174.9
Minority interests		0.0	0.0	0.0	0.0	0.0

## STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	3Q				FULL YEAR
	2013	2012	30.09.2013	30.09.2012	2012
Profit for the period	43.8	41.3	103.2	116.4	174.9
<b>Other result elements not to be classified to profit/loss</b>					
Pension experience adjustments					25.1
<b>Total comprehensive income for the period</b>	<b>43.8</b>	<b>41.3</b>	<b>103.2</b>	<b>116.4</b>	<b>200.0</b>
<b>Allocated to:</b>					
Shareholders	43.8	41.3	103.2	116.4	200.1
Minority interests	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>43.8</b>	<b>41.3</b>	<b>103.2</b>	<b>116.4</b>	<b>200.0</b>

# Storebrand Bank Group

## STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	30.09.2013	31.12.2012
Cash and deposits with central banks		229.6	8.8
Loans to and deposits with credit institutions	18	428.6	255.1
Financial assets designated at fair value through profit and loss:			
Equity instruments	19	4.3	5.2
Bonds and other fixed-income securities	10, 19	1 854.3	2 861.7
Derivatives	19	743.0	1 005.0
Bonds at amortised cost	10, 18	1 511.3	990.0
Other assets		102.3	121.6
Gross lending	18, 19	34 799.1	35 445.5
- Write-downs on individual loans	11	-85.8	-105.0
- Write-downs on groups of loans	11	-35.6	-39.1
Net lending to customers		34 677.7	35 301.4
Tangible assets	12	7.0	8.5
Intangible assets and goodwill	12	94.7	106.3
Deferred tax assets		0.0	7.3
Assets sold/discontinued operations		0.1	0.2
<b>Total assets</b>		<b>39 653.0</b>	<b>40 671.2</b>
Liabilities to credit institutions	13,18,19	1 007.9	2 498.7
Deposits from and due to customers	18	21 742.9	19 932.7
Other financial liabilities:			
Derivatives	19	430.4	601.1
Commercial papers and bonds issued	14, 18	13 860.1	14 540.3
Other liabilities		338.2	102.4
Liabilities sold/discontinued operations		7.7	10.1
Provision for accrued expenses and liabilities		34.0	17.7
Deferred tax		33.4	0.0
Pension liabilities		71.3	71.3
Subordinated loan capital	14, 18	595.5	441.4
<b>Total liabilities</b>		<b>37 146.0</b>	<b>38 215.6</b>
Paid in capital		1 516.8	1 516.8
Retained earnings		990.1	938.8
Minority interests		0.0	0.0
<b>Total equity</b>		<b>2 506.9</b>	<b>2 455.7</b>
<b>Total equity and liabilities</b>		<b>39 653.0</b>	<b>40 671.2</b>



# Storebrand Bank ASA

## PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	3Q			FULL YEAR	
		2013	2012	30.09.2013	30.09.2012	2012
Interest income		268.1	277.6	806.7	884.0	1 158.1
Interest expense		-197.5	-195.7	-588.9	-627.1	-818.2
<b>Net interest income</b>	<b>4</b>	<b>70.6</b>	<b>81.9</b>	<b>217.8</b>	<b>256.9</b>	<b>339.8</b>
Fee and commission income from banking services		26.7	25.3	71.7	73.1	99.0
Fee and commission expenses for banking services		-3.6	-3.2	-9.3	-9.2	-14.3
<b>Net fee and commission income</b>		<b>23.1</b>	<b>22.1</b>	<b>62.4</b>	<b>63.9</b>	<b>84.7</b>
Net income and gains from associated companies					1.2	1.2
Net gains on financial instruments	5	2.3	22.6	-11.3	64.8	69.1
Other income		-16.1	6.0	-16.6	7.4	151.4
<b>Total other operating income</b>		<b>-13.8</b>	<b>28.6</b>	<b>-27.9</b>	<b>73.5</b>	<b>221.7</b>
Staff expenses		-30.3	-45.5	-122.5	-113.7	-146.5
General administration expenses		-14.1	-14.8	-41.9	-43.9	-64.5
Other operating costs		-40.8	-47.5	-127.8	-137.5	-184.9
<b>Total operating costs</b>		<b>-85.2</b>	<b>-107.8</b>	<b>-292.1</b>	<b>-295.2</b>	<b>-395.9</b>
<b>Operating profit before loan losses</b>		<b>-5.1</b>	<b>24.8</b>	<b>-39.8</b>	<b>99.1</b>	<b>250.4</b>
Loan losses for the period	11	-8.9	1.7	3.4	1.9	10.4
<b>Profit before tax</b>		<b>-14.0</b>	<b>26.5</b>	<b>-36.4</b>	<b>101.0</b>	<b>260.8</b>
Tax	7	-0.6	-5.7	5.7	-26.4	-63.7
<b>Profit for the year</b>		<b>-14.6</b>	<b>20.8</b>	<b>-30.7</b>	<b>74.6</b>	<b>197.1</b>

## STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	3Q			FULL YEAR	
	2013	2012	30.09.2013	30.09.2012	2012
Profit for the period	-14.6	20.8	-30.7	74.6	197.1
<b>Other result elements not to be classified to profit/loss</b>					
Pension experience adjustments					25.1
<b>Total comprehensive income for the period</b>	<b>-14.6</b>	<b>20.8</b>	<b>-30.7</b>	<b>74.6</b>	<b>222.2</b>

# Storebrand Bank ASA

## STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	30.09.2013	31.12.2012
Cash and deposits with central banks		229.6	8.8
Loans to and deposits with credit institutions	18	3 263.1	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	4 615.6	5 624.6
Derivatives	19	469.3	660.0
Bonds at amortised cost	10, 18	1 511.3	990.0
Other assets		964,0	1 068,2
Gross lending	18, 19	19 277.1	18 151.1
- Write-downs on individual loans	11	-83.5	-115.2
- Write-downs on groups of loans	11	-33.6	-38.6
Net lending to customers		19 159.9	17 997.2
Tangible assets	12	6.7	8.1
Intangible assets	12	62.6	65.7
Deferred tax assets		19.7	14.0
<b>Total assets</b>		<b>30 303.6</b>	<b>31 219.8</b>
Liabilities to credit institutions	13,18,19	1 295.7	2 797.0
Deposits from and due to customers	18	20 809.7	19 948.5
Other financial liabilities:			
Derivatives	19	430.4	601.1
Commercial papers and bonds issued	14, 18	4 360.8	4 666.9
Other liabilities		362.9	301.4
Provision for accrued expenses and liabilities		34.0	17.7
Pension liabilities		71.3	71.3
Subordinated loan capital	14	595.5	441.4
<b>Total liabilities</b>		<b>27 960.3</b>	<b>28 845.2</b>
Paid in capital		1 657.0	1 657.0
Retained earnings		686.3	717.6
<b>Total equity</b>		<b>2 343.3</b>	<b>2 374.6</b>
<b>Total equity and liabilities</b>		<b>30 303.6</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 RETAINED EARNINGS	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		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						103.2	103.2		103.2
Pension experience adjustments									
<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>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>103.2</b>	<b>103.2</b>	<b>0.0</b>	<b>103.2</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						-1.4	-1.4		-1.4
<b>Equity at 30.09.2013</b>	<b>960.6</b>	<b>156.0</b>	<b>400.3</b>	<b>1 516.8</b>	<b>45.4</b>	<b>944.6</b>	<b>990.1</b>	<b>0.0</b>	<b>2 506.9</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 RETAINED EARNINGS	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>18.4</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>43.5</b>	<b>674.1</b>	<b>717.6</b>	<b>2 374.6</b>
Profit for the period						-30.7	-30.7	-30.7
Pension experience adjustments								
<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>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-30.7</b>	<b>-30.7</b>	<b>-30.7</b>
<b>Equity transactions with owners:</b>								
Change in group contribution received for 2012						-0.6	-0.6	-0.6
<b>Equity at 30.09.2013</b>	<b>960.6</b>	<b>156.0</b>	<b>540.4</b>	<b>1 657.0</b>	<b>43.5</b>	<b>642.8</b>	<b>686.3</b>	<b>2 343.3</b>

The equity changes with the result for the individual period, equity transactions with the owners and items that are entered directly on the balance sheet. Share capital, the share premium reserve 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.

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

# Cash flow statement

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
30.09.2012	30.09.2013	NOK MILLION	30.09.2013	30.09.2012
		<b>Cash flow from operations</b>		
769.1	768.8	Receipts of interest, commissions and fees from customers	1 176.4	1 148.0
-401.5	-152.7	Payments of interest, commissions and fees to customers	-152.8	-401.5
-898.7	-1 138.7	Net disbursements/payments on customer loans	608.0	-1 177.4
1 175.1	840.5	Net receipts/payments of deposits from banking customers	826.7	1 175.7
2 746.5	612.2	Net receipts/payments - securities at fair value	559.2	-985.9
		Net receipts/payments - real estate at fair value		17.1
-278.0	-229.8	Payments of operating costs	-242.9	-303.1
61.0	6.0	Net receipts/payments on other operating activities	-1.9	105.7
<b>3 173.5</b>	<b>706.4</b>	<b>Net cash flow from operations</b>	<b>2 772.7</b>	<b>-421.4</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		
-27.6	-21.9	Net payments on purchase/sale of fixed assets etc.	-21.9	-27.6
<b>-21.1</b>	<b>-196.8</b>	<b>Net cash flow from investment activities</b>	<b>-21.9</b>	<b>-19.1</b>
		<b>Cash flow from financing activities</b>		
-1 577.6	-794.8	Payments - repayments of loans and issuing of bond debt	-1 094.7	-2 128.2
1 610.1	500.4	Receipts - new loans and issuing of bond debt	500.4	6 021.8
-206.8	-142.2	Payments - interest on loans	-312.5	-407.2
149.2	150.0	Receipts - subordinated loan capital	150.0	149.2
-250.4	0.0	Payments - repayments of subordinated loan capital		-250.4
-22.7	-18.7	Payments - interest on subordinated loan capital	-18.7	-22.7
-2 969.9	-1 500.1	Net receipts/payments of liabilities to credit institutions	-1 502.3	-2 975.1
58.8	252.8	Receipts - group contribution	21.8	
-85.8	-236.3	Payments - group contribution / dividends	-100.5	-50.0
<b>-3 295.1</b>	<b>-1 789.0</b>	<b>Net cash flow from financing activities</b>	<b>-2 356.4</b>	<b>337.4</b>
<b>-142.7</b>	<b>-1 279.4</b>	<b>Net cash flow in the period</b>	<b>394.3</b>	<b>-103.1</b>
4 912.8	4 772.1	Cash and bank deposits at the start of the period	263.9	777.0
<b>4 770.1</b>	<b>3 492.7</b>	<b>Cash and bank deposits at the end of the period</b>	<b>658.2</b>	<b>673.9</b>
		Cash and bank deposits consist of:		
405.9	229.6	Cash and deposits with central banks	229.6	405.9
4 364.2	3 263.1	Loans to and deposits with credit institutions	428.6	268.0
<b>4 770.1</b>	<b>3 492.7</b>	<b>Total cash and bank deposits in the balance sheet</b>	<b>658.2</b>	<b>673.9</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 Q3 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required in the annual report.

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

Storebrand Bank Group has not made any substantial changes to the accounting policies applied in 2013, with exception of a change in IAS 19 - Employee Benefits. For further information see note 3. A description of the accounting policies applied in the preparation of the financial statements is provided in the 2012 annual report.

The standard IFRS 10 Consolidated Financial Statements will apply from 1 January 2014. This standard will replace sections of IAS 27 dealing with consolidated financial statements. The content of the concept of control has changed in the new standard and will result in an increased degree of discretion in the assessment of which entities are controlled by the company. There may be changes in the consolidation of certain commitments as a result of the changed definition of the concept of control. This may affect and influence earnings and the balance sheet for the Bank Group.

The annual report and accounts of Storebrand Bank ASA and the Storebrand Bank ASA group for 2012 is available at [www.storebrand.no](http://www.storebrand.no).

## NOTE 2 ESTIMATES AND PROVISIONS

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

In the first 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.

## 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.

The K2005 mortality table provides the basis for calculating the pension liabilities for the Norwegian companies. In a letter of 8 March 2013, the Financial Supervisory Authority of Norway determined that a new mortality basis K2013 would be introduced for group pension insurance effective from 2014. The new mortality basis K2013 must be implemented when calculating pension liabilities and will entail an increase in the pension liabilities in accordance with IAS 19. There are several unresolved issues related to the adaptation of K2013 and it is expected that these will be resolved during the 4th quarter. The new table has therefore not been used as a basis in determining the pension liabilities as at 30 September 2013.

The changes in key assumptions for calculating pension liabilities under IAS 19 are relatively limited and new calculations of the liabilities have not been carried out as at 30 September 2013.

# Notes

## NOTE 4 NET INTEREST INCOME

### Storebrand Bank Group

NOK MILLION	3Q				FULL YEAR
	2013	2012	30.09.2013	30.09.2012	2012
Interest and other income on loans to and deposits with credit institutions	4.3	2.6	12.7	8.6	12.7
Interest and other income on loans to and due from customers	364.0	351.8	1 082.8	1 077.6	1 436.3
Interest on commercial paper, bonds and other interest-bearing securities	21.6	25.7	61.5	76.1	96.9
Other interest income and related income	1.9	1.7	5.8	5.0	6.8
<b>Total interest income</b>	<b>391.8</b>	<b>381.8</b>	<b>1 162.9</b>	<b>1 167.3</b>	<b>1 552.8</b>
Interest and other expenses on debt to credit institutions	-7.2	-20.7	-28.8	-88.5	-104.4
Interest and other expenses on deposits from and due to customers	-141.6	-129.6	-411.5	-391.5	-519.6
Interest and other expenses on securities issued	-91.4	-101.9	-283.8	-306.5	-408.5
Interest and expenses on subordinated loan capital	-7.6	-7.3	-18.7	-22.7	-29.5
Other interest expenses and related expenses	-4.1	0.0	-12.5	-0.7	-0.8
<b>Total interest expenses</b>	<b>-251.9</b>	<b>-259.6</b>	<b>-755.3</b>	<b>-809.9</b>	<b>-1 062.7</b>
<b>Net interest income</b>	<b>139.8</b>	<b>122.3</b>	<b>407.5</b>	<b>357.4</b>	<b>490.1</b>

### Storebrand Bank ASA

NOK MILLION	3Q				FULL YEAR
	2013	2012	30.09.2013	30.09.2012	2012
Interest and other income on loans to and deposits with credit institutions	24.7	36.4	96.4	107.5	139.6
Interest and other income on loans to and due from customers	204.3	194.7	595.3	600.0	802.0
Interest on commercial paper, bonds and other interest-bearing securities	37.2	44.9	109.2	171.5	209.6
Other interest income and related income	1.9	1.7	5.8	5.0	6.8
<b>Total interest income</b>	<b>268.1</b>	<b>277.6</b>	<b>806.7</b>	<b>884.0</b>	<b>1 158.1</b>
Interest and other expenses on debt to credit institutions	-8.5	-22.0	-32.6	-92.6	-109.8
Interest and other expenses on deposits from and due to customers	-141.8	-129.8	-412.0	-392.3	-520.1
Interest and other expenses on securities issued	-35.4	-36.5	-113.1	-117.6	-156.9
Interest and expenses on subordinated loan capital	-7.6	-7.3	-18.7	-22.7	-29.5
Other interest expenses and related expenses	-4.1	0.0	-12.5	-1.9	-2.0
<b>Total interest expenses</b>	<b>-197.5</b>	<b>-195.7</b>	<b>-588.9</b>	<b>-627.1</b>	<b>-818.2</b>
<b>Net interest income</b>	<b>70.6</b>	<b>81.9</b>	<b>217.8</b>	<b>256.9</b>	<b>339.8</b>

# Notes

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

Storebrand Bank Group	3Q			FULL YEAR	
	2013	2012	30.09.2013	30.09.2012	2012
NOK MILLION					
<i>Equity instruments</i>					
Dividends received from equity investments	0.0	0.0	0.0	0.0	0.0
Net gains/losses on realisation of equity investments	0.0	0.0	0.0	0.0	0.0
Net change in fair value of equity investments	0.0	0.0	-0.1	0.2	0.1
<b>Total equity investments, FVO</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.2</b>	<b>0.2</b>
<i>Commercial papers and bonds</i>					
Realised gain/loss on commercial papers and bonds., FVO	2.7	1.6	5.8	5.8	6.8
Unrealised gain/loss on commercial papers and bonds, FVO	-2.3	6.7	-9.8	11.5	11.4
<b>Total gain/loss on commercial papers and bonds, FVO</b>	<b>0.4</b>	<b>8.2</b>	<b>-4.0</b>	<b>17.3</b>	<b>18.3</b>
<i>Lending to customers</i>					
Unrealised gain/loss on lending to customers, FVO	-5.9	12.1	-22.0	20.1	22.4
<b>Total gain/loss on lending to customers, FVO</b>	<b>-5.9</b>	<b>12.1</b>	<b>-22.0</b>	<b>20.1</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	0.0	0.0	-1.0	-8.8	-8.8
Unrealised gain/loss on liabilities to credit institutions and other funding, FVO	0.3	-1.4	1.1	5.5	2.4
<b>Total gain/loss on liabilities to credit institutions and other funding, FVO</b>	<b>0.3</b>	<b>-1.4</b>	<b>0.1</b>	<b>-3.3</b>	<b>-6.4</b>
<i>Financial derivatives and foreign exchange</i>					
Realised gain/loss on financial derivatives. held for trading	1.7	0.6	9.1	16.1	18.3
Unrealised gain/loss on financial derivatives. held for trading	7.9	-7.3	7.8	-40.0	-39.4
<b>Total financial derivatives and foreign exchange, held for trading</b>	<b>9.6</b>	<b>-6.7</b>	<b>17.0</b>	<b>-23.9</b>	<b>-21.1</b>
<b>Net income and gains from financial assets and liabilities at fair value</b>	<b>4.3</b>	<b>12.1</b>	<b>-8.9</b>	<b>10.4</b>	<b>13.4</b>
<i>Fair value hedging</i>					
Realised gain/loss on derivatives and bonds issued. fair value hedging	0.0	-5.6	-1.3	-6.0	-5.5
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	-0.7	6.0	-3.4	6.0	4.8
<b>Net gain/loss on fair value hedging</b>	<b>-0.7</b>	<b>0.3</b>	<b>-4.6</b>	<b>-0.1</b>	<b>-0.7</b>
<i>Commercial papers and bonds</i>					
Realised gain/loss on commercial papers and bonds at amortised cost	0.1	1.0	2.7	2.6	2.6
<b>Total gain/loss on commercial papers and bonds at amortised cost</b>	<b>0.1</b>	<b>1.0</b>	<b>2.7</b>	<b>2.6</b>	<b>2.6</b>
<i>Bonds issued</i>					
Realised gain/loss on bonds issued at amortised cost	-1.3	-0.8	-4.6	20.3	20.0
<b>Total gain/loss on bonds issued at amortised cost</b>	<b>-1.3</b>	<b>-0.8</b>	<b>-4.6</b>	<b>20.3</b>	<b>20.0</b>
<b>Net income and gains from financial assets and liabilities at amortised cost</b>	<b>-1.2</b>	<b>0.2</b>	<b>-1.8</b>	<b>22.9</b>	<b>22.6</b>
<b>Net income and gains from financial assets and liabilities</b>	<b>2.5</b>	<b>12.7</b>	<b>-15.4</b>	<b>33.2</b>	<b>35.3</b>

# Notes

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

Storebrand Bank ASA	3Q			FULL YEAR		
	NOK MILLION	2013	2012	30.09.2013	30.09.2012	2012
<i>Equity instruments</i>						
Dividends received from equity investments	0.0	0.0	0.0	0.0	0.0	0.0
Net gains/losses on realisation of equity investments	0.0	0.0	0.0	0.0	0.0	0.0
Net change in fair value of equity investments	0.0	0.0	-0.1	0.2	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>	<b>0.2</b>	<b>0.2</b>
<i>Commercial papers and bonds</i>						
Realised gain/loss on commercial papers and bonds, FVO	2.7	1.4	5.8	10.4	10.4	10.4
Unrealised gain/loss on commercial papers and bonds, FVO	-2.9	17.3	-11.0	39.9	42.1	42.1
<b>Total gain/loss on commercial papers and bonds, FVO</b>	<b>-0.2</b>	<b>18.7</b>	<b>-5.2</b>	<b>50.3</b>	<b>52.5</b>	<b>52.5</b>
<i>Lending to customers</i>						
Unrealised gain/loss on lending to customers, FVO	-5.9	12.1	-22.0	20.1	22.4	22.4
<b>Total gain/loss on lending to customers, FVO</b>	<b>-5.9</b>	<b>12.1</b>	<b>-22.0</b>	<b>20.1</b>	<b>22.4</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	0.0	0.0	-1.0	-8.8	-8.8	-8.8
Unrealised gain/loss on liabilities to credit institutions and other funding, FVO	0.3	-1.4	1.1	5.5	2.4	2.4
<b>Total gain/loss on liabilities to credit institutions and other funding, FVO</b>	<b>0.3</b>	<b>-1.4</b>	<b>0.1</b>	<b>-3.3</b>	<b>-6.4</b>	<b>-6.4</b>
<i>Financial derivatives and foreign exchange</i>						
Realised gain/loss on financial derivatives. held for trading	1.7	0.6	9.1	16.1	18.3	18.3
Unrealised gain/loss on financial derivatives. held for trading	7.9	-7.3	7.8	-40.0	-39.4	-39.4
<b>Total financial derivatives and foreign exchange, held for trading</b>	<b>9.6</b>	<b>-6.7</b>	<b>17.0</b>	<b>-23.9</b>	<b>-21.1</b>	<b>-21.1</b>
<b>Net income and gains from financial assets and liabilities at fair value</b>	<b>3.7</b>	<b>22.6</b>	<b>-10.1</b>	<b>43.4</b>	<b>47.6</b>	<b>47.6</b>
<i>Fair value hedging</i>						
Realised gain/loss on derivatives and bonds issued. fair value hedging	0.0	-4.6	1.5	-5.1	-4.6	-4.6
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	-0.3	5.4	-0.9	4.7	3.4	3.4
<b>Net gain/loss on fair value hedging</b>	<b>-0.3</b>	<b>0.8</b>	<b>0.6</b>	<b>-0.4</b>	<b>-1.1</b>	<b>-1.1</b>
<i>Commercial papers and bonds</i>						
Realised gain/loss on commercial papers and bonds at amortised cost	0.1	0.0	2.7	1.6	2.6	2.6
<b>Total gain/loss on commercial papers and bonds at amortised cost</b>	<b>0.1</b>	<b>0.0</b>	<b>2.7</b>	<b>1.6</b>	<b>2.6</b>	<b>2.6</b>
<i>Bonds issued</i>						
Realised gain/loss on bonds issued at amortised cost	-1.3	-0.8	-4.6	20.3	20.0	20.0
<b>Total gain/loss on bonds issued at amortised cost</b>	<b>-1.3</b>	<b>-0.8</b>	<b>-4.6</b>	<b>20.3</b>	<b>20.0</b>	<b>20.0</b>
<b>Net income and gains from financial assets and liabilities at amortised cost</b>	<b>-1.2</b>	<b>-0.8</b>	<b>-1.8</b>	<b>21.8</b>	<b>22.6</b>	<b>22.6</b>
<b>Net income and gains from financial assets and liabilities</b>	<b>2.3</b>	<b>22.6</b>	<b>-11.3</b>	<b>64.8</b>	<b>69.1</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 AND PERCENTAGE	3Q		FULL YEAR	
	2013	2012	30.09.2013	2012
<b>Profit and Loss account: (as % of avg. total assets)</b>				
Net interest income	1.37 %	1.21 %	1.34 %	1.25 %
Other operating income <sup>3)</sup>	0.25 %	0.39 %	0.16 %	0.33 %
<b>Main balance sheet figures:</b>				
Total assets			39 653.0	40 671.2
Average total assets <sup>1)</sup>	40 503.1	40 159.4	40 775.5	39 250.3
Gross lending to customers			34 799.1	35 445.5
Deposits from customers			20 780.3	19 932.7
Deposits from customers as % of gross lending			59.7 %	56.2 %
Equity			2 506.9	2 455.7
<b>Other key figures:</b>				
Total non-interest income as % of total income	15.2 %	24.2 %	10.9 %	21.1 %
Loan losses and provisions as % of average total lending <sup>5)</sup>	0.12 %	-0.01 %	0.00 %	-0.02 %
Gross non-performing and loss-exposed loans as % of total average lending			1.6 %	0.8 %
Cost/income ratio banking activities <sup>4)</sup>	59.0 %	68.0 %	66.3 %	64.0 %
Return on equity before tax <sup>2)</sup>			7.9 %	8.9 %
Core capital ratio			12.4 %	11.2 %

### STOREBRAND BANK ASA

NOK MILLION	3Q		FULL YEAR	
	2013	2012	30.09.2013	2012
<b>Profit and Loss account: (as % of avg. total assets)</b>				
Net interest income	0.90 %	1.05 %	0.92 %	1.09 %
Other operating income <sup>3)</sup>	0.12 %	0.65 %	0.15 %	0.98 %
<b>Main balance sheet figures:</b>				
Total assets			30 303.6	31 219.8
Average total assets <sup>1)</sup>	31 186.1	31 009.4	31 530.5	31 220.2
Gross lending to customers			19 277.1	18 151.1
Deposits from customers			20 809.7	19 948.5
Deposits from customers as % of gross lending			108.0 %	109.9 %
Equity			2 343.3	2 374.6
<b>Other key figures:</b>				
Total non-interest income as % of total income	11.7 %	38.2 %	13.7 %	47.4 %
Loan losses and provisions as % of average total lending <sup>5)</sup>	0.19 %	-0.04 %	-0.02 %	-0.06 %
Gross non-performing and loss-exposed loans as % of total average lending			2.6 %	1.3 %
Cost/income ratio	106.4 %	81.3 %	115.8 %	61.3 %
Return on equity before tax <sup>2)</sup>			-2.1 %	11.5 %
Core (tier 1) capital ratio			14.6 %	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

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

## NOTE 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 30 September 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 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:

NOK MILLION	CORPORATE					RETAIL				
	2013	3Q 2012	30.09.2013	30.09.2012	FULL YEAR 2012	2013	3Q 2012	30.09.2013	30.09.2012	FULL YEAR 2012
<b>Profit and loss items:</b>										
Net interest income	51.2	49.7	150.9	149.2	202.0	90.4	71.6	251.3	197.7	273.9
Net fee and commission income	3.6	2.2	9.4	8.1	10.3	16.2	16.5	42.7	45.8	61.1
Other income	4.1	8.6	12.0	27.3	36.5	0.6	0.8	-13.1	2.9	3.8
Total operating costs	-27.3	-39.9	-115.6	-102.9	-139.0	-56.6	-71.9	-173.9	-203.0	-268.4
<b>Operating profit before loan losses</b>	<b>31.6</b>	<b>20.7</b>	<b>56.7</b>	<b>81.7</b>	<b>109.8</b>	<b>50.5</b>	<b>17.0</b>	<b>107.0</b>	<b>43.4</b>	<b>70.4</b>
Loan losses	-2.3	-0.2	8.7	2.4	8.1	-7.3	1.1	-7.8	-1.7	1.1
<b>Ordinary profit from continuing operations</b>	<b>29.3</b>	<b>20.4</b>	<b>65.4</b>	<b>84.1</b>	<b>117.9</b>	<b>43.2</b>	<b>18.1</b>	<b>99.2</b>	<b>41.7</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>0.0</b>	<b>0.0</b>
<b>Balance sheet items:</b>										
Gross lending to customers			10 660.2	11 391.5	11 670.8			24 110.5	23 256.3	23 734.4
Deposits from and due to customers			8 492.2	7 809.8	7 549.1			12 300.0	11 828.5	12 370.0
<b>Key figures:</b>										
Net interest income as % of total assets	1.61 %	1.64 %	1.53 %	1.64 %	1.53 %	1.27 %	1.05 %	1.19 %	0.99 %	1.02 %
Cost/income ratio	46 %	66 %	67 %	56 %	56 %	53 %	81 %	62 %	82 %	79 %
Deposits from customers as % of gross lending			80 %	69 %	65 %			51 %	51 %	52 %
Total level of provisioning			26 %	100 %	123 %			18 %	12 %	11 %

# Notes

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

### Storebrand Bank Group

#### Profit and loss by segment:

NOK MILLION	TREASURY/OTHER					TOTAL				
	2013	3Q 2012	30.09.2013	30.09.2012	FULL YEAR 2012	2013	3Q 2012	30.09.2013	30.09.2012	FULL YEAR 2012
<b>Profit and loss items:</b>										
Net interest income	-1.7	1.0	5.4	10.5	14.2	139.8	122.3	407.6	357.4	490.1
Net fee and commission income	0.1	0.0	0.3	-0.2	-0.2	19.9	18.7	52.4	53.7	71.2
Other income	0.6	10.9	-1.5	21.7	19.2	5.2	20.3	-2.6	51.9	59.5
Total operating costs	-10.4	0.0	-22.1	-4.9	-12.3	-94.2	-111.8	-311.6	-310.8	-419.7
<b>Operating profit before loan losses</b>	<b>-11.4</b>	<b>11.8</b>	<b>-17.9</b>	<b>27.0</b>	<b>20.9</b>	<b>70.7</b>	<b>49.5</b>	<b>145.8</b>	<b>152.1</b>	<b>201.1</b>
Loan losses	-0.6	0.0	-0.5	0.1	-1.5	-10.1	0.9	0.4	0.8	7.7
<b>Ordinary profit from continuing operations</b>	<b>-12.0</b>	<b>11.9</b>	<b>-18.4</b>	<b>27.1</b>	<b>19.4</b>	<b>60.6</b>	<b>50.4</b>	<b>146.2</b>	<b>152.9</b>	<b>208.8</b>
<b>Ordinary profit from sold/discontinued businesses</b>	<b>0.2</b>	<b>3.4</b>	<b>-2.1</b>	<b>1.3</b>	<b>2.7</b>	<b>0.2</b>	<b>3.4</b>	<b>-2.1</b>	<b>1.3</b>	<b>2.7</b>
<b>Balance sheet items:</b>										
Gross lending to customers			28.4	151.3	40.2			34 799.1	34 687.2	35 445.5
Deposits from and due to customers			-11.9	1 141.9	13.6			20 780.3	19 658.9	19 932.7
<b>Key figures:</b>										
Net interest income as % of total assets						1.37 %	1.21 %	1.34 %	1.22 %	1.25 %
Cost/income ratio						57 %	69 %	68 %	67 %	68 %
Deposits from customers as % of gross lending								60 %	60 %	56 %
Total level of provisioning								24 %	42 %	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).

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

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

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

# Notes

## NOTE 10 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	30.09.2013	NOK MILLION	30.09.2013	31.12.2012
226.0	284.0	Guarantees	284.0	226.0
4 268.6	5 289.7	Undrawn credit limits	4 118.5	4 181.4
796.1	398.7	Lending commitments	398.7	796.1
<b>5 290.7</b>	<b>5 972.3</b>	<b>Total contingent liabilities</b>	<b>4 801.2</b>	<b>5 203.5</b>
1 854.0	1 398.3	Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank	1 398.3	1 854.0
2 043.1	1 025.2	Booked value of securities pledged as collateral for the government securities for covered bonds swap scheme	0.0	0.0
384.3	384.7	Booked value of bonds pledged as security with other credit institutions	0.0	0.0
<b>4 281.5</b>	<b>2 808.1</b>	<b>Total book value of off balance sheet liabilities</b>	<b>1 398.3</b>	<b>1 854.0</b>

Undrawn credit limits reported in Storebrand Bank ASA as of 30 September 2013 includes NOK 1.8 billion to the subsidiary Storebrand Boligkreditt AS.

## NOTE 11 NON-PERFORMING LOANS AND LOAN LOSSES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	30.09.2013	NOK MILLION	30.09.2013	31.12.2012
		<b>Non-performing loans</b>		
114.3	70.5	Non-performing loans without evidence of impairment	121.0	184.7
121.7	422.9	Loss-exposed loans with evidence of impairment	440.9	115.1
<b>236.0</b>	<b>493.4</b>	<b>Gross non-performing and loss-exposed loans</b>	<b>561.9</b>	<b>299.8</b>
-115.2	-83.5	Provisions for individual loan losses	-85.8	-105.0
<b>120.7</b>	<b>409.9</b>	<b>Net non-performing and loss-exposed loans</b>	<b>476.2</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 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES (continue)

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
30.09.2012	30.09.2013	NOK MILLION	30.09.2013	30.09.2012
		<b>Key figures</b>		
-38.6	-33.6	Loan loss provisions on groups of loans (NOK million)	-35.6	-39.1
-153.9	-117.1	Total loan loss provisions (NOK million)	-121.4	-144.1
95 %	20 %	Level of provisioning for individual loss-exposed loans <sup>1)</sup>	19 %	91 %
65 %	24 %	Total level of provisioning <sup>2)</sup>	22 %	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	
30.09.2012	30.09.2013	NOK MILLION	30.09.2013	30.09.2012
		<b>Losses on loans and guarantees etc. during period</b>		
-7.5	31.7	Change in individual loan loss provisions	19.2	-8.5
7.8	5.0	Change in grouped loan loss provisions	3.5	7.8
1.7	1.9	Other effects on loan loss provisions	2.0	1.6
-3.1	-54.5	Realised losses specifically provided for previously	-43.5	-3.1
-1.9	-1.8	Realised losses not specifically provided for previously	-1.8	-1.9
4.9	21.1	Recoveries on previous realised losses	21.1	4.9
<b>1.9</b>	<b>3.4</b>	<b>Loan losses for the period</b>	<b>0.4</b>	<b>0.8</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 the first nine months of 2013, costs of NOK 21.9 million were capitalised as intangible assets and fixed assets in Storebrand Bank ASA and Storebrand Bank Group. Accordingly costs of NOK 16.0 million were capitalised in Q3. 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. So far in 2013, NOK 4.6 million has been recognised as depreciation of the brand name. In Q3 there has been made a write-down of goodwill by NOK 4 million to new estimated value in use.



# Notes

## NOTE 13 LIABILITIES TO CREDIT INSTITUTIONS

NOK MILLION	STOREBRAND BANK GROUP	
	30.09.2013	31.12.2012
<b>Total liabilities to credit institutions without fixed maturity at amortised cost</b>	<b>3.0</b>	<b>11.6</b>
<b>F-loans:</b>		
Maturity 2013		500.3
<b>Loans with floating interest rate:</b>		
Accrued expenses	0.8	0.8
<b>Total liabilities to credit institutions with fixed maturity at amortised cost</b>	<b>0.8</b>	<b>501.0</b>
<b>Borrowings under the Norwegian Government's Swap arrangement:</b>		
Maturity 2013		990.3
Maturity 2014	991.4	995.7
<b>Total liabilities to credit institutions with fixed maturity at fair value (FVO)</b>	<b>991.4</b>	<b>1 986.0</b>
<b>Total liabilities to credit institutions</b>	<b>995.1</b>	<b>2 498.7</b>

As per 30 September 2013. Storebrand Bank ASA had one current credit facility. A NOK 750 million Revolving Credit Facility was signed in October 2010. The credit facility agreement for NOK 750 million contains certain special covenants. In 2013, Storebrand Bank ASA fulfilled all the terms and conditions of the agreement. The agreement matures in October 2013.

## NOTE 14 SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL

NOK MILLION	STOREBRAND BANK GROUP	
	30.09.2013	31.12.2012
Commercial papers	0.0	0.0
Bond loans	13 860.1	14 540.3
Subordinated loan capital	595.5	441.4
<b>Total securities issued and subordinated loan capital</b>	<b>14 455.6</b>	<b>14 981.7</b>

# Notes

## Specification of bonds issued and subordinated loan capital as of 30 September 2013 - Storebrand Bank Group

NOK MILLION							BOOK VALUE 30.09.2013
ISIN CODE	ISSUER	NET NOMINAL VALUE	CUR- RENCY	INTEREST	MATURITY 1)		
<b>Bond loans</b>							
NO0010439821	Storebrand Bank ASA	310.0	NOK	Fixed	04.06.2015	331.8	
NO0010513237	Storebrand Bank ASA	300.0	NOK	Fixed	25.05.2016	320.5	
NO0010660806	Storebrand Bank ASA	300.0	NOK	Fixed	08.10.2019	311.7	
NO0010473408	Storebrand Bank ASA	262.5	NOK	Floating	21.11.2013	263.9	
NO0010507775	Storebrand Bank ASA	539.0	NOK	Floating	30.04.2014	543.9	
NO0010599822	Storebrand Bank ASA	178.0	NOK	Floating	11.08.2014	178.5	
NO0010635626	Storebrand Bank ASA	350.0	NOK	Floating	26.01.2015	352.2	
NO0010654510	Storebrand Bank ASA	450.0	NOK	Floating	06.07.2015	453.3	
NO0010670979	Storebrand Bank ASA	500.0	NOK	Floating	29.01.2016	502.2	
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	
<b>Total bond loans</b>						<b>4 360.8</b>	
<b>Covered bonds</b>							
NO0010466071	Storebrand Boligkreditt AS	850.0	NOK	Fixed	24.04.2014	887.0	
NO0010428584	Storebrand Boligkreditt AS	1 000.0	NOK	Fixed	06.05.2015	1 075.2	
NO0010548373	Storebrand Boligkreditt AS	1 250.0	NOK	Fixed	28.10.2019	1 423.4	
NO0010638307	Storebrand Boligkreditt AS	1 000.0	NOK	Floating	17.06.2015	1 000.5	
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	1 557.3	
NO0010635071	Storebrand Boligkreditt AS	2 550.0	NOK	Floating	21.06.2017	2 565.1	
NO0010660822	Storebrand Boligkreditt AS	500.0	NOK	Floating	20.06.2018	500.0	
<b>Total covered bonds</b>						<b>9 499.3</b>	
<b>Total commercial papers and bonds issued</b>						<b>13 860.1</b>	
1) Maturity date in this summary is the first possible maturity date (Call date).							
ISIN CODE	ISSUER	NET NOMINAL VALUE	CUR- RENCY	INTEREST	MATURITY 1)	BOOK VALUE 30.09.2013	
<b>Dated subordinated loan capital</b>							
NO0010641657	Storebrand Bank ASA	150.0	NOK	Floating	12.04.2017	151.3	
<b>Other subordinated loan capital</b>							
NO0001771166	Storebrand Bank ASA	9.3	NOK	Fixed	perpetual	9.9	
<b>Hybrid tier 1 capital</b>							
NO0010242068	Storebrand Bank ASA	107.0	NOK	Fixed	29.10.2014	115.3	
NO0010242076	Storebrand Bank ASA	168.0	NOK	Floating	29.10.2014	168.7	
NO0010683550	Storebrand Bank ASA	150.0	NOK	Floating	20.06.2018	150.3	
<b>Total subordinated loan capital</b>						<b>595.5</b>	
<b>Total securities issued and subordinated loan capital</b>						<b>14 455.6</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 30 September 2013.

## 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.

### Net primary capital

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	30.09.2013	NOK MILLION	30.09.2013	31.12.2012
960.6	960.6	Share capital	960.6	960.6
1 414.0	1 382.7	Other equity	1 546.4	1 495.1
<b>2 374.6</b>	<b>2 343.3</b>	<b>Total equity</b>	<b>2 506.9</b>	<b>2 455.7</b>
		Deductions:		
		Profit not included in the calculation of net primary capital	-103.2	
-65.7	-62.6	Intangible assets	-94.7	-106.3
-14.0	-19.7	Deferred tax asset		-7.3
		Provision for group contribution		-50.0
<b>2 294.9</b>	<b>2 261.0</b>	<b>Core capital exc. Hybrid Tier 1 capital</b>	<b>2 309.1</b>	<b>2 292.0</b>
		Addition:		
278.8	427.3	Hybrid Tier 1 capital	427.3	278.8
<b>2 573.6</b>	<b>2 688.2</b>	<b>Core capital</b>	<b>2 736.3</b>	<b>2 570.8</b>
158.6	158.7	Supplementary capital	158.7	158.6
		Deductions		
<b>2 732.2</b>	<b>2 847.0</b>	<b>Net primary capital</b>	<b>2 895.1</b>	<b>2 729.4</b>

# Notes

## NOTE 16 CAPITAL ADEQUACY (continue)

Minimum capital requirement				
STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2012	30.09.2013		30.09.2013	31.12.2012
1 433.6	1 406.4	Credit risk	1 685.3	1 758.1
		Of which:		
9.2	0.0	Local and regional authorities	0.0	9.2
167.6	121.7	Institutions	14.3	15.4
947.6	841.8	Corporates	841.8	938.9
189.9	244.0	Loans secured on residential real estate	695.6	693.6
47.8	47.2	Retail market	47.2	47.8
10.6	45.1	Loans past-due	47.8	12.9
39.1	92.4	Covered bonds	21.1	17.1
21.8	14.2	Other	17.6	23.2
<b>1 433.6</b>	<b>1 406.4</b>	<b>Total minimum requirement for credit risk</b>	<b>1 685.3</b>	<b>1 758.1</b>
		Settlement risk		
<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	69.4	Operational risk	89.5	89.5
		Deductions		
-3.1	-2.7	Loan loss provisions on groups of loans	-2.8	-3.1
<b>1 499.9</b>	<b>1 473.1</b>	<b>Minimum requirement for net primary capital</b>	<b>1 772.0</b>	<b>1 844.5</b>

### Capital adequacy

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2012	30.09.2013		30.09.2013	31.12.2012
14.6 %	15.5 %	Capital ratio	13.1 %	11.8 %
13.7 %	14.6 %	Core (tier 1) capital ratio	12.4 %	11.2 %
12.2 %	12.3 %	Core capital ratio exc. Hybrid Tier 1 capital	10.4 %	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 equity and subordinated loan capital 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 up to 2.5 percent core tier 1 capital should be expected from the second half of 2014. The Norwegian Ministry of Finance will determine the size and implementation date of the buffer accordance to new legislation by the end of 2013.

# Notes

## NOTE 16 CAPITAL ADEQUACY (continue)

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

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2012	30.09.2013		30.09.2013	31.12.2012
17 920.0	17 580.0	Credit risk	21 066.5	21 976.2
		Of which:		
115.3	0.0	Local and regional authorities	0.0	115.3
2 095.1	1 521.1	Institutions	178.3	192.0
11 844.6	10 521.9	Corporates	10 521.9	11 735.9
2 373.3	3 050.1	Loans secured on residential real estate	8 695.2	8 670.1
597.8	589.7	Retail market	589.7	597.8
132.4	563.8	Loans past-due	597.7	160.8
488.6	1 155.5	Covered bonds	264.1	214.0
272.9	177.8	Other	219.6	290.3
<b>17 920.0</b>	<b>17 580.0</b>	<b>Total basis of calculation credit risk</b>	<b>21 066.5</b>	<b>21 976.2</b>
0.0	0.0	Settlement risk	0.0	0.0
<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	867.8	Operational risk	1 119.1	1 119.1
		Deductions		
-38.6	-33.6	Loan loss provisions on groups of loans	-35.6	-39.1
<b>18 749.2</b>	<b>18 414.2</b>	<b>Total basis of calculation of minimum requirements for capital base</b>	<b>22 149.9</b>	<b>23 056.1</b>

# Notes

## NOTE 17 QUARTERLY PROFIT AND LOSS

### Storebrand Bank Group

	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
NOK MILLION	2013	2013	2013	2012	2012	2012	2012	2011
Interest income	391.8	392.4	378.7	385.6	381.8	386.0	399.4	395.9
Interest expense	-251.9	-253.6	-249.8	-252.8	-259.5	-263.3	-286.3	-292.3
<b>Net interest income</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>	<b>103.6</b>
Fee and commission income from banking services	23.4	18.5	19.8	22.6	21.9	22.2	18.8	24.9
Fee and commission expenses for banking services	-3.6	-2.4	-3.3	-5.1	-3.2	-3.1	-2.9	-6.9
<b>Net fee and commission income</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>	<b>18.0</b>
Net income and gains from associated companies						1.3	0.0	0.2
Net gains on financial instruments	2.5	-0.9	-17.0	2.1	12.7	6.5	13.2	-1.2
Other income	2.8	9.3	0.7	5.6	7.6	8.0	1.7	8.3
<b>Total other operating income</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>	<b>7.3</b>
Staff expenses	-32.1	-60.7	-35.2	-36.6	-46.6	-37.1	-34.4	-32.6
General administration expenses	-14.3	-13.1	-15.0	-20.8	-14.9	-14.6	-14.9	-22.9
Other operating cost	-47.8	-44.9	-48.4	-51.5	-50.3	-48.9	-49.1	-31.1
Losses real estate at fair value, assets repos- sessed								4.7
<b>Total operating costs</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>-81.8</b>
<b>Operating profit before loan losses</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>	<b>47.1</b>
Loan losses for the period	-10.1	13.0	-2.5	6.9	0.9	-5.8	5.8	-4.5
<b>Profit before tax</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>	<b>42.6</b>
Tax	-17.0	-16.1	-7.9	1.3	-12.5	-13.5	-11.8	1.9
Result after tax sold/discontinued operations	0.2	-1.7	-0.6	1.3	3.4	-2.0	-0.1	-31.7
<b>Profit for the year</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>	<b>12.8</b>



# Notes

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

### Storebrand Bank ASA

	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
NOK MILLION	2013	2013	2013	2012	2012	2012	2012	2011
Interest income	268.1	270.5	268.1	274.1	277.6	282.6	323.8	346.4
Interest expense	-197.5	-198.0	-193.4	-191.1	-195.7	-199.5	-231.2	-250.5
<b>Net interest income</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>	<b>95.9</b>
Fee and commission income from banking services	26.7	21.9	23.1	25.9	25.3	25.5	22.2	28.2
Fee and commission expenses for banking services	-3.6	-2.4	-3.3	-5.1	-3.2	-3.1	-2.9	-6.9
<b>Net fee and commission income</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>	<b>21.3</b>
Net income and gains from associated companies						1.3	0.0	0.2
Net gains on financial instruments	2.3	-1.1	-12.5	4.3	22.6	4.1	37.3	-20.0
Other income	-16.1	-0.5	0.0	144.0	6.0	0.0	1.5	19.1
<b>Total other operating income</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>	<b>-0.7</b>
Staff expenses	-30.3	-58.8	-33.4	-32.8	-45.5	-35.5	-32.7	-29.0
General administration expenses	-14.1	-12.9	-14.9	-20.6	-14.8	-14.4	-14.7	-22.7
Other operating cost	-40.8	-41.8	-45.2	-47.4	-47.5	-45.6	-44.4	-28.5
<b>Total operating costs</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>-80.1</b>
<b>Operating profit before loan losses</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>	<b>36.4</b>
Loan losses for the period	-8.9	13.3	-1.1	8.5	1.7	-5.3	5.5	1.7
<b>Profit before tax</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>	<b>38.1</b>
Tax	-0.6	2.7	3.5	-37.3	-5.7	-2.7	-18.0	-15.6
<b>Profit for the year</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>	<b>22.5</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 30 September 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.

### Storebrand Bank Group

NOK MILLION	30.09.2013		31.12.2012	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
<b>Financial assets</b>				
Bonds classified as Loans and receivables	1 511.3	1 514.7	990.0	994.2
Loans to and deposits with credit institutions, amortised cost	428.6	428.6	255.1	255.1
Lending to customers, amortised cost	33 490.1	33 419.2	34 204.7	33 993.6
<b>Financial liabilities</b>				
Deposits from and due to credit institutions, amortised cost	3.7	3.7	512.7	512.7
Deposits from and due to customers, amortised cost	20 780.3	20 780.3	19 932.7	19 932.7
Commercial papers and bonds issued, amortised cost	13 860.1	13 977.7	14 540.3	14 708.1
Subordinated loan capital, amortised cost	595.5	604.4	441.4	443.8
Ansvarlig lånekapital, amortisert kost	595.5	604.4	441.4	443.8

### Fair value classified per level

NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE 30.09.2013	FAIR VALUE 31.12.2012
	QUOTED PRICES	OBSERVABLE AS- SUMPTIONS	NON-OBSERVABLE ASSUMPTIONS		
<b>Financial assets</b>					
Bonds classified as Loans and receivables	100.4	1 414.3		1 514.7	994.2
Loans to and deposits with credit institutions, amortised cost		428.6		428.6	255.1
Lending to customers, amortised cost		33 419.2		33 419.2	33 993.6
Total fair value at 31.12.2012	101.0	35 141.8			
<b>Financial liabilities</b>					
Deposits from and due to credit institutions, amortised cost		3.7		3.7	512.7
Deposits from and due to customers, amortised cost		20 780.3		20 780.3	19 932.7
Commercial papers and bonds issued, amortised cost		13 977.7		13 977.7	14 708.1
Subordinated loan capital, amortised cost		604.4		604.4	443.8
Total fair value at 31.12.2012		35 597.3			

# Notes

## 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 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.

Storebrand Bank Group	LEVEL 1	LEVEL 2	LEVEL 3		
	QUOTED PRICES	OBSERVABLE ASSUMPTIONS	NON-OBSERVABLE ASSUMPTIONS	BOOK VALUE 30.09.2013	BOOK VALUE 31.12.2012
<b>Equities</b>		<b>4.3</b>		<b>4.3</b>	
Total equities 2012		5.2			5.2
<b>Lending to customers</b>			<b>1 309.0</b>	<b>1 309.0</b>	
Total lending to customers 2012		1 240.8			1 240.8
Sovereign and Government Guaranteed bonds				0.0	492.7
Credit bonds				0.0	526.2
Mortgage and asset backed bonds		1 854.3		1 854.3	1 842.8
<b>Total bonds</b>	<b>0.0</b>	<b>1 854.3</b>	<b>0.0</b>	<b>1 854.3</b>	
Total bonds 2012	557.4	2 304.3			2 861.7
Interest rate derivatives		314.7		314.7	403.9
Currency derivatives		-2.2		-2.2	0.0
<b>Total derivatives</b>	<b>0.0</b>	<b>312.5</b>	<b>0.0</b>	<b>312.5</b>	
Derivatives with a positive fair value		743.0		743.0	1 005.0
Derivatives with a negative fair value		-430.4		-430.4	-601.1
Total derivatives 2012		403.9			403.9
<b>Specification of financial liabilities at fair value</b>					
<b>Liabilities to credit institutions</b>		<b>991.4</b>		<b>991.4</b>	
Total liabilities to credit institutions 2012		1 986.0			1 986.0

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

# Notes

## NOTE 19 VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE *(continue)*

### 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	-10.6
Supply / disposal	36.9
Sales / due settlements	-94.6
Transferred from observable assumptions to non-observable assumptions	1 377.3
Translation differences	
Other	
<b>Book value 30.09.2013</b>	<b>1 309.0</b>

Translation from the original Norwegian version

To the Board of Directors of Storebrand Bank ASA

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statement of financial position of Storebrand Bank ASA (the Group) as of 30 September 2013, and the related statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the nine-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

Oslo, 29 October 2013

Deloitte AS

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

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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
Kari Birkeland	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](http://www.storebrand.no).