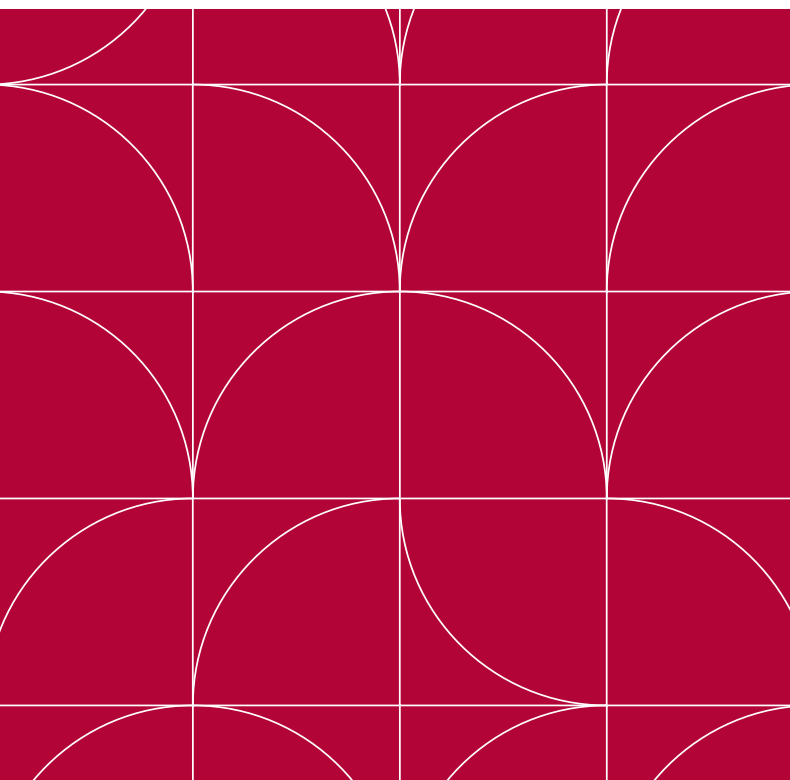


# Storebrand Bank Group

3<sup>rd</sup> Quarter 2006

 storebrand



# Storebrand Bank Group

## - Interim results for Q3 2006

(Figures for the corresponding period in 2005 shown in brackets)

- Storebrand Bank reported consolidated pre-tax profit of NOK 46.6 million for Q3
- NOK 10.9 million write-back of earlier loan loss write-downs
- Increase of NOK 623.6 million in lending
- Decline in non-performing and loss-exposed loans continues as expected
- Deposit-to-loan ratio of 45.8% at the close of Q3
- Good inflow of new customers, with over 5,000 new accounts opened in Q3

Storebrand Bank group reported ordinary operating profit for Q3 2006 of NOK 35.7 million (NOK 44.7 million) before write-downs for loan losses. After a net write-back of earlier loan loss write-downs of NOK 10.9 million, pre-tax profit for Q3 was NOK 46.6 million (NOK 41.7 million). Ordinary pre-tax profit for the first nine months was therefore NOK 154.0 million (NOK 182.3 million).

Net interest income amounted to NOK 108.7 million (NOK 105.7 million) in Q3, bringing net interest income for the first nine months to NOK 317.5 million (NOK 337.8 million). This represents a net interest margin calculated on average total assets of 1.36% (1.62%). The decline reflects continuing strong competition and pressure on margins in the lending market.

Non-interest income amounted to NOK 37.5 million in Q3 (NOK 18.5 million). This included commission income of over NOK 17 million on sales of real estate investment funds. Other income totals NOK 97.5 million for the year to date, of which commission income on sales of real estate funds amounts to over NOK 33 million.

Operating expenses amounted to NOK 110.5 million in Q3 (NOK 79.5 million), bringing expenses for the first nine months to NOK 301.7 million (NOK 249.8 million). Operating expenses were inflated by the distribution costs associated with strong sales of real estate investment funds. The bank is committed to a continuous program of measures to reduce the level of other operating expenses relative to its total assets and income. As part of this, the bank has implemented measures to ensure continuous improvement and greater efficiency for its internal processes.

Changes in realised loan losses and loan loss write-downs in Q3 resulted in a net write-back of NOK 10.9 million. This was principally due to a decline in the volume of loans with identified impairment.

Gross non-performing and loss-exposed loans totalled NOK 590.9 million at the close of Q3. This represents a reduction of NOK 38.9 million from the previous quarter and a reduction of NOK 163.1 million from the start of the year. The bank's loan loss write-downs (both individual and grouped write-downs) totalled NOK 438.7 million at the end of Q3, of which grouped write-downs accounted for NOK 80.8 million. This represents a level of provisioning relative to non-performing and loss-exposed loans of 74.2% (59.4%), an increase of 4 percentage points from Q2.

The bank's assets totalled NOK 32.5 billion at the close of Q3. Gross lending increased by NOK 623.6 million in Q3, bringing the increase for the first nine months to NOK 1.8 billion. The increase in Q3 was made up of NOK 503.5 million of lending to the retail market and NOK 120.1 million to the corporate market. In addition, lending by Storebrand Life Insurance managed by Storebrand Bank ASA increased by NOK 78.5 million in Q3. The bank's deposit-to-loan ratio fell in Q3 to stand at 45.8% by the end of the quarter as compared to 48.3% at the close of Q2 and 41.8% at the start of the year.

The bank's capital ratio at the end of Q3 was 9.66% and its core capital ratio was 7.55%. Net primary capital amounted to almost NOK 2 billion at the close of Q3. The calculation of capital ratio for Q3 does not include in core capital the proportion of profit accrued for the year to date. The level of capital ratio is in line with expectations given the growth in the bank's total assets.

The marketing activities and pricing changes implemented by Storebrand Bank in 2005 and so far in 2006 have played a major role in maintaining the bank's competitiveness, and this is reflected in growth in lending and new customer numbers. The bank opened over 5,000 new customer accounts in Q3, bringing the total number of new accounts for the year to date to almost 15,000.

Oslo, 31 October 2006

The Board of Directors of Storebrand Bank ASA

# Storebrand Bank Group

## PROFIT AND LOSS ACCOUNT

NOK MILLION	3 <sup>rd</sup> Quarter		GROUP 01.01. - 30.09.		YEAR
	2006	2005	2006	2005	2005
Interest income	311.5	244.4	881.5	862.4	1 036.4
Interest expense	-202.8	-138.7	-564.0	-524.7	-585.8
<b>Net interest income</b>	<b>108.7</b>	<b>105.7</b>	<b>317.5</b>	<b>337.8</b>	<b>450.6</b>
Fee and commission income from banking services	12.5	10.2	32.5	28.5	43.8
Fee and commission expenses for banking services	-3.1	-3.4	-10.8	-11.8	-15.1
Net income and gains from associated companies	0.0	1.8	11.4	6.0	6.4
Net gains on financial instruments at fair value	4.6	7.4	12.5	21.4	29.2
Other income	23.4	2.6	51.9	31.2	37.9
<b>Total other operating income</b>	<b>37.5</b>	<b>18.5</b>	<b>97.5</b>	<b>75.2</b>	<b>102.4</b>
Staff expenses and general administration expenses	-42.7	-37.8	-124.8	-119.1	-164.8
Other operating costs	-67.7	-41.7	-176.9	-130.7	-181.5
<b>Total non-interest expenses</b>	<b>-110.5</b>	<b>-79.5</b>	<b>-301.7</b>	<b>-249.8</b>	<b>-346.3</b>
<b>Operating profit before losses and other items</b>	<b>35.7</b>	<b>44.7</b>	<b>113.3</b>	<b>163.2</b>	<b>206.6</b>
Loan losses and provisions	10.9	-3.0	40.6	19.1	34.4
<b>Profit before tax</b>	<b>46.6</b>	<b>41.7</b>	<b>154.0</b>	<b>182.3</b>	<b>241.1</b>
Tax	-13.7	-11.7	-39.7	-47.7	-47.0
<b>Profit for the year</b>	<b>32.9</b>	<b>30.0</b>	<b>114.3</b>	<b>134.6</b>	<b>194.1</b>
Allocated to:					
Shareholders	33.1	30.1	114.5	134.7	194.1
Minority interests	-0.2	-0.1	-0.2	-0.1	0.0

# Storebrand Bank Group

## BALANCE SHEET

NOK MILLION	30.09.06	GROUP 30.09.05*)	31.12.05*)
Cash and deposits with central banks	563.9	534.0	423.9
Loans to and deposits with credit institutions	200.5	74.9	41.7
Financial assets designated at fair value through profit or loss:			
Equity instruments	10.8	7.8	8.8
Bonds and other fixed-income securities	2 002.3	2 115.4	1 703.1
Derivatives	582.3	507.9	515.0
Other current assets	784.2	202.4	185.4
Gross lending	28 556.8	25 584.2	26 757.7
- Write-downs of individual loans	-357.9	-410.8	-389.6
- Write-downs of groups of loans	-80.8	-94.4	-89.2
<b>Net lending to customers</b>	<b>28 118.1</b>	<b>25 079.0</b>	<b>26 278.8</b>
Investments in associated companies	30.0	37.9	38.3
Tangible assets	8.4	11.0	10.1
Intangible assets	37.2	22.7	26.0
Deferred tax assets	170.6	212.6	211.4
<b>TOTAL ASSETS</b>	<b>32 508.4</b>	<b>28 805.7</b>	<b>29 442.5</b>
Liabilities to credit institutions	1 834.5	788.9	1 464.6
Deposits from and due to customers	13 074.3	11 602.9	11 187.0
Other financial liabilities:			
Derivatives	460.1	464.4	452.3
Commercial paper and bonds issued	14 361.1	13 024.2	13 657.2
Other liabilities	422.1	521.7	217.3
Provision for accrued expenses and liabilities	4.0	4.4	4.9
Pension liabilities	53.4	56.4	53.4
Subordinated loan capital	659.6	661.3	658.9
<b>TOTAL LIABILITIES</b>	<b>30 869.1</b>	<b>27 124.3</b>	<b>27 695.5</b>
Paid in capital	916.6	916.6	916.6
Retained earnings	719.6	762.8	827.4
Minority interests	3.1	2.1	3.0
<b>TOTAL EQUITY</b>	<b>1 639.3</b>	<b>1 681.4</b>	<b>1 747.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32 508.4</b>	<b>28 805.7</b>	<b>29 442.5</b>

\*) Comparable figures for 30.09.05 and 31.12.05 have been restated due to changes in accounting principles, see note 2.

# Storebrand Bank Group

## RECONCILIATION OF CHANGES IN EQUITY

NOK MILLION	30.09.06				GROUP				30.09.05			
	MAJORITY'S SHARE OF EQUITY			TOTAL EQUITY	MAJORITY'S SHARE OF EQUITY			TOTAL EQUITY				
	PAID IN CAPITAL	OTHER EQUITY	MINORITY INTEREST		PAID IN CAPITAL	OTHER EQUITY	MINORITY INTEREST					
Equity as at 31.12.05 / 31.12.04	916.6	792.9	3.0	1 712.5	1 315.9	659.3	0.8	1 976.0				
New accounting principle for pensions		34.5		34.5		30.4		30.4				
<b>Equity at the beginning of the period</b>	<b>916.6</b>	<b>827.4</b>	<b>3.0</b>	<b>1 747.0</b>	<b>1 315.9</b>	<b>689.7</b>	<b>0.8</b>	<b>2 006.4</b>				
Profit for the period		114.5	-0.2	114.3		134.7		134.7				
Equity transactions with the owner:												
Dividend paid		-222.4		-222.4		-61.7		-61.7				
Reduction in equity		0.0		0.0	-399.3	0.0	0.0	-399.3				
Other changes		0.1	0.4	0.5			1.3	1.3				
<b>Equity at the end of the period</b>	<b>916.6</b>	<b>719.6</b>	<b>3.1</b>	<b>1 639.3</b>	<b>916.6</b>	<b>762.7</b>	<b>2.1</b>	<b>1 681.4</b>				

## ANALYSIS OF CASH FLOW

NOK MILLION	GROUP		
	30.09.06	30.09.05	31.12.05
<b>Cash flow from operations</b>			
Net receipts/payments of interest, commissions and fees from customers	287.8	352.8	534.1
Net disbursement/payments on customer loans	-1 957.5	-1 415.4	-2 600.6
Net receipts/payments of deposits from banking customers	2 257.3	-1 222.9	-963.2
Net receipts/payments on other operational activities	-912.5	83.4	84.3
<b>Net cash flow from operational activities</b>	<b>-324.9</b>	<b>-2 202.1</b>	<b>-2 945.4</b>
<b>Cash flow from investment activities</b>			
Net receipts from sale of subsidiaries and associated companies	9.5	250.1	250.1
Net payments on purchase/sale of fixed assets etc.	5.3	37.2	12.6
<b>Net cash flow from investment activities</b>	<b>14.8</b>	<b>287.3</b>	<b>262.7</b>
<b>Cash flow from financing activities</b>			
Net receipts/payment from borrowing	672.5	2 372.5	3 036.3
Dividend/group contribution payments	-222.4	-55.7	-61.7
Paid back share capital	0.0	-399.3	-399.3
<b>Net cash flow from financing activities</b>	<b>450.1</b>	<b>1 917.5</b>	<b>2 575.3</b>
<b>Net cash flow in period</b>	<b>140.0</b>	<b>2.7</b>	<b>-107.4</b>
Cash and cash equivalent assets at the start of the period	423.9	531.3	531.3
<b>Cash and cash equivalent assets at the end of the period</b>	<b>563.9</b>	<b>534.0</b>	<b>423.9</b>

# Notes to the accounts

## NOTE 1 ACCOUNTING PRINCIPLES

The consolidated interim accounts for the group include Storebrand Bank ASA together with subsidiaries and associated companies. The interim accounts for the first nine months have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required for full annual accounts prepared in accordance with IFRS.

The annual report and accounts of Storebrand Bank ASA for 2005 is available on request from the company's registered office at Filipstad Brygge 1, Oslo, and is also available at [www.storebrand.no](http://www.storebrand.no). Information on the accounting principles used in the interim accounts can be found in the accounting principles note to the 2005 accounts, with the exception of the change in accounting principles set out in note 2 below.

In preparing the quarterly accounts, Storebrand Bank has used assumptions and estimates that affect reported amounts of assets, liabilities, revenues, costs and information in the notes to the accounts, as well as the information provided on contingent liabilities. Actual results may differ from these estimates.

## NOTE 2 CHANGE IN ACCOUNTING PRINCIPLES

The Storebrand Bank group changed its accounting principles for the recognition of pension liabilities in the second quarter. The group previously amortised the effect of differences between assumptions and actual experience (experience adjustments) and changes in assumptions over the average remaining period for accrual of pensions entitlement to the extent that the effect exceeded 10% of the higher of either the pension liability or pension assets (corridor approach). The effect of such differences is now applied directly to equity, and changes will be reported in the reconciliation of changes in equity. Figures for previous periods have been restated to be comparable.

The change in accounting principles has caused changes in the following balance sheet items:

NOK MILLION	GROUP		
	30.09.06	30.09.05	31.12.05
<b>Assets</b>			
Deferred tax assets	-13.4	-11.8	-13.4
<b>Equity and liabilities</b>			
Pension liabilities	-48.0	-42.2	-48.0
Other equity	34.6	30.4	34.6

## NOTE 3 DIVIDEND

Storebrand Bank ASA distributed a dividend of NOK 3.47 per share in March 2006 in respect of the 2005 financial year. The dividend amounts to NOK 222.4 million and has been deducted from consolidated equity in Q1.

## NOTE 4 TAX

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

## NOTE 5 KEY FIGURES

NOK MILLION	GROUP		
	30.09.06	30.09.05	31.12.05
<b>Profit and Loss account: (as % of avg. total assets) <sup>2)</sup></b>			
Net interest income	1.36 %	1.62 %	1.60 %
Total other operating income	0.42 %	0.36 %	0.36 %
Total non-interest expenses	-1.29 %	-1.20 %	-1.23 %
Operating profit before losses and other items	0.49 %	0.78 %	0.74 %
Profit before tax	0.66 %	0.87 %	0.86 %
Profit for the year	0.49 %	0.65 %	0.69 %
<b>Main balance sheet figures:</b>			
Total assets	32 508.4	28 805.7	29 442.5
Average total assets	31 075.1	27 779.7	28 112.2
Total lending to customers	28 556.8	25 584.2	26 757.7
Equity	1 639.3	1 681.4	1 747.0

# Notes to the accounts

## NOTE 5 KEY FIGURES (continued)

NOK MILLION	GROUP		
	30.09.06	30.09.05	31.12.05
<b>Other key figures:</b>			
Total non-interest income as % of total income	23.49 %	18.21 %	18.51 %
Loan losses and provision as % of average total lending	-0.20 %	-0.18 %	-0.13 %
Costs as % of operating income	72.69 %	60.48 %	62.62 %
Return on equity after tax <sup>1)</sup>	8.53 %	8.57 %	9.76 %

Definitions:

1) Annualised profit after tax adjusted for one-off effects as % of average equity.

2) Average total assets is calculated on the basis of quarterly total assets for the year to date

## NOTE 6 CAPITAL ADEQUACY <sup>3)</sup>

NOK MILLION	30.09.06	30.09.05	31.12.05
Core capital	1 538.9	1 712.5	1 528.0
Supplementary capital	428.8	404.5	430.5
<b>Net primary capital</b>	<b>1 967.7</b>	<b>2 117.0</b>	<b>1 958.5</b>
Total assets, other portfolio	20 418.5	17 969.5	18 858.8
Total off-balance sheet items, other portfolio	399.2	346.0	355.6
Foreign exchange risk and trading portfolio	4.0	16.3	9.9
Deduction for loss provisions	-442.7	-509.1	-482.8
<b>Total risk-weighted assets</b>	<b>20 379.0</b>	<b>17 822.7</b>	<b>18 741.5</b>
Capital ratio	9.66 %	11.88 %	10.45 %
Excess capital	337.3	691.2	459.1
<b>Core capital ratio</b>	<b>7.55 %</b>	<b>9.61 %</b>	<b>8.15 %</b>

3) Key figures are based on NGAAP as the Financial Supervisory Authority of Norway has not yet issued regulations in accordance with IFRS.

## NOTE 7 QUARTERLY PROFIT AND LOSS

### Quarterly profit and loss - Group

NOK MILLION	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005
Interest income	311.5	291.2	278.9	275.7	244.4
Interest expense	-202.8	-188.8	-172.4	-162.9	-138.7
<b>Net interest income</b>	<b>108.7</b>	<b>102.4</b>	<b>106.5</b>	<b>112.8</b>	<b>105.7</b>
Fee and commission income from banking services	12.5	9.3	10.7	15.4	10.2
Fee and commission expenses for banking services	-3.1	-3.7	-4.1	-3.3	-3.4
Net income and gains from associated companies	0.0	9.9	1.6	0.5	1.8
Net gains on financial instruments at fair value	4.6	3.7	4.2	7.8	7.4
Other income	23.4	16.5	12.0	6.8	2.6
<b>Total other operating income</b>	<b>37.5</b>	<b>35.7</b>	<b>24.3</b>	<b>27.1</b>	<b>18.5</b>
Staff expenses and general administration expenses	-42.7	-38.0	-44.1	-45.7	-37.8
Other operating costs	-67.7	-56.2	-53.0	-50.8	-41.7
<b>Total non-interest expenses</b>	<b>-110.5</b>	<b>-94.2</b>	<b>-97.1</b>	<b>-96.5</b>	<b>-79.5</b>
<b>Operating profit before losses and other items</b>	<b>35.7</b>	<b>43.9</b>	<b>33.7</b>	<b>43.4</b>	<b>44.7</b>
Loan losses and provisions	10.9	15.1	14.6	15.4	-3.0
<b>Profit before tax</b>	<b>46.6</b>	<b>59.1</b>	<b>48.3</b>	<b>58.8</b>	<b>41.7</b>
Tax	-13.7	-13.1	-12.9	0.7	-11.7
<b>Profit for the year</b>	<b>32.9</b>	<b>46.0</b>	<b>35.3</b>	<b>59.5</b>	<b>30.0</b>

# Notes to the accounts

## NOTE 8 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

NOK MILLION	30.09.06	GROUP	
		30.09.05	31.12.05
Guarantees	275.6	275.8	237.1
Undrawn credit limits	2 059.6	1 448.9	1 285.7
<b>Total contingent liabilities</b>	<b>2 335.2</b>	<b>1 724.7</b>	<b>1 522.8</b>
Book value of bonds pledged as security for the bank's D-loan facility with the Norwegian central bank	2 002.5	1 777.5	1 703.1
<b>Total book value of off balance sheet liabilities</b>	<b>2 002.5</b>	<b>1 777.5</b>	<b>1 703.1</b>

## NOTE 9 LOSSES AND PROVISIONS FOR NON-PERFORMING AND LOSS-EXPOSED LOANS, GUARANTEES ETC.

NOK MILLION	30.09.06	GROUP	
		30.09.05	31.12.05
<b>Non-performing and loss-exposed loans</b>			
Non-performing loans without evidence of impairment	142.8	145.0	112.9
Non-performing and loss-exposed loans with evidence of impairment	448.1	705.0	641.1
<b>Gross defaulted and loss-exposed loans</b>	<b>590.9</b>	<b>850.0</b>	<b>754.0</b>
Provisions for individual impairment losses	-357.9	-410.8	-389.6
Provisions for grouped impairment losses	-80.8	-94.4	-89.2
<b>Total provisions</b>	<b>-438.7</b>	<b>-505.2</b>	<b>-478.9</b>
<b>Net defaulted and loss-exposed loans</b>	<b>152.2</b>	<b>344.8</b>	<b>275.1</b>

Individual losses in respect of guarantees amount to NOK 4 million and are recognised in the balance sheet under "Provisions for accrued expenses and liabilities"

NOK MILLION	01.01.06 - 30.09.06	GROUP	
		01.01.05 - 30.09.05	01.01.05 - 31.12.05
<b>Losses on loans and guarantees etc. during period</b>			
Change in individual impairment loss provisions	-31.7	15.1	-26.5
Change in grouped impairment loss provisions	-8.4	-18.3	-107.5
Other write-down effects	-6.0	0.0	19.3
Realised losses specifically provided for previously	4.1	-24.4	81.9
Realised losses not specifically provided for previously	1.8	7.4	0.9
Recoveries on previous realised losses	-0.4	1.1	-2.5
<b>Losses on loans and guarantees etc.</b>	<b>-40.6</b>	<b>-19.1</b>	<b>-34.4</b>

