

# Interim report

Storebrand Bank ASA



1<sup>st</sup> quarter  
2014

# Storebrand Bank Group

## - interim report for the 1st quarter of 2014

(Result figures for the corresponding period in 2013 are shown in brackets. Balance sheet figures in brackets are for the end of 2013.)

- Continued good margins
- Good cost control
- Reduced total non-performing loans in the quarter
- Loss provisions linked to one corporate commitment

The retail market area also delivered good profits during the first quarter. Lending balances were a little lower, while deposits increased in the quarter. Lending margins are good, and the retail market area has good cost control.

The corporate market at the bank is winding up. The winding up of operations will be gradual and controlled, with existing customers being well looked after.

### Financial performance

During the quarter, the bank group achieved a profit before tax of NOK 20 million (NOK 28 million). Lower volume due to the planned winding up of the corporate market portfolio reducing interest income somewhat in the quarter.

Net interest income totalled NOK 127 million (NOK 129 million) for the quarter. The interest margin has developed positively, driven by good lending margins. Net interest income as a percentage of average total assets was 1.33 per cent (1.28 per cent) for the quarter. Net interest income as a percentage of average total assets related to the retail market of the bank group was 1.25 per cent for the quarter (0.87 per cent).

Net commission income is at the same level as the corresponding period last year. Other operating income has developed positively, primarily due to negative market value changes in 2013. Other income was also negatively affected due to the downscaling of the corporate market.

Operating expenses totalled NOK 80 million (NOK 99 million) for the quarter. Operating expenses were lower due to cost savings and the restructuring of Storebrand's pension scheme for its employees.

NOK 45 million (NOK 2 million) was charged as an expense for write-downs on loans in the first quarter. The write-downs were primarily due to one commitment within the corporate market. Group write-downs decreased by NOK 4 million during the quarter.

### Balance sheet performance

There was a reduction in the loan portfolio for the retail market in the quarter, and a continued decrease in lending to the corporate market. Gross lending to customers totalled NOK 32.4 billion (NOK 33.7 billion)

at the end of the first quarter. As part of the strategy of winding up the corporate market portfolio, Storebrand Bank sold NOK 1.7 billion of corporate loans to Storebrand Livsforsikring in the first quarter. The volume syndicated to Storebrand Livsforsikring amounted to NOK 4.9 billion at the end of the first quarter.

The bank group's retail market portfolio totals NOK 23.5 billion, equivalent to 76 per cent of the bank's total lending, and chiefly comprises low risk home mortgages. The weighted average loan-to-value ratio in the bank group for the retail market portfolio is about 53 per cent for home loans, in comparison with 55 per cent at the end of 2013. Corporate market lending accounts for 24 per cent of the portfolio.

During the quarter the volume of non-performing loans has been reduced by NOK 79 million due to repayments. The volume of non-performing loans amounts to 1.2 per cent (1.4 per cent) of gross lending as at 31 March 2014. The bank considers the portfolio quality to be good. Non-performing loans without impairment amounted to NOK 105 million (NOK 111 million) at the end of the first 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 deposits from customers was NOK 20.6 billion at the end of the quarter, which represents a deposit-to-loan ratio of 66.1 per cent. Storebrand Bank issued no new funding in the first quarter of 2014.

### Capital adequacy

The Storebrand Bank Group had a net capital base of NOK 2.8 billion at the end of the first quarter. The capital adequacy ratio was 15.0 per cent and core (tier 1) capital ratio was 14.1 per cent, compared to 13.6 per cent and 12.8 per cent respectively at the end of 2013. The bank group, the parent bank, and the residential mortgage company all satisfy current statutory requirements..

### Performance of Storebrand Bank ASA

Storebrand Bank ASA reports a pre-tax loss in the first quarter of minus NOK 40 million (minus NOK 13 million).

Net interest income for Storebrand Bank ASA totalled NOK 62 million (NOK 75 million) in the first quarter.

Lending was written down by NOK 45 million (NOK 1 million) in the quarter

**Other**

In 2014, Storebrand Bank will continue to work on improving the business' profitability combined with moderate growth. The bank will prioritise maintaining a moderate risk profile with a good balance sheet and funding composition.

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

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

The bank is working systemically to adapt to the new statutory capital and capital buffer requirements in Norway.

Sound management of the bank's credit and liquidity risk, and control of the operational risk in key work

processes will also be a vital focus in 2014, and the bank will continue to closely monitor developments in non-performing loans and loan losses. Developments in the Norwegian and international capital markets, interest rates, unemployment and the property market are regarded as the key risk factors that can affect the results of Storebrand Bank Group in 2014.

Storebrand Bank has received a total of 166 complaints with regard to retail customers' investments in various equity index bonds in Storebrand Bank ASA. None of the complaints was upheld by the bank's internal complaints resolution panel. 116 of the customers have appealed the bank's decision to the Norwegian Financial Services Complaints Board. As of 31 March 2014, the Secretariat of the Norwegian Financial Services Complaints Board has considered 108 cases and none of the customer complaints was upheld. No lawsuits have been filed by customers relating to investments in structured products.

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

Lysaker, 6 May 2014  
The Board of Directors of Storebrand Bank ASA

# Storebrand Bank Group

## PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q1		FULL YEAR
		2014	2013	2013
Interest income		361.5	378.7	1 548.6
Interest expense		-234.4	-249.8	-1 001.9
<b>Net interest income</b>	<b>3</b>	<b>127.1</b>	<b>128.9</b>	<b>546.7</b>
Fee and commission income from banking services		18.6	19.8	82.0
Fee and commission expenses for banking services		-2.8	-3.3	-11.8
<b>Net fee and commission income</b>		<b>15.8</b>	<b>16.5</b>	<b>70.2</b>
Net income and gains from associated companies				
Net gains on financial instruments	4	0.6	-17.0	-16.0
Other income		1.0	0.7	20.3
<b>Total other operating income</b>		<b>1.5</b>	<b>-16.2</b>	<b>4.3</b>
Staff expenses		-29.2	-35.2	-127.6
General administration expenses		-15.3	-15.0	-55.6
Other operating costs		-35.5	-48.4	-191.6
<b>Total operating costs</b>		<b>-80.0</b>	<b>-98.6</b>	<b>-374.8</b>
<b>Operating profit before loan losses</b>		<b>64.4</b>	<b>30.6</b>	<b>246.5</b>
Loan losses for the period	10	-44.7	-2.5	-11.1
<b>Profit before tax</b>		<b>19.6</b>	<b>28.1</b>	<b>235.3</b>
Tax	6	-5.3	-7.9	-69.1
Result after tax sold/discontinued operations		-0.3	-0.6	-3.8
<b>Profit for the year</b>		<b>14.1</b>	<b>19.6</b>	<b>162.3</b>
Allocated to:				
Shareholders		14.1	19.6	162.3
Minority interests		0.0	0.0	0.0

## STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	Q1		FULL YEAR
		2014	2013	2013
Profit for the period		14.1	19.6	162.3
Other result elements not to be classified to profit/loss				
Pension experience adjustments				-5.7
Tax on pension experience adjustments				2.1
<b>Total other result elements not to be classified to profit/loss</b>		<b>0.0</b>	<b>0.0</b>	<b>-3.5</b>
<b>Total comprehensive income for the period</b>		<b>14.1</b>	<b>19.6</b>	<b>158.8</b>
Allocated to:				
Shareholders		14.1	19.6	158.8
Minority interests		0.0	0.0	0.0
<b>Total</b>		<b>14.1</b>	<b>19.6</b>	<b>158.8</b>

# Storebrand Bank Group

## STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.3.2014	31.12.2013
Cash and deposits with central banks		688.8	19.8
Loans to and deposits with credit institutions	17	622.6	152.5
Financial assets designated at fair value through profit and loss:			
Equity instruments	18	1.7	1.7
Bonds and other fixed-income securities	9, 18	2 834.8	2 790.7
Derivatives	18	747.5	693.2
Bonds at amortised cost	9, 17	1 544.0	1 541.8
Other assets		91.1	100.6
Gross lending, amortised cost	17	29 939.2	32 457.7
Gross lending, FVO	18	1 217.0	1 289.0
Gross lending		31 156.2	33 746.8
- Write-downs on individual loans	10	-134.1	-82.7
- Write-downs on groups of loans	10	-26.3	-30.2
Net lending to customers		30 995.8	33 633.9
Tangible assets	11	9.0	9.5
Intangible assets and goodwill	11	103.7	99.1
Deferred tax assets	6	23.2	13.0
Assets sold/discontinued operations		0.2	0.3
<b>Total assets</b>		<b>37 662.3</b>	<b>39 056.1</b>
Liabilities to credit institutions	12, 17, 18	38.6	1 027.8
Deposits from and due to customers	17	20 584.1	20 728.1
Other financial liabilities:			
Derivatives	18	432.0	411.0
Commercial papers and bonds issued	13, 17	13 212.8	13 523.6
Other liabilities		333.8	133.6
Liabilities sold/discontinued operations		0.2	0.5
Provision for accrued expenses and liabilities		14.6	18.4
Pension liabilities		57.8	57.8
Subordinated loan capital	13, 17	590.9	589.7
<b>Total liabilities</b>		<b>35 264.6</b>	<b>36 490.6</b>
Paid in capital		1 516.8	1 516.8
Retained earnings		880.9	1 048.6
Minority interests		0.0	0.0
<b>Total equity</b>		<b>2 397.7</b>	<b>2 565.5</b>
<b>Total equity and liabilities</b>		<b>37 662.3</b>	<b>39 056.1</b>

# Storebrand Bank ASA

## PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q1		FULL YEAR
		2014	2013	2013
Interest income		244.5	268.1	1 073.3
Interest expense		-182.7	-193.4	-782.6
<b>Net interest income</b>	<b>3</b>	<b>61.9</b>	<b>74.7</b>	<b>290.7</b>
Fee and commission income from banking services		21.7	23.1	95.1
Fee and commission expenses for banking services		-2.8	-3.3	-11.8
<b>Net fee and commission income</b>		<b>18.9</b>	<b>19.8</b>	<b>83.3</b>
Net income and gains from associated companies				
Net gains on financial instruments	4	0.0	-12.5	-13.6
Other income		-1.0	0.0	211.6
<b>Total other operating income</b>		<b>-0.9</b>	<b>-12.5</b>	<b>198.0</b>
Staff expenses		-27.0	-33.4	-118.0
General administration expenses		-15.1	-14.9	-54.8
Other operating costs		-32.8	-45.2	-168.4
<b>Total operating costs</b>		<b>-74.9</b>	<b>-93.5</b>	<b>-341.2</b>
<b>Operating profit before loan losses</b>		<b>4.9</b>	<b>-11.5</b>	<b>230.8</b>
Loan losses for the period	10	-44.9	-1.1	-9.1
<b>Profit before tax</b>		<b>-40.1</b>	<b>-12.6</b>	<b>221.7</b>
Tax	6	10.6	3.5	-70.9
<b>Profit for the year</b>		<b>-29.5</b>	<b>-9.1</b>	<b>150.8</b>

## STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q1		FULL YEAR
	2014	2013	2013
Profit for the period	-29.5	-9.1	150,8
<b>Other result elements not to be classified to profit/loss</b>			
Pension experience adjustments			-5.7
Tax on pension experience adjustments			2.1
<b>Total other result elements not to be classified to profit/loss</b>	<b>0.0</b>	<b>0.0</b>	<b>-3.5</b>
<b>Total comprehensive income for the period</b>	<b>-29.5</b>	<b>-9.1</b>	<b>147.2</b>



# Storebrand Bank ASA

## STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.03.2014	31.12.2013
Cash and deposits with central banks		688.8	19.8
Loans to and deposits with credit institutions	17	2 848.5	2 198.9
Financial assets designated at fair value through profit and loss:			
Equity instruments	18	1.7	1.7
Bonds and other fixed-income securities	10, 18	5 594.3	5 550.2
Derivatives	18	462.5	445.5
Bonds at amortised cost	9, 17	1 544.0	1 541.8
Other assets		983.4	1 223.3
Gross lending, amortised cost	17	15 147.1	17 643.3
Gross lending, FVO	18	1 217.0	1 289.0
Gross lending		16 364.2	18 932.4
- Write-downs on individual loans	10	-132.2	-80.3
- Write-downs on groups of loans	10	-25.4	-29.5
Net lending to customers		16 206.5	18 822.5
Tangible assets	11	5.7	6.2
Intangible assets	11	81.5	75.4
Deferred tax assets	6	28.5	18.2
<b>Total assets</b>		<b>28 445.3</b>	<b>29 903.6</b>
Liabilities to credit institutions	12, 17, 18	341.5	1 329.5
Deposits from and due to customers	17	20 605.2	20 749.0
Other financial liabilities:			
Derivatives	18	432.0	411.0
Commercial papers and bonds issued	13, 17	3 704.8	4 050.8
Other liabilities		357.1	326.1
Provision for accrued expenses and liabilities		14.6	18.4
Pension liabilities		57.8	57.8
Subordinated loan capital	13, 17	590.9	589.7
<b>Total liabilities</b>		<b>26 103.9</b>	<b>27 532.4</b>
Paid in capital		1 687.4	1 688.4
Retained earnings		654.0	682.9
<b>Total equity</b>		<b>2 341.5</b>	<b>2 371.2</b>
<b>Total equity and liabilities</b>		<b>28 445.3</b>	<b>29 903.6</b>

# Reconciliation of equity

## STOREBRAND BANK GROUP

### MAJORITY'S SHARE OF EQUITY

NOK MILLION	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID IN EQUITY	TOTAL PAID IN EQUITY	REVENUE AND COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	MINORITY INTERESTS	TOTAL EQUITY
<b>Equity at 31.12.2012</b>	<b>960.6</b>	<b>156.0</b>	<b>400.3</b>	<b>1 516.8</b>	<b>45.4</b>	<b>893.4</b>	<b>938.8</b>	<b>0.0</b>	<b>2 455.7</b>
Profit for the period						162.3	162.3		162.3
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>									
Group contribution received						21.8	21.8		21.8
Provision for group contribution						-72.3	-72.3		-72.3
Other changes						1.6	1.6		1.6
<b>Equity at 31.12.2013</b>	<b>960.6</b>	<b>156.0</b>	<b>400.3</b>	<b>1 516.8</b>	<b>41.9</b>	<b>1 006.7</b>	<b>1 048.6</b>	<b>0.0</b>	<b>2 565.5</b>
Profit for the period						14.1	14.1	0.0	14.1
Pension experience adjustments							0.0		0.0
<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>14.1</b>	<b>14.1</b>	<b>0.0</b>	<b>14.1</b>
<b>Equity transactions with owners:</b>									
Group contribution paid						-181.4	-181.4		-181.4
Other changes						-0.5	-0.5		-0.5
<b>Equity at 31.03.2014</b>	<b>960.6</b>	<b>156.0</b>	<b>400.275</b>	<b>1 516.8</b>	<b>41.9</b>	<b>838.9</b>	<b>880.9</b>	<b>0.0</b>	<b>2 397.7</b>



# Reconciliation of equity

## STOREBRAND BANK ASA

NOK MILLION	AKSJE- KAPITAL	OVERKURS	ANNEN INNSKUTT EGENKAPITAL	SUM INNSKUTT EGENKAPITAL	ESTIMAT- AVIK PENSJONER	ANNEN EGEN- KAPITAL	SUM OPPTJENT EGENKAPITAL	TOTAL EGEN- KAPITAL
<b>Equity at 31.12.2012</b>	<b>960.6</b>	<b>156.0</b>	<b>540.4</b>	<b>1 657.0</b>	<b>43.4</b>	<b>674.1</b>	<b>717.6</b>	<b>2 374.6</b>
Profit for the period						150.8	150.8	150.8
Pension experience adjustments					-3.5		-3.5	-3.5
<b>Total other result elements, not to be classified to profit/loss</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-3.5</b>	<b>0.0</b>	<b>-3.5</b>	<b>-3.5</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-3.5</b>	<b>150.8</b>	<b>147.2</b>	<b>147.2</b>
<b>Equity transactions with owners:</b>								
Change in group contribution received for 2012						-0.6	-0.6	-0.6
Provision for group contribution						-181.4	-181.4	-181.4
Group contribution received			31.4	31.4				31.4
<b>Equity at 31.12.2013</b>	<b>960.6</b>	<b>156.0</b>	<b>571.8</b>	<b>1 688.4</b>	<b>39.9</b>	<b>642.9</b>	<b>682.9</b>	<b>2 371.2</b>
Profit for the period						-29.5	-29.5	-29.5
<b>Other comprehensive income</b>								
Pension experience adjustments							0.0	0.0
<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>-29.5</b>	<b>-29.5</b>	<b>-29.5</b>
<b>Equity transactions with owners:</b>								
Change in provision for group contribution 2013			-0.9	-0.9		0.7	0.7	-0.2
<b>Equity at 31.03.2014</b>	<b>960.6</b>	<b>156.0</b>	<b>641.8</b>	<b>1 687.4</b>	<b>39.9</b>	<b>614.0</b>	<b>654.0</b>	<b>2 341.5</b>

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

The equity changes with the result for the individual period, equity transactions with the owners and items that are entered directly on the balance sheet. Share capital, the share premium reserve and other equity is evaluated and managed together. The share premium fund 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 15.

# Cash flow statement

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.03.2013	31.03.2014	NOK MILLION	31.03.2014	31.03.2013
		<b>Cash flow from operations</b>		
241.9	236.0	Receipts of interest, commissions and fees from customers	368.5	367.3
-134.8	-63.9	Payments of interest, commissions and fees to customers	-63.9	-134.8
193.1	2 569.7	Net disbursements/payments on customer loans	2 566.2	-24.2
1 692.5	-171.2	Net receipts/payments of deposits from banking customers	-171.4	1 683.2
-37.4	232.1	Net receipts/payments - securities at fair value	217.7	-57.0
-92.4	-77.4	Payments of operating costs	-84.4	-100.0
-11.3	0.0	Net receipts/payments on other operating activities	3.4	1.9
<b>1 851.6</b>	<b>2 725.4</b>	<b>Net cash flow from operations</b>	<b>2 836.0</b>	<b>1 736.2</b>
		<b>Cash flow from investment activities</b>		
-4.5	-14.4	Net payments on purchase/sale of fixed assets etc.	-14.4	-4.5
<b>-4.5</b>	<b>-14.4</b>	<b>Net cash flow from investment activities</b>	<b>-14.4</b>	<b>-4.5</b>
		<b>Cash flow from financing activities</b>		
-203.2	-358.3	Payments - repayments of loans and issuing of bond debt	-359.0	-500.5
500.4	0.0	Receipts - new loans and issuing of bond debt	0.0	500.4
-51.0	-24.1	Payments - interest on loans	-76.8	-109.7
-5.4	-5.8	Payments - interest on subordinated loan capital	-5.8	-5.4
-1 007.7	-987.7	Net receipts/payments of liabilities to credit institutions	-988.9	-1 009.9
118.5	235.4	Receipts - group contribution	0.0	0.0
-99.7	-251.9	Payments - group contribution / dividends	-251.9	-99.7
<b>-748.1</b>	<b>-1 392.4</b>	<b>Net cash flow from financing activities</b>	<b>-1 682.5</b>	<b>-1 224.8</b>
<b>1 099.1</b>	<b>1 318.6</b>	<b>Net cash flow in the period</b>	<b>1 139.2</b>	<b>507.0</b>
4 772.1	2 218.7	Cash and bank deposits at the start of the period	172.3	263.9
<b>5 871.1</b>	<b>3 537.3</b>	<b>Cash and bank deposits at the end of the period</b>	<b>1 311.4</b>	<b>770.9</b>
		Cash and bank deposits consist of:		
373.4	688.8	Cash and deposits with central banks	688.8	373.4
5 497.7	2 848.5	Loans to and deposits with credit institutions	622.6	397.5
<b>5 871.1</b>	<b>3 537.3</b>	<b>Total cash and bank deposits in the balance sheet</b>	<b>1 311.4</b>	<b>770.9</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 Q1 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required in the annual report.

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

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2013 annual report, and the interim financial statements are prepared with respect to these accounting policies with the exceptions discussed in more detail below. Changes to the IFRS rules that now apply or can be used for IFRS financial statements prepared after 1 January 2014 are shown below. The changes have not caused significant effects on Storebrand Bank ASA nor Storebrand Bank ASA group's interim financial statements.

New IFRS 10: Consolidated financial statements  
New IFRS 11: Joint Arrangements  
New IFRS 12: Disclosure of interests in other entities  
Amendment in IAS 27: Separate financial statements  
Amendment in IAS 28: Investments in associates and joint ventures  
Amendment in IAS 32: Financial instruments – Presentation  
Amendment in IAS 36: Impairment of assets  
Amendment in IAS 39: Financial instruments

## 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. The management are required to make judgements, estimates and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and expectations of future events and represent the management's best judgement at the time the financial statement were prepared. 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 2013.

# Notes

## NOTE 3 NETTO RENTEINNETKTER

### Storebrand Bank Group

NOK MILLION	Q1		FULL YEAR
	2014	2013	2013
Interest and other income on loans to and deposits with credit institutions	3.1	4.4	17.7
Interest and other income on loans to and due from customers	335.8	353.5	1 442.6
Interest on commercial paper, bonds and other interest-bearing securities	21.4	19.2	80.8
Other interest income and related income	1.3	1.6	7.5
<b>Total interest income</b>	<b>361.5</b>	<b>378.7</b>	<b>1 548.6</b>
Interest and other expenses on debt to credit institutions	-4.7	-11.8	-34.2
Interest and other expenses on deposits from and due to customers	-136.3	-131.4	-551.6
Interest and other expenses on securities issued	-81.7	-96.9	-373.2
Interest and expenses on subordinated loan capital	-7.4	-5.4	-26.3
Other interest expenses and related expenses	-4.4	-4.2	-16.7
<b>Total interest expenses</b>	<b>-234.4</b>	<b>-249.8</b>	<b>-1 001.9</b>
<b>Net interest income</b>	<b>127.1</b>	<b>128.9</b>	<b>546.7</b>

### Storebrand Bank ASA

NOK MILLION	Q1		FULL YEAR
	2014	2013	2013
Interest and other income on loans to and deposits with credit institutions	13.9	36.4	113.9
Interest and other income on loans to and due from customers	193.6	194.7	808.0
Interest on commercial paper, bonds and other interest-bearing securities	35.7	35.3	143.9
Other interest income and related income	1.3	1.6	7.5
<b>Total interest income</b>	<b>244.5</b>	<b>268.1</b>	<b>1 073.3</b>
Interest and other expenses on debt to credit institutions	-5.9	-13.1	-39.2
Interest and other expenses on deposits from and due to customers	-136.4	-131.6	-553.1
Interest and other expenses on securities issued	-28.6	-39.2	-147.4
Interest and expenses on subordinated loan capital	-7.4	-5.4	-26.3
Other interest expenses and related expenses	-4.4	-4.2	-16.7
<b>Total interest expenses</b>	<b>-182.7</b>	<b>-193.4</b>	<b>-782.6</b>
<b>Net interest income</b>	<b>61.9</b>	<b>74.7</b>	<b>290.7</b>

# Notes

## NOTE 4 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES

Storebrand Bank Group	Q1	FULL YEAR	
NOK MILLION	2014	2013	2013
<i>Equity instruments</i>			
Dividends received from equity investments			
Net gains/losses on realisation of equity investments			
Net change in fair value of equity investments		-0.1	-0.1
<b>Total equity investments, FVO</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.1</b>
<i>Commercial papers and bonds</i>			
Realised gain/loss on commercial papers and bonds, FVO	0.7	1.0	5.8
Unrealised gain/loss on commercial papers and bonds, FVO	1.6	-2.4	-10.1
<b>Total gain/loss on commercial papers and bonds, FVO</b>	<b>2.3</b>	<b>-1.4</b>	<b>-4.3</b>
<i>Lending to customers</i>			
Unrealised gain/loss on lending to customers, FVO	1.7	-11.6	-18.6
<b>Total gain/loss on lending to customers, FVO</b>	<b>1.7</b>	<b>-11.6</b>	<b>-18.6</b>
<i>Liabilities to credit institutions and other funding</i>			
Realised gain/loss on liabilities to credit institutions and other funding, FVO			-1.0
Unrealised gain/loss on liabilities to credit institutions and other funding, FVO	0.4	-0.3	1.0
<b>Total gain/loss on liabilities to credit institutions and other funding, FVO</b>	<b>0.4</b>	<b>-0.3</b>	<b>0.0</b>
<i>Financial derivatives and foreign exchange</i>			
Realised gain/loss on financial derivatives, held for trading	1.3	2.4	10.5
Unrealised gain/loss on financial derivatives, held for trading	-10.6	-4.4	-3.2
<b>Total financial derivatives and foreign exchange, held for trading</b>	<b>-9.3</b>	<b>-1.9</b>	<b>7.3</b>
<b>Net income and gains from financial assets and liabilities at fair value</b>	<b>-4.9</b>	<b>-15.3</b>	<b>-15.7</b>
<i>Fair value hedging</i>			
Realised gain/loss on derivatives and bonds issued, fair value hedging	7.3	-0.6	4.3
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	-0.1	-0.8	-3.4
<b>Net gain/loss on fair value hedging</b>	<b>7.2</b>	<b>-1.4</b>	<b>0.9</b>
<i>Commercial papers and bonds</i>			
Realised gain/loss on commercial papers and bonds at amortised cost	1.4	1.4	2.7
<b>Total gain/loss on commercial papers and bonds at amortised cost</b>	<b>1.4</b>	<b>1.4</b>	<b>2.7</b>
<i>Bonds issued</i>			
Realised gain/loss on bonds issued at amortised cost	-3.1	-1.7	-4.0
<b>Total gain/loss on bonds issued at amortised cost</b>	<b>-3.1</b>	<b>-1.7</b>	<b>-4.0</b>
<b>Net income and gains from financial assets and liabilities at amortised cost</b>	<b>-1.8</b>	<b>-0.3</b>	<b>-1.2</b>
<b>Net income and gains from financial assets and liabilities</b>	<b>0.6</b>	<b>-17.0</b>	<b>-16.0</b>

# Notes

## NOTE 4 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES (continue)

Storebrand Bank ASA	Q1		FULL YEAR
NOK MILLION	2014	2013	2013
<i>Equity instruments</i>			
Dividends received from equity investments			
Net gains/losses on realisation of equity investments			
Net change in fair value of equity investments		-0.1	-0.1
<b>Total equity investments, FVO</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.1</b>
<i>Commercial papers and bonds</i>			
Realised gain/loss on commercial papers and bonds, FVO	0.7	1.0	5.8
Unrealised gain/loss on commercial papers and bonds, FVO	1.0	-1.5	-13.2
<b>Total gain/loss on commercial papers and bonds, FVO</b>	<b>1.7</b>	<b>-0.5</b>	<b>-7.4</b>
<i>Lending to customers</i>			
Unrealised gain/loss on lending to customers, FVO	1.7	-11.6	-18.6
<b>Total gain/loss on lending to customers, FVO</b>	<b>1.7</b>	<b>-11.6</b>	<b>-18.6</b>
<i>Liabilities to credit institutions and other funding</i>			
Realised gain/loss on liabilities to credit institutions and other funding, FVO			
Unrealised gain/loss on liabilities to credit institutions and other funding, FVO	0.4	-0.3	1.0
<b>Total gain/loss on liabilities to credit institutions and other funding, FVO</b>	<b>0.4</b>	<b>-0.3</b>	<b>0.0</b>
<i>Financial derivatives and foreign exchange</i>			
Realised gain/loss on financial derivatives, held for trading	1.3	2.4	10.5
Unrealised gain/loss on financial derivatives, held for trading	-10.6	-4.4	-3.2
<b>Total financial derivatives and foreign exchange, held for trading</b>	<b>-9.3</b>	<b>-1.9</b>	<b>7.3</b>
<b>Net income and gains from financial assets and liabilities at fair value</b>	<b>-5.5</b>	<b>-14.4</b>	<b>-18.8</b>
<i>Fair value hedging</i>			
Realised gain/loss on derivatives and bonds issued, fair value hedging	7.3	2.2	7.1
Unrealised gain/loss on derivatives and bonds issued, fair value hedging		-0.1	-0.7
<b>Net gain/loss on fair value hedging</b>	<b>7.3</b>	<b>2.2</b>	<b>6.4</b>
<i>Commercial papers and bonds</i>			
Realised gain/loss on commercial papers and bonds at amortised cost	1.4	1.4	2.7
<b>Total gain/loss on commercial papers and bonds at amortised cost</b>	<b>1.4</b>	<b>1.4</b>	<b>2.7</b>
<i>Bonds issued</i>			
Realised gain/loss on bonds issued at amortised cost	-3.1	-1.7	-4.0
<b>Total gain/loss on bonds issued at amortised cost</b>	<b>-3.1</b>	<b>-1.7</b>	<b>-4.0</b>
<b>Net income and gains from financial assets and liabilities at amortised cost</b>	<b>-1.8</b>	<b>-0.3</b>	<b>-1.2</b>
<b>Net income and gains from financial assets and liabilities</b>	<b>0.0</b>	<b>-12.5</b>	<b>-13.6</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 5 KEY FIGURES

### STOREBRAND BANK GROUP

NOK MILLION	Q1		FULL YEAR
	2014	2013	2013
<b>Profit and Loss account: (as % of avg. total assets)</b>			
Net interest income	1.33 %	1.28 %	1.35 %
Other operating income <sup>3)</sup>	0.18 %	0.00 %	0.18 %
<b>Main balance sheet figures:</b>			
Total assets	37 662.3	41 301.4	39 056.1
Average total assets <sup>1)</sup>	38 797.5	40 908.9	40 572.5
Gross lending to customers	31 156.2	35 453.5	33 746.8
Deposits from customers	20 584.1	21 498.4	20 728.1
Deposits from customers as % of gross lending	66.1 %	60.6 %	61.4 %
Equity	2 397.7	2 403.6	2 565.5
<b>Other key figures:</b>			
Total non-interest income as % of total income	12.0 %	0.2 %	12.0 %
Loan losses and provisions as % of average total lending <sup>5)</sup>	0.54 %	0.03 %	0.03 %
Gross non-performing and loss-exposed loans as % of total average lending	1.2 %	0.7 %	1.4 %
Cost/income ratio banking activities <sup>4)</sup>	53.1 %	73.2 %	57.2 %
Return on equity before tax <sup>2)</sup>	3.1 %	4.7 %	9.5 %
Core capital ratio	14.1 %	11.2 %	12.8 %

### STOREBRAND BANK ASA

NOK MILLION	Q1		FULL YEAR
	2014	2013	2013
<b>Profit and Loss account: (as % of avg. total assets)</b>			
Net interest income	0.85 %	0.96 %	0.93 %
Other operating income <sup>3)</sup>	0.25 %	0.09 %	0.90 %
<b>Main balance sheet figures:</b>			
Total assets	28 445.3	32 137.6	29 903.6
Average total assets <sup>1)</sup>	29 596.2	31 701.1	31 313.8
Gross lending to customers	16 364.2	17 978.8	18 932.4
Deposits from customers	20 605.2	21 523.3	20 749.0
Deposits from customers as % of gross lending	125.9 %	119.7 %	109.6 %
Equity	2 341.5	2 365.5	2 371.2
<b>Other key figures:</b>			
Total non-interest income as % of total income	22.5 %	8.9 %	49.2 %
Loan losses and provisions as % of average total lending <sup>5)</sup>	0.98 %	0.02 %	0.05 %
Gross non-performing and loss-exposed loans as % of total average lending	2.0 %	1.2 %	2.1 %
Cost/income ratio	93.9 %	114.1 %	59.6 %
Return on equity before tax <sup>2)</sup>	-6.9 %	-2.2 %	9.4 %
Core (tier 1) capital ratio	17.1 %	13.5 %	15.2 %

#### 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 6 TAX

Tax cost is based on an expected average tax rate of 27% of company's profit and group profit before tax adjusted for permanent difference if there are any differences.

## NOTE 7 CLOSE ASSOCIATES

### **Covered bonds issued by Storebrand Boligkreditt AS**

Storebrand Bank ASA has invested a total of NOK 2.7 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 March 2014. 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 sells loans to the mortgage company Storebrand Boligkreditt AS. The mortgages are transferred on commercial terms. Once the loans are transferred, Storebrand Boligkreditt AS assumes all the risks and benefits of owning the loan portfolio. It is Storebrand Boligkreditt that receives all the cash flows from the loan customer. 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. 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.

### **Sales of loans to Storebrand Livsforsikring AS**

Storebrand Bank ASA has entered into an agreement to sell corporate loans to Storebrand Livsforsikring AS. The portfolio of loans that was sold in March 2014 comprised NOK 1.7 billion. As the purchaser, Storebrand Livsforsikring is in the bank's assessment taking over both cash flows and the essence of the risks and controls. The loans have thus been deducted from the bank's balance sheet with respect to IAS 39.

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

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

### **Other close associates**

Storebrand Bank ASA conducts transactions with close associates as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with senior employees and close associates are stipulated in notes 44 and 45 in the 2013 annual report for Storebrand Bank ASA.

# Notes

## NOTE 8 - SEGMENT INFORMATION

### Storebrand Bank Group

#### Profit and loss by segment:

NOK MILLION	CORPORATE			RETAIL		
	Q1 2014	2013	FULL YEAR 2013	Q1 2014	2013	FULL YEAR 2013
<b>Profit and loss items:</b>						
Net interest income	40.0	49.9	199.4	86.2	74.6	340.0
Net fee and commission income	2.5	2.7	12.8	13.4	13.8	57.1
Other income	1.8	2.7	20.4	0.6	-14.4	-12.5
Total operating costs	-24.2	-33.2	-126.2	-52.4	-60.3	-221.0
<b>Operating profit before loan losses</b>	<b>20.1</b>	<b>22.0</b>	<b>106.5</b>	<b>47.6</b>	<b>13.8</b>	<b>163.5</b>
Loan losses	-45.5	3.4	-3.9	0.8	-5.9	-7.2
<b>Ordinary profit from continuing operations</b>	<b>-25.4</b>	<b>25.4</b>	<b>102.6</b>	<b>48.4</b>	<b>7.9</b>	<b>156.3</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>Balance sheet items:</b>						
Gross lending to customers	7 585.0	11 518.7	9 809.6	23 536.9	23 921.6	23 905.6
Deposits from and due to customers	7 886.8	9 757.6	8 186.3	12 710.7	11 703.6	12 542.7
<b>Key figures:</b>						
Net interest income as % of total assets	1.50 %	1.48 %	1.55 %	1.25 %	0.87 %	1.21 %
Cost/income ratio	55 %	60 %	54 %	52 %	81 %	57 %
Deposits from customers as % of gross lending	104 %	85 %	83 %	54 %	49 %	52 %
Total level of provisioning	133 %	133 %	29 %	19 %	19 %	15 %

# Notes

## NOTE 8 - SEGMENT INFORMATION *(continue)*

### Storebrand Bank Group

#### Profit and loss items:

	TREASURY/OTHER			TOTAL		
	Q1	FULL YEAR		Q1	FULL YEAR	
NOK MILLION	2014	2013	2013	2014	2013	2013
Net interest income	0.9	4.4	7.4	127.1	128.9	546.7
Net fee and commission income	-0.1	0.0	0.4	15.8	16.5	70.2
Other income	-0.8	-4.5	-3.6	1.5	-16.2	4.3
Total operating costs	-3.4	-5.0	-27.7	-80.0	-98.6	-374.8
<b>Operating profit before loan losses</b>	<b>-3.3</b>	<b>-5.1</b>	<b>-23.5</b>	<b>64.4</b>	<b>30.6</b>	<b>246.5</b>
Loan losses	0.0	0.0	0.0	-44.7	-2.5	-11.1
<b>Ordinary profit from continuing operations</b>	<b>-3.3</b>	<b>-5.1</b>	<b>-23.5</b>	<b>19.6</b>	<b>28.1</b>	<b>235.3</b>
<b>Ordinary profit from sold/discontinued businesses</b>	<b>-0.3</b>	<b>-0.6</b>	<b>-3.8</b>	<b>-0.3</b>	<b>-0.6</b>	<b>-3.8</b>
<b>Balance sheet items:</b>						
Gross lending to customers	34.3	13.2	31.6	31 156.2	35 453.5	33 746.8
Deposits from and due to customers	-13.4	37.3	-0.9	20 584.1	21 498.4	20 728.1
<b>Key figures:</b>						
Net interest income as % of total assets				1.33 %	1.18 %	1.35 %
Cost/income ratio				55 %	76 %	60 %
Deposits from customers as % of gross lending				66 %	61 %	61 %
Total level of provisioning				63 %	63 %	24 %

Business segments are the Group's primary reporting segments. Storebrand Bank is a commercial bank with the head office at Lysaker in the council of Bærum. The Group's activities mainly take place in Norway.

#### Description of the segments:

**Corporate market:** The segment includes corporate customers' deposits and loans, mainly property owners and developers, as well as commercial real estate agency for corporate customers (Hadrian Eiendom AS). In April 2013, Storebrand decided to wind up the corporate market at the bank. This market is no longer a prioritised part of Storebrand's core activities. The winding up of the operation will be gradual and controlled, with existing customers being well looked after. Changes in the value of acquired assets, that are presented in the income statement as a separate line item, are shown in the segment note on the loan losses line, reflecting the accounting treatment internally. The reclassification is presented under the "Treasury/other" segment. All capital market business for customers within the bank's corporate market segment are presented under the "Corporate market" segment. The subsidiary Hadrian Eiendom AS is also included in this area. The bank holds an ownership interest of 100% in the company.

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

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

# Notes

## NOTE 9 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2013	31.03.2014	NOK MILLION	31.03.2014	31.12.2013
241.6	233.4	Guarantees	233.4	241.6
6 179.2	5 807.2	Undrawn credit limits	3 982.0	4 060.2
77.4	43.8	Lending commitments	43.8	77.4
<b>6 498.1</b>	<b>6 084.4</b>	<b>Total contingent liabilities</b>	<b>4 259.2</b>	<b>4 379.2</b>
1 498.5	2 217.1	Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank	2 103.3	1 498.5
1 024.6	0.0	Booked value of securities pledged as collateral for the government securities for covered bonds swap scheme	0.0	0.0
384.4	384.6	Booked value of bonds pledged as security with other credit institutions	0.0	0.0
<b>2 907.5</b>	<b>2 601.8</b>	<b>Total book value of off balance sheet liabilities</b>	<b>2 103.3</b>	<b>1 498.5</b>

Undrawn credit limits reported in Storebrand Bank ASA as of 31 March 2014 includes NOK 3.6 billion to the subsidiary Storebrand

## NOTE 10 NON-PERFORMING LOANS AND LOAN LOSSES

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2013	31.03.2014	NOK MILLION	31.03.2014	31.12.2013
		<b>Non-performing loans</b>		
54.0	55.6	Non-performing loans without evidence of impairment	105.3	111.1
345.4	270.9	Loss-exposed loans with evidence of impairment	283.2	356.4
<b>399.4</b>	<b>326.5</b>	<b>Gross non-performing and loss-exposed loans</b>	<b>388.5</b>	<b>467.5</b>
-80.3	-132.2	Provisions for individual loan losses	-134.1	-82.7
<b>319.1</b>	<b>194.3</b>	<b>Net non-performing and loss-exposed loans</b>	<b>254.4</b>	<b>384.8</b>
		<b>Key figures</b>		
-29.5	-25.4	Loan loss provisions on groups of loans (NOK million)	-26.3	-30.2
-109.8	-157.6	Total loan loss provisions (NOK million)	-160.4	-112.9
23 %	49 %	Level of provisioning for individual loss-exposed loans <sup>1)</sup>	47 %	23 %
28 %	48 %	Total level of provisioning <sup>2)</sup>	41 %	24 %

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

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

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

- when a credit facility has been overdrawn for more than 90 days
- when an ordinary mortgage has arrears older than 90 days

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

When one of the three situations described above occurs, the commitment and the rest of the customer's commitments are regarded as non-performing. The number of days is counted from when the arrears exceed NOK 2,000.

The account is given a clean bill of health when there are no longer any arrears. The amount in arrears at the time of reporting can be less than NOK 2,000.

# Notes

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

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.03.2013	31.03.2014	NOK MILLION	31.03.2014	31.03.2013
		<b>Losses on loans and guarantees etc. during period</b>		
-3.9	-51.9	Change in individual loan loss provisions	-51.4	-4.0
-7.3	4.1	Change in grouped loan loss provisions	4.0	-8.4
-0.1	5.2	Other effects on loan loss provisions	5.3	-0.2
-0.5	-2.2	Realised losses specifically provided for previously	-2.3	-0.5
-0.1	-0.6	Realised losses not specifically provided for previously	-0.6	-0.1
10.8	0.5	Recoveries on previous realised losses	0.5	10.8
<b>-1.1</b>	<b>-44.9</b>	<b>Loan losses for the period</b>	<b>-44.7</b>	<b>-2.5</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 11 INTANGIBLE ASSETS AND FIXED ASSETS

In Q1 2014, costs of NOK 14.4 million were capitalised as intangible assets and fixed assets in Storebrand Bank ASA and Storebrand Bank Group. This relates principally to costs incurred on systems development, data warehouse, system licenses and similar costs.

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

# Notes

## NOTE 12 LIABILITIES TO CREDIT INSTITUTIONS

NOK MILLION	STOREBRAND BANK GROUP	
	31.03.2014	31.12.2013
<b>Total liabilities to credit institutions without fixed maturity at amortised cost</b>	<b>38.6</b>	<b>31.2</b>
<b>Borrowings under the Norwegian Government's Swap arrangement:</b>		
Maturity 2014		996.6
<b>Total liabilities to credit institutions with fixed maturity at fair value (FVO)</b>	<b>0.0</b>	<b>996.6</b>
<b>Total liabilities to credit institutions</b>	<b>38.6</b>	<b>1 027.8</b>

## NOTE 13 SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL

NOK MILLION	STOREBRAND BANK GROUP	
	31.03.2014	31.12.2013
Commercial papers	0.0	0.0
Bond loans	13 212.8	13 523.6
Subordinated loan capital	590.9	589.7
<b>Total securities issued and subordinated loan capital</b>	<b>13 803.7</b>	<b>14 113.4</b>

# Notes

## NOTE 13 SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL (CONTINUE)

### Specification of bonds issued and subordinated loan capital as of 31 March 2014 - Storebrand Bank Group

NOK MILLION							BOOK VALUE 31.03.2014
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	337.9	
NO0010513237	Storebrand Bank ASA	300.0	NOK	Fixed	25.05.2016	329.2	
NO0010660806	Storebrand Bank ASA	300.0	NOK	Fixed	08.10.2019	310.4	
NO0010507775	Storebrand Bank ASA	301.0	NOK	Floating	30.04.2014	303.0	
NO0010599822	Storebrand Bank ASA	178.0	NOK	Floating	11.08.2014	178.5	
NO0010635626	Storebrand Bank ASA	332.0	NOK	Floating	26.01.2015	333.9	
NO0010654510	Storebrand Bank ASA	305.0	NOK	Floating	06.07.2015	307.2	
NO0010670979	Storebrand Bank ASA	500.0	NOK	Floating	29.01.2016	502.1	
NO0010641079	Storebrand Bank ASA	800.0	NOK	Floating	27.03.2017	801.6	
NO0010662752	Storebrand Bank ASA	300.0	NOK	Floating	13.11.2017	301.0	
<b>Total bond loans</b>						<b>3 704.8</b>	
<b>Covered bonds</b>							
NO0010466071	Storebrand Boligkreditt AS	850.0	NOK	Fixed	24.04.2014	899.1	
NO0010428584	Storebrand Boligkreditt AS	1 000.0	NOK	Fixed	06.05.2015	1 089.5	
NO0010548373	Storebrand Boligkreditt AS	1 250.0	NOK	Fixed	28.10.2019	1 407.2	
NO0010638307	Storebrand Boligkreditt AS	1 000.0	NOK	Floating	17.06.2015	1 000.7	
NO0010575913	Storebrand Boligkreditt AS	413.0	NOK	Floating	03.06.2016	413.1	
NO0010612294	Storebrand Boligkreditt AS	1 637.0	NOK	Floating	15.06.2016	1 634.9	
NO0010635071	Storebrand Boligkreditt AS	2 550.0	NOK	Floating	21.06.2017	2 563.5	
NO0010660822	Storebrand Boligkreditt AS	500.0	NOK	Floating	20.06.2018	500.0	
<b>Total covered bonds</b>						<b>9 508.0</b>	
<b>Total commercial papers and bonds issued</b>						<b>13 212.8</b>	
1) Maturity date in this summary is the first possible maturity date (Call date).							
ISIN code	ISSUER	NET NOMINAL VALUE	CUR- RENCY	INTEREST	CALL DATE	BOOK VALUE 31.03.2014	
<b>Dated subordinated loan capital</b>							
NO001064165	Storebrand Bank ASA	150.0	NOK	Floating	12.04.2017	151.3	
<b>Other subordinated loan capital</b>							
NO00177116	Storebrand Bank ASA	9.3	NOK	Fixed	perpetual	9.5	
<b>Hybrid tier 1 capital</b>							
NO001024206	Storebrand Bank ASA	107.0	NOK	Fixed	29.10.2014	111.1	
NO001024207	Storebrand Bank ASA	168.0	NOK	Floating	29.10.2014	168.8	
NO001068355	Storebrand Bank ASA	150.0	NOK	Floating	20.06.2018	150.3	
<b>Total subordinated loan capital</b>						<b>590.9</b>	
<b>Total securities issued and subordinated loan capital</b>						<b>13 803.7</b>	

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



# Notes

## NOTE 14 RISK

The market value of Storebrand Bank's financial assets and liabilities varies due to financial market risks. Note 3 to note 7 of the 2013 annual report explains the banking group's financial risks which also is representative of the financial risks as per 31 March 2014.

## NOTE 15 CAPITAL ADEQUACY

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

STOREBRAND BANK ASA		Net primary capital			STOREBRAND BANK GROUP	
31.12.2013	31.03.2014	NOK MILLION		31.03.2014	31.12.2013	
960.6	960.6	Share capital		960.6	960.6	
1 410.6	1 380.9	Other equity		1 437.1	1 604.9	
<b>2 371.2</b>	<b>2 341.5</b>	<b>Total equity</b>		<b>2 397.7</b>	<b>2 565.5</b>	
		Deductions:				
		Profit not included in the calculation of net primary capital		-14.1		
-75.4	-81.5	Intangible assets		-103.7	-99.1	
-18.2	-28.5	Deferred tax asset		-23.2	-13.0	
		Provision for group contribution			-150.0	
<b>2 277.6</b>	<b>2 231.4</b>	<b>Core capital exc. Hybrid Tier 1 capital</b>		<b>2 256.8</b>	<b>2 303.3</b>	
		Addition:				
426.8	426.3	Hybrid Tier 1 capital		426.3	426.8	
<b>2 704.4</b>	<b>2 657.7</b>	<b>Core capital</b>		<b>2 683.0</b>	<b>2 730.2</b>	
158.8	158.8	Supplementary capital		158.8	158.8	
		Deductions				
<b>2 863.2</b>	<b>2 816.5</b>	<b>Net primary capital</b>		<b>2 841.9</b>	<b>2 888.9</b>	

# Notes

## NOTE 15 CAPITAL ADEQUACY (continue)

### Minimum capital requirement

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2013	31.03.2014		31.3.2014	31.12.2013
1 350.5	1 167.6	Credit risk	1 431.3	1 613.4
		Of which:		
8.6	6.4	Local and regional authorities	6.4	8.6
109.6	113.3	Institutions	15.6	9.9
773.9	613.8	Corporates	613.8	773.9
256.5	246.4	Loans secured on residential real estate	677.1	687.4
51.5	47.1	Retail market	47.1	51.5
37.2	15.5	Loans past-due	17.3	40.1
102.3	100.9	Covered bonds	24.4	23.8
11.0	24.3	Other	29.6	18.3
<b>1 350.5</b>	<b>1 167.6</b>	<b>Total minimum requirement for credit risk</b>	<b>1 431.3</b>	<b>1 613.4</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>
79.7	79.7	Operational risk	89.5	89.5
		Deductions		
-2.4	-2.0	Loan loss provisions on groups of loans	-2.1	-2.4
<b>1 427.8</b>	<b>1 245.3</b>	<b>Minimum requirement for net primary capital</b>	<b>1 518.7</b>	<b>1 700.5</b>

### Capital adequacy

STOREBRAND BANK ASA			STOREBRAND BANK GROUP	
31.12.2013	31.03.2014		31.03.2014	31.12.2013
16.0 %	18.1 %	Capital ratio	15.0 %	13.6 %
15.2 %	17.1 %	Core (tier 1) capital ratio	14.1 %	12.8 %
12.8 %	14.3 %	Core capital ratio excl. Hybrid Tier 1 capital	11.9 %	10.8 %

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

# Notes

## NOTE 15 CAPITAL ADEQUACY (continue)

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

STOREBRAND BANK ASA		NOK MILLION	STOREBRAND BANK GROUP	
31.12.2013	31.03.2014		31.03.2014	31.12.2013
16 881.6	14 595.6	Credit risk	17 890.8	20 168.1
		Of which:		
106.9	79.4	Local and regional authorities	79.4	106.9
1 370.0	1 416.1	Institutions	195.1	123.1
9 674.1	7 672.6	Corporates	7 672.6	9 674.1
3 205.9	3 080.2	Loans secured on residential real estate	8 464.0	8 593.0
644.0	588.7	Retail market	588.7	644.0
465.3	193.2	Loans past-due	215.7	501.0
1 278.2	1 261.6	Covered bonds	305.5	297.3
137.3	303.8	Other	369.7	228.6
<b>16 881.6</b>	<b>14 595.6</b>	<b>Total basis of calculation credit risk</b>	<b>17 890.8</b>	<b>20 168.1</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>
995.7	995.7	Operational risk	1 118.8	1 118.8
		Deductions		
-29.5	-25.4	Loan loss provisions on groups of loans	-26.3	-30.2
<b>17 847.8</b>	<b>15 565.9</b>	<b>Total basis of calculation of minimum re- quirements for capital base</b>	<b>18 983.3</b>	<b>21 256.7</b>

# Notes

## NOTE 16 QUARTERLY PROFIT AND LOSS

### Storebrand Bank Group

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
NOK MILLION								
Interest income	361.5	385.8	391.8	392.4	378.7	385.6	381.8	386.0
Interest expense	-234.4	-246.6	-251.9	-253.6	-249.8	-252.8	-259.5	-263.3
<b>Net interest income</b>	<b>127.1</b>	<b>139.2</b>	<b>139.8</b>	<b>138.8</b>	<b>128.9</b>	<b>132.8</b>	<b>122.3</b>	<b>122.7</b>
Fee and commission income from banking services	18.6	20.3	23.4	18.5	19.8	22.6	21.9	22.2
Fee and commission expenses for banking services	-2.8	-2.5	-3.6	-2.4	-3.3	-5.1	-3.2	-3.1
<b>Net fee and commission income</b>	<b>15.8</b>	<b>17.8</b>	<b>19.9</b>	<b>16.1</b>	<b>16.5</b>	<b>17.5</b>	<b>18.7</b>	<b>19.1</b>
Net income and gains from associated companies								1.3
Net gains on financial instruments	0.6	-0.6	2.5	-0.9	-17.0	2.1	12.7	6.5
Other income	1.0	7.5	2.8	9.3	0.7	5.6	7.6	8.0
<b>Total other operating income</b>	<b>1.5</b>	<b>6.9</b>	<b>5.2</b>	<b>8.4</b>	<b>-16.2</b>	<b>7.7</b>	<b>20.3</b>	<b>15.8</b>
Staff expenses	-29.2	0.5	-32.1	-60.7	-35.2	-36.6	-46.6	-37.1
General administration expenses	-15.3	-13.2	-14.3	-13.1	-15.0	-20.8	-14.9	-14.6
Other operating cost	-35.5	-50.5	-47.8	-44.9	-48.4	-51.5	-50.3	-48.9
<b>Total operating costs</b>	<b>-80.0</b>	<b>-63.2</b>	<b>-94.2</b>	<b>-118.7</b>	<b>-98.6</b>	<b>-108.9</b>	<b>-111.8</b>	<b>-100.6</b>
<b>Operating profit before loan losses</b>	<b>64.4</b>	<b>100.7</b>	<b>70.7</b>	<b>44.5</b>	<b>30.6</b>	<b>49.1</b>	<b>49.5</b>	<b>57.0</b>
Loan losses for the period	-44.7	-11.6	-10.1	13.0	-2.5	6.9	0.9	-5.8
<b>Profit before tax</b>	<b>19.6</b>	<b>89.1</b>	<b>60.6</b>	<b>57.5</b>	<b>28.1</b>	<b>55.9</b>	<b>50.4</b>	<b>51.2</b>
Tax	-5.3	-28.2	-17.0	-16.1	-7.9	1.3	-12.5	-13.5
Result after tax sold/discontinued operations	-0.3	-1.7	0.2	-1.7	-0.6	1.3	3.4	-2.0
<b>Profit for the year</b>	<b>14.1</b>	<b>59.1</b>	<b>43.8</b>	<b>39.7</b>	<b>19.6</b>	<b>58.5</b>	<b>41.3</b>	<b>35.7</b>

# Notes

## NOTE 16 QUARTERLY PROFIT AND LOSS *(continue)*

### Storebrand Bank ASA

	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
NOK MILLION	2014	2013	2013	2013	2013	2012	2012	2012
Interest income	244.5	266.6	268.1	270.5	268.1	274.1	277.6	282.6
Interest expense	-182.7	-193.7	-197.5	-198.0	-193.4	-191.1	-195.7	-199.5
<b>Net interest income</b>	<b>61.9</b>	<b>72.9</b>	<b>70.6</b>	<b>72.5</b>	<b>74.7</b>	<b>82.9</b>	<b>81.9</b>	<b>83.1</b>
Fee and commission income from banking services	21.7	23.4	26.7	21.9	23.1	25.9	25.3	25.5
Fee and commission expenses for banking services	-2.8	-2.5	-3.6	-2.4	-3.3	-5.1	-3.2	-3.1
<b>Net fee and commission income</b>	<b>18.9</b>	<b>20.9</b>	<b>23.1</b>	<b>19.4</b>	<b>19.8</b>	<b>20.9</b>	<b>22.1</b>	<b>22.5</b>
Net income and gains from associated companies								1.3
Net gains on financial instruments	0.0	-2.2	2.3	-1.1	-12.5	4.3	22.6	4.1
Other income	-1.0	228.1	-16.1	-0.5	0.0	144.0	6.0	0.0
<b>Total other operating income</b>	<b>-0.9</b>	<b>225.9</b>	<b>-13.8</b>	<b>-1.6</b>	<b>-12.5</b>	<b>148.2</b>	<b>28.6</b>	<b>5.4</b>
Staff expenses	-27.0	4.4	-30.3	-58.8	-33.4	-32.8	-45.5	-35.5
General administration expenses	-15.1	-12.9	-14.1	-12.9	-14.9	-20.6	-14.8	-14.4
Other operating cost	-32.8	-40.6	-40.8	-41.8	-45.2	-47.4	-47.5	-45.6
<b>Total operating costs</b>	<b>-74.9</b>	<b>-49.1</b>	<b>-85.2</b>	<b>-113.5</b>	<b>-93.5</b>	<b>-100.7</b>	<b>-107.8</b>	<b>-95.5</b>
<b>Operating profit before loan losses</b>	<b>4.9</b>	<b>270.6</b>	<b>-5.1</b>	<b>-23.1</b>	<b>-11.5</b>	<b>151.3</b>	<b>24.8</b>	<b>15.4</b>
Loan losses for the period	-44.9	-12.5	-8.9	13.3	-1.1	8.5	1.7	-5.3
<b>Profit before tax</b>	<b>-40.1</b>	<b>258.1</b>	<b>-14.0</b>	<b>-9.8</b>	<b>-12.6</b>	<b>159.8</b>	<b>26.5</b>	<b>10.1</b>
Tax	10.6	-76.7	-0.6	2.7	3.5	-37.3	-5.7	-2.7
<b>Profit for the year</b>	<b>-29.5</b>	<b>181.5</b>	<b>-14.6</b>	<b>-7.1</b>	<b>-9.1</b>	<b>122.5</b>	<b>20.8</b>	<b>7.4</b>

# Notes

## NOTE 17 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

The fair value of lending to customers subject to variable interest rates is stated as book value. However, the fair value of lending to corporate customers with margin loans is slightly lower than book value since some loans have lower margins than they would have had had they been taken out at 31 March 2014. 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	31.03.2014		31.12.2013	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
<b>Financial assets</b>				
Bonds classified as Loans and receivables	1 544.0	1 550.3	1 541.8	1 546.1
Loans to and deposits with credit institutions, amortised cost	622.6	622.6	152.5	152.5
Lending to customers, amortised cost	29 778.8	29 717.1	32 344.9	32 281.8
<b>Financial liabilities</b>				
Deposits from and due to credit institutions, amortised cost	38.6	38.6	31.2	31.2
Deposits from and due to customers, amortised cost	20 584.1	20 584.1	20 728.1	20 728.1
Commercial papers and bonds issued, amortised cost	13 212.8	13 341.0	13 523.6	13 695.1
Subordinated loan capital, amortised cost	590.9	602.9	589.7	596.9

NOK MILLION	Fair value classified per level			FAIR VALUE 31.03.2014	FAIR VALUE 31.12.2013
	LEVEL 1 QUOTED PRICES	LEVEL 2 OBSERVABLE ASSUMPTIONS	LEVEL 3 NON- OBSERVABLE ASSUMPTIONS		
<b>Financial assets</b>					
Bonds classified as Loans and receivables	100.6	1 449.7		1 550.3	1 546.1
Loans to and deposits with credit institutions, amortised cost		622.6		622.6	152.5
Lending to customers, amortised cost		29 717.1		29 717.1	32 281.8
Total fair value at 31.12.2013	100.4	33 880.0			
<b>Financial liabilities</b>					
Deposits from and due to credit institutions, amortised cost		38.6		38.6	31.2
Deposits from and due to customers, amortised cost		20 584.1		20 584.1	20 728.1
Commercial papers and bonds issued, amortised cost		13 341.0		13 341.0	13 695.1
Subordinated loan capital, amortised cost		602.9		602.9	596.9
Total fair value at 31.12.2013		35 051.3			

# Notes

## NOTE 18 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 2013. 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.

### Storebrand Bank Group

#### Specification of financial assets at fair value

NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	BOOK VALUE 31.03.2014	BOOK VALUE 31.12.2013
	QUOTED PRICES	OBSERVABLE ASSUMPTIONS	NON- OBSERVABLE ASSUMPTIONS		
<b>Equities</b>		<b>1.7</b>		<b>1.7</b>	
Total equities 31.12.2013		1.7			1.7
<b>Lending to customers</b>			<b>1 217.0</b>	<b>1 217.0</b>	
Total lending to customers 31.12.2013			1 289.0		1 289.0
Sovereign and Government Guaranteed bonds	396.9	100.4		497.3	100.3
Credit bonds	100.1			100.1	534.6
Mortgage and asset backed bonds	150.7	2 086.6		2 237.4	2 155.8
<b>Total bonds</b>	<b>647.8</b>	<b>2 187.0</b>	<b>0.0</b>	<b>2 834.8</b>	
Total bonds 31.12.2013	100.3	2 690.4			2 790.7
Interest rate derivatives		315.5		315.5	282.6
Currency derivatives				0.0	-0.4
<b>Total derivatives</b>	<b>0.0</b>	<b>315.5</b>	<b>0.0</b>	<b>315.5</b>	
Derivatives with a positive fair value		747.5		747.5	693.2
Derivatives with a negative fair value		-432.0		-432.0	-411.0
Total derivatives 31.12.2013		282.2			

#### Specification of financial liabilities at fair value

<b>Liabilities to credit institutions</b>		<b>0.0</b>		<b>0.0</b>	
Total liabilities to credit institutions 31.12.2013		996.6			996.6

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



# Notes

## NOTE 18 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 01.01.2014	1 289.0
Net gains/losses on financial instruments	1.7
Supply / disposal	4.6
Sales / due settlements	-78.3
Transferred from observable assumptions to non-observable assumptions	
Translation differences	
Other	
<b>Book value 31.03.2014</b>	<b>1 217.0</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 31 March 2014, and the related statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the three-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

Oslo, 6 May 2014  
Deloitte AS

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

# Company information

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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
Ranveig S. Ofstad	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).