

Storebrand Bank Group

First half 2012

 storebrand



Storebrand Bank Group

- interim report for the first half of 2012

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

- Stable earnings performance
- Good portfolio quality
- Application for IRB approval¹⁾ sent

Earnings performance

The Bank Group achieved earnings before tax of NOK 51 million (57 million) in the second quarter, and NOK 103 million (104 million) in the first half of 2012. There has been a positive development in net interest income and other income, while operating expenses and losses are up slightly. There was a positive growth in deposits in both the retail and corporate segments in the quarter, and positive growth in loans within the retail segment.

Net interest income was NOK 123 million (111 million) for the quarter and NOK 236 million (227 million) for the half-year. Interest margins increased from the first to the second quarter, and are at a higher level than in the corresponding period last year. The trend is mainly attributable to increased loan margins. Net interest income as a percentage of average total assets was 1.27 per cent (1.12 per cent) for the quarter and 1.22 per cent (1.17 per cent) for the first half-year.

Net commission income is stable, and other income has developed favourably compared to the corresponding periods last year, mainly due to positive effects from changes in the value of financial instruments. Net commission income amounted to NOK 19 million (17 million) in the second quarter and NOK 35 million (37 million) for the first half-year. Other income totalled NOK 16 million (9 million) for the quarter, and NOK 31 million (24 million) in the first half-year.

Operating expenses totalled NOK 101 million (84 million) in the second quarter and NOK 199 million (190 million) for the first half-year. Operating expenses in the 1st half of 2012 include write-downs on investment properties of NOK 7 million related to loan losses that the bank has taken over. The cost income ratio for the banking business was 64 per cent for the quarter (62 per cent)

International financial instability has not so far led to any problems in the bank's lending portfolio and the total volume of non-performing loans is low and at the same level as it was during the corresponding period in 2011. A loss of NOK 6 million (NOK 4 million) was recorded on write-downs on loans in the second quarter. Group write-downs increased by NOK 1 million in the quarter.

Balance sheet performance

There was positive development in the portfolio in the second quarter within the retail and corporate markets. Gross lending to customers totalled NOK 34.1 billion at the end of the first half-year. There was an increase of NOK 0.5 billion on the bank's balance sheet in the second quarter, while syndicated volume at Storebrand Livsforsikring increased by NOK 0.2 billion.

The Bank Group's retail market portfolio totals NOK 22.9 billion, equivalent to 67 per cent of the bank's total lending, and chiefly comprises low-risk home mortgages. The average weighted loan-to-value ratio is about 54 per cent for home mortgages, almost unchanged compared with the end of the first quarter. Corporate market lending accounts for 33 per cent of the portfolio. Few of the customers are in default and the portfolio has a low level of loan losses.

The volume of non-performing loans was almost unchanged in the first half-year and represents 1.0 per cent (1.0 per cent) of gross lending. This development is the result of continued improvement in portfolio quality. Non-performing loans that are not impaired amounted to NOK 195 million (160 million) and impaired non-performing loans totalled NOK 162 million (171 million).

Liquidity risk and funding

The bank has established good liquidity buffers and attaches great importance to having a balanced funding structure with different maturities and issuances in different markets. Credit facilities/agreements have been established with other banks that Storebrand Bank can draw on as required. The Bank Group had NOK 2,967 million in tradable securities and NOK 322 million deposited in other banks at the end of the second quarter. The volume of customer deposits totalled NOK 20 billion at the end of the quarter. There was growth in both the retail and corporate markets. The deposit-to-loan ratio was 59 per cent at the end of the quarter. This is an increase both compared to the corresponding date last year and on the year to date.

The Bank Group issued covered bonds for NOK 3.4 billion and senior loans for NOK 1.2 billion in the first half-year.

1) IRB approval: "internal ratings-based" means that in-house credit risk models are developed based on the bank's own loan portfolio and, when approved, can be used to calculate capital requirements.

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

Capital adequacy

The Bank Group's capital adequacy was 12.7 per cent and the core (tier 1) capital ratio was 11.3 per cent at the end of the quarter. During the quarter, the Bank made early settlement of a subordinated loan of NOK 250 million. In the second quarter, the Bank applied to the Financial Supervisory Authority of Norway to use the IRB method to calculate capital requirements. Internal models have been developed for both the retail and corporate markets. The roll-out plan aims for the use of internal models for the retail market from 2013 and the corporate market from 2016.

Market

In the first half of 2012, the Bank prioritised improvements to the customer experience, particularly linked to the establishment of the "Total customer" programme for mortgage borrowers. Sales results are developing favourably and there was growth in both deposits and loans within the retail market.

The Bank continues the positive volume trend in the retail market and has maintained its competitive terms. The Bank won the prize for best user service in the annual Gulltaggen awards.

House prices have continued to rise and there is a high level of advance sales of new house buildings, while rents for commercial properties are rather flat. Lending margins are increasing, but investors are more restrictive, so the transaction market has fewer transactions than expected.

Performance of Storebrand Bank ASA

Storebrand Bank ASA achieved earnings before tax of NOK 10 million (30 million) in the second quarter, and NOK 75 million (59 million) in the first half of 2012.

Net interest income for Storebrand Bank ASA totalled NOK 83 million (90 million) in the second quarter and NOK 176 million (179 million) for the first half-year.

The trend in other income for the parent bank was positive, at NOK 5 million (minus 6 million) for the quarter

and NOK 44 million (9 million) in the first half-year. The weak performance in 2011 was largely driven by write-downs linked to the holding in Ring Eiendomsmegling.

A loss of NOK 5 million (income of 4 million) was recorded on write-downs on loans in the second quarter, and NOK 0 million (0 million) in the first half-year. Non-performing loans that are not impaired totalled NOK 115 million (137 million) and impaired non-performing loans were NOK 170 million (210 million) at the end of the first half-year; total non-performing loans came to NOK 285 million (347 million).

The deposit-to-loan ratio in the parent bank was 117.3 per cent (110.8 per cent) at the end of the first half-year. The trend in the deposit-to-loan ratio in the parent company was affected by an increased volume of deposits.

Other

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

In an environment characterised by much international uncertainty the Bank will maintain its focus on sound management of the Bank's credit risk, liquidity risk and control of operational risk and also continue to closely monitor developments in non-performing loans and loan losses.

Developments in the Norwegian and international capital markets, interest rates, unemployment and the property market are regarded as the key risk factors that can affect the results of Storebrand Bank Group in 2012.

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

Lysaker, 12 July 2012
The Board of Directors of Storebrand Bank ASA

Storebrand Bank Group

PROFIT AND LOSS ACCOUNT

| NOK MILLION | NOTE | Q2 | | FULL YEAR | | |
|------------------------------------------------------|----------|---------------|--------------|---------------|---------------|---------------|
| | | 2012 | 2011 | 30.06.2012 | 30.06.2011 | 2011 |
| Interest income | | 386.0 | 401.4 | 785.4 | 776.2 | 1 536.9 |
| Interest expense | | -263.3 | -290.2 | -549.6 | -549.4 | -1 093.9 |
| Net interest income | 5 | 122.7 | 111.1 | 235.8 | 226.8 | 443.0 |
| Fee and commission income from banking services | | 22.2 | 21.7 | 41.0 | 44.1 | 91.5 |
| Fee and commission expenses for banking services | | -3.1 | -4.8 | -6.0 | -7.6 | -18.5 |
| Net fee and commission income | | 19.1 | 16.9 | 35.0 | 36.6 | 73.0 |
| Net income and gains from associated companies | | 1.3 | 0.2 | 1.2 | 0.3 | 0.9 |
| Net gains on financial instruments | 6 | 6.5 | -0.6 | 19.7 | 4.6 | 2.0 |
| Other income | | 8.0 | 9.6 | 9.8 | 19.3 | 29.1 |
| Total other operating income | | 15.8 | 9.2 | 30.7 | 24.2 | 32.0 |
| Staff expenses | | -37.1 | -29.6 | -71.5 | -65.5 | -130.1 |
| General administration expenses | | -14.6 | -17.3 | -29.5 | -40.1 | -85.4 |
| Other operating costs | | -48.9 | -37.1 | -98.0 | -77.5 | -152.2 |
| Losses real estate at fair value. assets repossessed | 12 | 0.0 | 0.0 | | -7.2 | -3.9 |
| Total operating costs | | -100.6 | -84.0 | -199.0 | -190.3 | -371.6 |
| Operating profit before loan losses | | 57.0 | 53.2 | 102.5 | 97.2 | 176.4 |
| Loan losses for the period | 11 | -5.8 | 3.9 | 0.0 | 7.0 | 13.9 |
| Profit before tax | | 51.2 | 57.1 | 102.5 | 104.2 | 190.2 |
| Tax | 7 | -13.5 | -44.0 | -25.4 | -21.0 | -31.5 |
| Result after tax sold/discontinued operations | | -2.0 | -10.1 | -2.1 | -11.8 | -59.8 |
| Profit for the year | | 35.7 | 3.0 | 75.1 | 71.3 | 98.9 |
| Allocated to: | | | | | | |
| Shareholders | | 35.7 | 2.8 | 75.1 | 71.2 | 98.9 |
| Minority interests | | 0.0 | 0.3 | 0.0 | 0.2 | 0.0 |

STATEMENT OF COMPREHENSIVE INCOME

| NOK MILLION | NOTE | Q2 | | FULL YEAR | | |
|--------------------------------------------------|------|-------------|------------|-------------|-------------|--------------|
| | | 2012 | 2011 | 30.06.2012 | 30.06.2011 | 2011 |
| Pension experience adjustments | | | | | | 2.8 |
| Profit for the period | | 35.7 | 3.0 | 75.1 | 71.3 | 98.9 |
| Total comprehensive income for the period | | 35.7 | 3.0 | 75.1 | 71.3 | 101.7 |
| Allocated to: | | | | | | |
| Shareholders | | 35.7 | 2.8 | 75.1 | 71.2 | 101.7 |
| Minority interests | | 0.0 | 0.3 | 0.0 | 0.2 | 0.0 |
| Total | | 35.7 | 3.0 | 75.1 | 71.3 | 101.7 |

Storebrand Bank Group

STATEMENT OF FINANCIAL POSITION

| NOK MILLION | NOTE | 30.06.2012 | 31.12.2011 |
|--------------------------------------------------------------------|--------|-----------------|-----------------|
| Cash and deposits with central banks | | 552.3 | 508.4 |
| Loans to and deposits with credit institutions | | 213.6 | 268.6 |
| Financial assets designated at fair value through profit and loss: | | | |
| Equity instruments | 18 | 5.3 | 5.2 |
| Bonds and other fixed-income securities | 10, 18 | 2 263.1 | 2 655.0 |
| Derivatives | 18 | 888.4 | 920.6 |
| Bonds at amortised cost | 10 | 1 000.2 | 651.2 |
| Other assets | | 597.6 | 210.3 |
| Gross lending | 18 | 34 100.2 | 33 474.5 |
| - Write-downs on individual loans | 11 | -102.8 | -103.4 |
| - Write-downs on groups of loans | | -46.7 | -53.2 |
| Net lending to customers | | 33 950.7 | 33 317.9 |
| Investments in associated companies | | 4.0 | 2.8 |
| Tangible assets | 12 | 9.7 | 11.2 |
| Real estate at fair value | 12 | | 11.7 |
| Intangible assets and goodwill | 12 | 114.9 | 111.1 |
| Deferred tax assets | | 0.0 | 8.1 |
| Assets sold/discontinued operations | | 65.2 | 35.4 |
| Total assets | | 39 665.0 | 38 717.7 |
| Liabilities to credit institutions | 13, 18 | 2 753.0 | 6 015.8 |
| Deposits from and due to customers | 18 | 20 040.1 | 18 485.5 |
| Other financial liabilities: | | | |
| Derivatives | 18 | 526.9 | 500.2 |
| Commercial papers and bonds issued | 14 | 12 870.4 | 10 082.8 |
| Other liabilities | | 357.1 | 501.8 |
| Liabilities sold/discontinued operations | | 69.2 | 30.0 |
| Provision for accrued expenses and liabilities | | 17.9 | 0.8 |
| Pension liabilities | | 103.7 | 103.7 |
| Subordinated loan capital | 14 | 595.3 | 692.3 |
| Total liabilities | | 37 333.7 | 36 412.9 |
| Paid in capital | | 1 516.8 | 1 516.8 |
| Retained earnings | | 812.7 | 787.9 |
| Minority interests | | 1.9 | 0.1 |
| Total equity | | 2 331.4 | 2 304.8 |
| Total equity and liabilities | | 39 665.0 | 38 717.7 |

Storebrand Bank ASA

PROFIT AND LOSS ACCOUNT

| NOK MILLION | NOTE | Q2 | | FULL YEAR | | |
|--------------------------------------------------|----------|--------------|--------------|---------------|---------------|---------------|
| | | 2012 | 2011 | 30.06.2012 | 30.06.2011 | 2011 |
| Interest income | | 282.6 | 326.3 | 606.4 | 643.7 | 1 329.6 |
| Interest expense | | -199.5 | -236.4 | -430.6 | -465.2 | -959.6 |
| Net interest income | 5 | 83.1 | 90.0 | 175.8 | 178.5 | 370.0 |
| Fee and commission income from banking services | | 25.5 | 25.3 | 47.8 | 51.4 | 105.3 |
| Fee and commission expenses for banking services | | -3.1 | -4.8 | -6.0 | -7.6 | -18.5 |
| Net fee and commission income | | 22.5 | 20.6 | 41.8 | 43.9 | 86.9 |
| Net income and gains from associated companies | | 1.3 | 0.2 | 1.2 | 0.3 | 0.9 |
| Net gains on financial instruments | 6 | 4.1 | 12.4 | 41.4 | 20.4 | -11.6 |
| Other income | | 0.0 | -18.8 | 1.4 | -11.6 | -71.4 |
| Total other operating income | | 5.4 | -6.1 | 44.1 | 9.0 | -82.1 |
| Staff expenses | | -35.5 | -27.5 | -68.2 | -61.2 | -120.8 |
| General administration expenses | | -14.4 | -17.1 | -29.1 | -39.7 | -84.6 |
| Other operating costs | | -45.6 | -33.9 | -90.0 | -71.1 | -140.7 |
| Total operating costs | | -95.5 | -78.5 | -187.3 | -172.0 | -346.1 |
| Operating profit before loan losses | | 15.4 | 25.9 | 74.3 | 59.4 | 28.7 |
| Loan losses for the period | 11 | -5.3 | 4.1 | 0.2 | 0.0 | 2.5 |
| Profit before tax | | 10.1 | 30.0 | 74.5 | 59.4 | 31.2 |
| Tax | 7 | -2.7 | -41.0 | -20.7 | -49.3 | -71.1 |
| Profit for the year | | 7.4 | -11.0 | 53.8 | 10.1 | -39.9 |

STATEMENT OF COMPREHENSIVE INCOME

| NOK MILLION | Q2 | | FULL YEAR | | |
|--------------------------------------------------|------------|--------------|-------------|-------------|--------------|
| | 2012 | 2011 | 30.06.2012 | 30.06.2011 | 2011 |
| Pension experience adjustments | | | | | 2.8 |
| Profit for the period | 7.4 | -11.0 | 53.8 | 10.1 | -39.9 |
| Total comprehensive income for the period | 7.4 | -11.0 | 53.8 | 10.1 | -37.2 |

Storebrand Bank ASA

STATEMENT OF FINANCIAL POSITION

| NOK MILLION | NOTE | 30.06.2012 | 31.12.2011 |
|--------------------------------------------------------------------|--------|-----------------|-----------------|
| Cash and deposits with central banks | | 552.3 | 508.4 |
| Loans to and deposits with credit institutions | | 5 344.0 | 4 404.4 |
| Financial assets designated at fair value through profit and loss: | | | |
| Equity instruments | 18 | 1.9 | 1.8 |
| Bonds and other fixed-income securities | 10, 18 | 5 014.6 | 9 319.6 |
| Derivatives | 18 | 586.1 | 606.1 |
| Bonds at amortised cost | 10 | 1 000.2 | 651.2 |
| Other assets | | 1 291.1 | 1 263.4 |
| Gross lending | 18 | 17 110.0 | 16 963.8 |
| - Write-downs on individual loans | 11 | -115.9 | -117.2 |
| - Write-downs on groups of loans | | -45.8 | -51.9 |
| Net lending to customers | | 16 948.3 | 16 794.7 |
| Investments in associated companies | | 2.6 | 1.4 |
| Tangible assets | 12 | 9.3 | 10.7 |
| Intangible assets | 12 | 71.2 | 64.3 |
| Deferred tax assets | | 0.6 | 21.5 |
| Total assets | | 30 822.2 | 33 647.4 |
| Liabilities to credit institutions | 13, 18 | 3 048.0 | 6 318.0 |
| Deposits from and due to customers | 18 | 20 066.8 | 18 492.4 |
| Other financial liabilities: | | | |
| Derivatives | 18 | 526.9 | 500.2 |
| Commercial papers and bonds issued | 14 | 3 841.2 | 4 448.9 |
| Other liabilities | | 383.0 | 888.7 |
| Provision for accrued expenses and liabilities | | 1.0 | 0.8 |
| Pension liabilities | | 103.7 | 103.7 |
| Subordinated loan capital | 14 | 595.3 | 692.3 |
| Total liabilities | | 28 566.0 | 31 445.0 |
| Paid in capital | | 1 635.2 | 1 635.2 |
| Retained earnings | | 620.9 | 567.2 |
| Total equity | | 2 256.1 | 2 202.4 |
| Total equity and liabilities | | 30 822.2 | 33 647.4 |

Lysaker, 12 July 2012
The Board of Directors of Storebrand Bank ASA

Key figures

STOREBRAND BANK GROUP

| NOK MILLION AND PERCENTAGE | Q2 | | FULL YEAR | |
|-------------------------------------------------------------------|----------|----------|------------|----------|
| | 2012 | 2011 | 30.06.2012 | 2011 |
| Profit and Loss account: (as % of avg. total assets) | 1.27 % | 1.12 % | 1.22 % | 1.13 % |
| Net interest income | 0.36 % | 0.27 % | 0.34 % | 0.27 % |
| Other operating income 3) | | | | |
| Main balance sheet figures: | | | | |
| Total assets | | | 39 665.0 | 38 717.7 |
| Average total assets 1) | 38 926.0 | 39 013.2 | 38 790.0 | 39 106.5 |
| Gross lending to customers | | | 34 100.2 | 33 474.5 |
| Deposits from customers | | | 20 040.1 | 18 485.5 |
| Deposits from customers as % of gross lending | | | 58.8 % | 55.2 % |
| Equity | | | 2 331.4 | 2 304.8 |
| Other key figures: | | | | |
| Total non-interest income as % of total income | 22.1 % | 19.0 % | 21.8 % | 19.2 % |
| Loan losses and provisions as % of average total lending 5) | 0.07 % | -0.05 % | 0.00 % | -0.03 % |
| Gross non-performing and loss-exposed loans as % of total lending | | | 1.0 % | 1.0 % |
| Cost/income ratio banking activities 4) | 64.0 % | 62.4 % | 64.6 % | 65.9 % |
| Return on equity before tax 2) | | | 8.9 % | 8.3 % |
| Core capital ratio | | | 11.3 % | 11.4 % |

STOREBRAND BANK ASA

| NOK MILLION AND PERCENTAGE | Q2 | | FULL YEAR | |
|-------------------------------------------------------------------|----------|----------|------------|----------|
| | 2012 | 2011 | 30.06.2012 | 2011 |
| Profit and Loss account: (as % of avg. total assets) | | | | |
| Net interest income | 1.10 % | 1.01 % | 1.13 % | 1.06 % |
| Other operating income 3) | 0.37 % | 0.16 % | 0.55 % | 0.42 % |
| Main balance sheet figures: | | | | |
| Total assets | | | 30 822.2 | 33 647.4 |
| Average total assets 1) | 30 459.7 | 35 483.2 | 31 331.6 | 34 982.8 |
| Gross lending to customers | | | 17 110.0 | 16 963.8 |
| Deposits from customers | | | 20 066.8 | 18 492.4 |
| Deposits from customers as % of gross lending | | | 117.3 % | 109.0 % |
| Equity | | | 2 256.1 | 2 202.4 |
| Other key figures: | | | | |
| Total non-interest income as % of total income | 25.1 % | 13.8 % | 32.8 % | 28.2 % |
| Loan losses and provisions as % of average total lending 5) | 0.12 % | -0.09 % | 0.00 % | -0.08 % |
| Gross non-performing and loss-exposed loans as % of total lending | | | 1.7 % | 1.8 % |
| Cost/income ratio | 86.1 % | 75.2 % | 71.6 % | 67.2 % |
| Return on equity before tax 2) | | | 6.7 % | 1.4 % |
| Core (tier 1) capital ratio | | | 14.2 % | 13.7 % |

Definitions:

- 1) Average total assets is calculated on the basis of monthly total assets for the quarter and for the year to date respectively.
- 2) Annualised profit before tax for continued operations as % of average equity.
- 3) Other operating income includes net fee and commission income.
- 4) Banking activities consists of Storebrand Bank ASA and Storebrand Boligkreditt AS.
- 5) Loan losses and provisions for Storebrand Bank Group includes the item Loan losses for the period and losses real estate at fair value, assets repossessed, in the profit & loss account.

Reconciliation of changes in equity

STOREBRAND BANK GROUP

| NOK MILLION | MAJORITY'S SHARE OF EQUITY | | | | | | | | | TOTAL EQUITY |
|--------------------------------------------------|----------------------------|-----------------------|----------------------|----------------------|-------------------------------------|--------------|--------------------|--------------------|----------------|--------------|
| | SHARE CAPITAL | SHARE PREMIUM RESERVE | OTHER PAID IN EQUITY | TOTAL PAID IN EQUITY | OTHER EQUITY | | | MINORITY INTERESTS | | |
| | | | | | REVENUE AND COSTS APPLIED TO EQUITY | OTHER EQUITY | TOTAL OTHER EQUITY | | | |
| Equity at 31.12.2010 | 960.6 | 156.0 | 400.3 | 1 516.8 | 17.6 | 722.9 | 740.5 | 3.3 | 2 260.6 | |
| Profit for the period | | | | | | 98.9 | 98.9 | 0.0 | 98.9 | |
| Pension experience adjustments | | | | | 2.8 | | 2.8 | | 2.8 | |
| Total other comprehensive income | 0.0 | 0.0 | 0.0 | 0.0 | 2.8 | 0.0 | 2.8 | 0.0 | 2.8 | |
| Total comprehensive income for the period | 0.0 | 0.0 | 0.0 | 0.0 | 2.8 | 98.9 | 101.7 | 0.0 | 101.7 | |
| Equity transactions with owners: | | | | | | | | | | |
| Purchase of minority interests | | | | | | -1.0 | -1.0 | -4.0 | -5.1 | |
| Provision for group contribution | | | | | | -50.0 | -50.0 | | -50.0 | |
| Other changes | | | | | | -3.2 | -3.2 | 0.8 | -2.4 | |
| Equity at 31.12.2011 | 960.6 | 156.0 | 400.3 | 1 516.8 | 20.3 | 767.6 | 787.9 | 0.1 | 2 304.8 | |
| Profit for the period | | | | | | 75.1 | 75.1 | | 75.1 | |
| Pension experience adjustments | | | | | | | | | | |
| Total other comprehensive income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Total comprehensive income for the period | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 75.1 | 75.1 | 0.0 | 75.1 | |
| Equity transactions with owners: | | | | | | | | | | |
| Provision for group contribution | | | | | | -50.0 | -50.0 | | -50.0 | |
| Other changes | | | | | | -0.3 | -0.3 | 1.8 | 1.5 | |
| Equity at 30.06.2012 | 960.6 | 156.0 | 400.3 | 1 516.8 | 20.3 | 792.3 | 812.7 | 1.8 | 2 331.4 | |

Reconciliation of changes in equity

STOREBRAND BANK ASA

| NOK MILLION | SHARE CAPITAL | SHARE PREMIUM RESERVE | OTHER PAID IN EQUITY | TOTAL PAID IN EQUITY | REVENUE AND COSTS APPLIED TO EQUITY | OTHER EQUITY | TOTAL OTHER EQUITY | TOTAL EQUITY |
|--------------------------------------------------|---------------|-----------------------|----------------------|----------------------|-------------------------------------|--------------|--------------------|----------------|
| Equity at 31.12.2010 | 960.6 | 156.0 | 518.7 | 1 635.2 | 15.6 | 638.7 | 654.3 | 2 289.6 |
| Profit for the period | | | | | | -39.9 | -39.9 | -39.9 |
| Pension experience adjustments | | | | | 2.8 | | 2.8 | 2.8 |
| Total other comprehensive income | 0.0 | 0.0 | 0.0 | 0.0 | 2.8 | 0.0 | 2.8 | 2.8 |
| Total comprehensive income for the period | 0.0 | 0.0 | 0.0 | 0.0 | 2.8 | -39.9 | -37.2 | -37.2 |
| Equity transactions with owners: | | | | | | | | |
| Provision for group contribution | | | | | | -50.0 | -50.0 | -50.0 |
| Equity at 31.12.2011 | 960.6 | 156.0 | 518.7 | 1 635.2 | 18.4 | 548.8 | 567.1 | 2 202.4 |
| Profit for the period | | | | | | 53.8 | 53.8 | 53.8 |
| Pension experience adjustments | | | | | | | | |
| Total other comprehensive income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total comprehensive income for the period | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 53.8 | 53.8 | 53.8 |
| Equity at 30.06.2012 | 960.6 | 156.0 | 518.7 | 1 635.2 | 18.4 | 602.5 | 620.8 | 2 256.1 |

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

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

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

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

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

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

Cash flow statement

| STOREBRAND BANK ASA | | | STOREBRAND BANK GROUP | |
|---------------------|-----------------|-----------------------------------------------------------------|-----------------------|----------------|
| 30.06.2011 | 30.06.2012 | NOK MILLION | 30.06.2012 | 30.06.2011 |
| | | Cash flow from operations | | |
| 532.1 | 518.5 | Receipts of interest, commissions and fees from customers | 773.5 | 739.6 |
| -236.3 | -268.5 | Payments of interest, commissions and fees to customers | -268.5 | -236.3 |
| 1 150.8 | -139.2 | Net disbursements/payments on customer loans | -600.7 | 1 349.6 |
| 413.6 | 1 556.0 | Net receipts/payments of deposits from banking customers | 1 544.7 | 407.8 |
| 392.6 | 3 743.7 | Net receipts/payments - securities at fair value | 30.9 | -330.8 |
| | | Net receipts/payments - real estate at fair value | 17.1 | 39.1 |
| | | Payments - taxes | | -4.4 |
| -153.0 | -176.1 | Payments of operating costs | -195.2 | -136.3 |
| -62.5 | 8.7 | Net receipts/payments on other operating activities | -14.8 | -73.3 |
| 2 037.3 | 5 243.2 | Net cash flow from operations | 1 287.0 | 1 755.0 |
| | | Cash flow from investment activities | | |
| 32.5 | | Net receipts from sale of subsidiaries and associated companies | | |
| -12.2 | -2.1 | Net payments on purchase/capitalisation of subsidiaries | | -5.1 |
| -15.3 | -18.8 | Net payments on purchase/sale of fixed assets etc. | -18.8 | -15.7 |
| 5.0 | -20.9 | Net cash flow from investment activities | -18.8 | -20.8 |
| | | Cash flow from financing activities | | |
| -889.4 | -978.3 | Payments - repayments of loans and issuing of bond debt | -402.2 | -1 432.8 |
| 799.9 | 299.4 | Receipts - new loans and issuing of bond debt | 2 846.9 | 1 798.0 |
| -209.5 | -153.3 | Payments - interest on loans | -288.5 | -269.3 |
| | 149.2 | Receipts - subordinated loan capital | 149.2 | |
| | -250.4 | Payments - repayments of subordinated loan capital | -250.4 | |
| -16.7 | -15.3 | Payments - interest on subordinated loan capital | -15.3 | -16.7 |
| -230.4 | -3 263.0 | Net receipts/payments of liabilities to credit institutions | -3 269.0 | -985.9 |
| 135.6 | 58.8 | Receipts - group contribution | | |
| -115.5 | -85.8 | Payments - group contribution / dividends | -50.0 | -50.0 |
| -525.9 | -4 238.9 | Net cash flow from financing activities | -1 279.4 | -956.6 |
| 1 516.4 | 983.5 | Net cash flow in the period | -11.2 | 777.6 |
| 4 006.7 | 4 912.8 | Cash and bank deposits at the start of the period | 777.0 | 835.8 |
| 5 523.1 | 5 896.3 | Cash and bank deposits at the end of the period | 765.9 | 1 613.3 |
| | | Cash and bank deposits consist of: | | |
| 1 200.7 | 552.3 | Cash and deposits with central banks | 552.3 | 412.6 |
| 4 322.4 | 5 344.0 | Loans to and deposits with credit institutions | 213.6 | 1 200.7 |
| 5 523.1 | 5 896.3 | Total cash and bank deposits in the balance sheet | 765.9 | 1 613.3 |

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 for the first half year have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required in the annual financial statements.

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

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

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

NOTE 2 ESTIMATES

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

NOTE 3 SHARE PURCHASES BY EMPLOYEES

In March, employees of Storebrand Group were offered the opportunity to buy shares in Storebrand ASA at a discounted price. The basis of the purchase price was the weighted market share price from 21 March to 23 March and employees were offered shares at 20 % discount to the calculated average. The discount has been recognised in the financial statement. Senior employees bought shares in Storebrand ASA in connection with the payment of the bonus in March in accordance with the statement on the remuneration of senior employees provided in note 45 for Storebrand Bank ASA's annual report for 2011.

NOTE 4 CHANGES IN THE COMPOSITION OF THE GROUP

Storebrand Bank ASA has decided to discontinue the ownership of Ring Eiendomsmegling AS with subsidiaries. As a consequence the annual profit and loss accounts, assets and liabilities are classified as hold for sale in the Bank Group accounting. The 2011 corresponding figures are restated.

Storebrand Eiendomskreditt AS has been wound up in the first quarter of 2012 and Storebrand Bank ASA has received a liquidating dividend of NOK 0.2 million. Storebrand Bank ASA has bought the remaining shares in Hadrian Utvikling AS and Hadrian Utvikling AS has been merged with Hadrian Eiendom AS in June 2012.

Notes

NOTE 5 NET INTEREST INCOME

Storebrand Bank Group

| NOK MILLION | Q2 | | FULL YEAR | | |
|-----------------------------------------------------------------------------|---------------|---------------|---------------|---------------|-----------------|
| | 2012 | 2011 | 30.06.2012 | 30.06.2011 | 2011 |
| Interest and other income on loans to and deposits with credit institutions | 2.4 | 3.5 | 6.1 | 8.2 | 21.5 |
| Interest and other income on loans to and due from customers | 359.5 | 341.1 | 725.7 | 687.3 | 1 394.0 |
| Interest on commercial paper, bonds and other interest-bearing securities | 22.4 | 55.0 | 50.3 | 77.6 | 115.3 |
| Other interest income and related income | 1.7 | 1.7 | 3.3 | 3.0 | 6.1 |
| Total interest income | 386.0 | 401.4 | 785.4 | 776.2 | 1 536.9 |
| Interest and other expenses on debt to credit institutions | -23.3 | -41.6 | -67.8 | -101.5 | -225.2 |
| Interest and other expenses on deposits from and due to customers | -129.5 | -113.9 | -261.9 | -229.0 | -475.4 |
| Interest and other expenses on securities issued | -102.2 | -102.6 | -203.9 | -177.6 | -329.0 |
| Interest and expenses on subordinated loan capital | -7.7 | -10.9 | -15.3 | -19.3 | -39.5 |
| Other interest expenses and related expenses | -0.7 | -21.2 | -0.7 | -22.0 | -24.7 |
| Total interest expenses | -263.3 | -290.2 | -549.6 | -549.4 | -1 093.9 |
| Net interest income | 122.7 | 111.1 | 235.8 | 226.8 | 443.0 |

Storebrand Bank ASA

| NOK MILLION | Q2 | | FULL YEAR | | |
|-----------------------------------------------------------------------------|---------------|---------------|---------------|---------------|----------------|
| | 2012 | 2011 | 30.06.2012 | 30.06.2011 | 2011 |
| Interest and other income on loans to and deposits with credit institutions | 31.0 | 37.4 | 71.2 | 62.1 | 151.8 |
| Interest and other income on loans to and due from customers | 199.5 | 206.1 | 405.3 | 421.2 | 831.2 |
| Interest on commercial paper, bonds and other interest-bearing securities | 50.4 | 81.1 | 126.6 | 157.3 | 340.5 |
| Other interest income and related income | 1.7 | 1.7 | 3.3 | 3.0 | 6.1 |
| Total interest income | 282.6 | 326.3 | 606.4 | 643.7 | 1 329.6 |
| Interest and other expenses on debt to credit institutions | -24.6 | -49.4 | -70.6 | -112.8 | -245.2 |
| Interest and other expenses on deposits from and due to customers | -129.7 | -112.7 | -262.5 | -228.7 | -480.1 |
| Interest and other expenses on securities issued | -37.3 | -42.1 | -80.3 | -82.3 | -170.0 |
| Interest and expenses on subordinated loan capital | -7.7 | -10.9 | -15.3 | -19.3 | -39.5 |
| Other interest expenses and related expenses | -0.1 | -21.2 | -1.9 | -22.0 | -24.7 |
| Total interest expenses | -199.5 | -236.4 | -430.6 | -465.2 | -959.6 |
| Net interest income | 83.1 | 90.0 | 175.8 | 178.5 | 370.0 |

Notes

NOTE 6 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES

| Storebrand Bank Group | Q2 | | FULL YEAR | | |
|-------------------------------------------------------------------------------------|-------------|--------------|--------------|--------------|-------------|
| | 2012 | 2011 | 30.06.2012 | 30.06.2011 | 2011 |
| NOK MILLION | | | | | |
| <i>Equity instruments</i> | | | | | |
| Dividends received from equity investments | | | | | 0.1 |
| Net gains/losses on realisation of equity investments | | | | | |
| Net change in fair value of equity investments | 0.3 | 0.1 | 0.2 | 0.2 | 0.2 |
| Total equity investments, FVO | 0.3 | 0.1 | 0.2 | 0.3 | 0.3 |
| <i>Commercial papers and bonds</i> | | | | | |
| Realised gain/loss on commercial papers and bonds, FVO | -1.2 | 0.4 | 4.2 | 1.6 | 3.2 |
| Unrealised gain/loss on commercial papers and bonds, FVO | 2.1 | 5.5 | 4.8 | 6.8 | -1.4 |
| Total gain/loss on commercial papers and bonds, FVO | 0.9 | 5.9 | 9.1 | 8.3 | 1.8 |
| <i>Lending to customers</i> | | | | | |
| Unrealised gain/loss on lending to customers, FVO | 6.9 | 16.7 | 8.1 | 18.2 | 7.6 |
| Total gain/loss on lending to customers, FVO | 6.9 | 16.7 | 8.1 | 18.2 | 7.6 |
| <i>Liabilities to credit institutions and other funding</i> | | | | | |
| Realised gain/loss on liabilities to credit institutions and other funding, FVO | 0.0 | -1.9 | -8.8 | -1.9 | -1.9 |
| Unrealised gain/loss on liabilities to credit institutions and other funding, FVO | -1.7 | -3.4 | 7.0 | -4.2 | -6.9 |
| Total gain/loss on liabilities to credit institutions and other funding, FVO | -1.7 | -5.3 | -1.8 | -6.2 | -8.9 |
| <i>Financial derivatives and foreign exchange</i> | | | | | |
| Realised gain/loss on financial derivatives, held for trading | -7.6 | -43.8 | 15.5 | -43.7 | -55.4 |
| Unrealised gain/loss on financial derivatives, held for trading | 6.4 | 25.8 | -33.5 | 27.6 | 58.1 |
| Total financial derivatives and foreign exchange, held for trading | -1.2 | -18.0 | -18.0 | -16.0 | 2.7 |
| Net income and gains from financial assets and liabilities at fair value | 5.2 | -0.6 | -2.5 | 4.6 | 3.5 |
| <i>Fair value hedging</i> | | | | | |
| Realised gain/loss on derivatives and bonds issued, fair value hedging | -0.4 | | -0.4 | | |
| Unrealised gain/loss on derivatives and bonds issued, fair value hedging | 1.8 | | 0.0 | | |
| Net gain/loss on fair value hedging | 1.4 | 0.0 | -0.4 | 0.0 | 0.0 |
| <i>Commercial papers and bonds</i> | | | | | |
| Realised gain/loss on commercial papers and bonds at amortised cost | 0.5 | | 1.6 | | |
| Total gain/loss on commercial papers and bonds at amortised cost | 0.5 | 0.0 | 1.6 | 0.0 | 0.0 |
| <i>Bonds issued</i> | | | | | |
| Realised gain/loss on bonds issued at amortised cost | -0.5 | | 21.1 | | -1.6 |
| Total gain/loss on bonds issued at amortised cost | -0.5 | 0.0 | 21.1 | 0.0 | -1.6 |
| Net income and gains from financial assets and liabilities at amortised cost | -0.1 | 0.0 | 22.7 | 0.0 | -1.6 |
| Net income and gains from financial assets and liabilities | 6.5 | -0.6 | 19.7 | 4.6 | 2.0 |

Notes

NOTE 6 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES

Storebrand Bank ASA

| NOK MILLION | Q2 | | FULL YEAR | | |
|-------------------------------------------------------------------------------------|-------------|--------------|--------------|--------------|--------------|
| | 2012 | 2011 | 30.06.2012 | 30.06.2011 | 2011 |
| <i>Equity instruments</i> | | | | | |
| Dividends received from equity investments | | | | | 0.1 |
| Net gains/losses on realisation of equity investments | | | | | |
| Net change in fair value of equity investments | 0.3 | 0.1 | 0.2 | 0.2 | 0.2 |
| Total equity investments. FVO | 0.3 | 0.1 | 0.2 | 0.3 | 0.3 |
| <i>Commercial papers and bonds</i> | | | | | |
| Realised gain/loss on commercial papers and bonds. FVO | -1.0 | 0.4 | 8.9 | 1.6 | 3.2 |
| Unrealised gain/loss on commercial papers and bonds. FVO | 0.9 | 18.5 | 22.6 | 22.5 | -14.7 |
| Total gain/loss on commercial papers and bonds. FVO | 0.0 | 18.9 | 31.6 | 24.1 | -11.5 |
| <i>Lending to customers</i> | | | | | |
| Unrealised gain/loss on lending to customers. FVO | 6.9 | 16.7 | 8.1 | 18.2 | 7.6 |
| Total gain/loss on lending to customers. FVO | 6.9 | 16.7 | 8.1 | 18.2 | 7.6 |
| <i>Liabilities to credit institutions and other funding</i> | | | | | |
| Realised gain/loss on liabilities to credit institutions and other funding. FVO | | -1.9 | -8.8 | -1.9 | -1.9 |
| Unrealised gain/loss on liabilities to credit institutions and other funding. FVO | -1.7 | -3.4 | 7.0 | -4.2 | -6.9 |
| Total gain/loss on liabilities to credit institutions and other funding. FVO | -1.7 | -5.3 | -1.8 | -6.2 | -8.9 |
| <i>Financial derivatives and foreign exchange</i> | | | | | |
| Realised gain/loss on financial derivatives. held for trading | -7.6 | -43.8 | 15.5 | -43.7 | -55.6 |
| Unrealised gain/loss on financial derivatives. held for trading | 6.3 | 25.8 | -33.5 | 27.6 | 58.1 |
| Total financial derivatives and foreign exchange. held for trading | -1.2 | -18.0 | -18.0 | -16.0 | 2.4 |
| Net income and gains from financial assets and liabilities at fair value | 4.2 | 12.4 | 20.0 | 20.4 | -10.0 |
| <i>Fair value hedging</i> | | | | | |
| Realised gain/loss on derivatives and bonds issued. fair value hedging | -0.4 | | -0.4 | | |
| Unrealised gain/loss on derivatives and bonds issued. fair value hedging | 0.5 | | -0.7 | | |
| Net gain/loss on fair value hedging | 0.0 | 0.0 | -1.2 | 0.0 | 0.0 |
| <i>Commercial papers and bonds</i> | | | | | |
| Realised gain/loss on commercial papers and bonds at amortised cost | 0.5 | | 1.6 | | |
| Total gain/loss on commercial papers and bonds at amortised cost | 0.5 | 0.0 | 1.6 | 0.0 | 0.0 |
| <i>Bonds issued</i> | | | | | |
| Realised gain/loss on bonds issued at amortised cost | -0.5 | | 21.1 | | -1.6 |
| Total gain/loss on bonds issued at amortised cost | -0.5 | 0.0 | 21.1 | 0.0 | -1.6 |
| Net income and gains from financial assets and liabilities at amortised cost | -0.1 | 0.0 | 22.7 | 0.0 | -1.6 |
| Net income and gains from financial assets and liabilities | 4.1 | 12.4 | 41.4 | 20.4 | -11.6 |

The note includes gain and loss on investments in bonds and commercial papers, all of the financial derivatives, lending at FVO, other funding at FVO, net gain and loss on fair value hedging and total bonds and commercial papers issued. Other financial assets and liabilities are not included in the note.

Notes

NOTE 7 TAX

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

NOTE 8 CLOSE ASSOCIATES

Covered bonds issued by Storebrand Boligkreditt AS

Storebrand Bank ASA has invested a total of NOK 2.7 billion in covered bonds issued by Storebrand Boligkreditt AS as of 30 June 2012. The investments are included in the liquidity portfolio in the parent company and are classified at fair value option. The investment has been eliminated in the consolidated accounts against bonds issued by Storebrand Boligkreditt AS.

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.

Notes

NOTE 9 - SEGMENT INFORMATION

Storebrand Bank Group

Profit and loss by segment:

| NOK MILLION | CORPORATE | | | | | RETAIL | | | | |
|---------------------------------------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|
| | Q2 | | FULL YEAR | | Q2 | | FULL YEAR | | | |
| | 2012 | 2011 | 30.06.2012 | 30.06.2011 | 2011 | 2012 | 2011 | 30.06.2012 | 30.06.2011 | 2011 |
| Profit and loss items: | | | | | | | | | | |
| Net interest income | 50.2 | 52.2 | 99.5 | 106.7 | 216.0 | 65.7 | 63.3 | 126.1 | 129.8 | 255.0 |
| Net fee and commission income | 2.9 | 2.5 | 5.9 | 8.0 | 15.3 | 16.1 | 13.9 | 29.3 | 28.0 | 57.9 |
| Other income | 13.9 | 9.9 | 18.7 | 15.4 | 33.2 | 0.9 | 0.8 | 2.1 | 1.4 | 3.4 |
| Total operating costs | -32.5 | -30.4 | -63.0 | -61.3 | -125.6 | -67.6 | -60.2 | -131.1 | -121.9 | -234.3 |
| Losses real estate at fair value. assets repossessed | | | | | | | | | | |
| Operating profit before loan losses | 34.4 | 34.2 | 61.0 | 68.9 | 138.9 | 15.1 | 17.7 | 26.4 | 37.4 | 82.0 |
| Loan losses | -4.7 | 5.1 | 2.6 | 12.1 | -2.9 | -1.2 | -1.2 | -2.8 | -5.1 | 5.7 |
| Ordinary profit from continuing operations | 29.8 | 39.2 | 63.7 | 81.0 | 136.0 | 13.9 | 16.5 | 23.6 | 32.3 | 87.7 |
| Ordinary profit from discontinued businesses | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Balance sheet items: | | | | | | | | | | |
| Gross lending to customers | | | 11 158.3 | 11 255.6 | 11 184.1 | | | 22 910.1 | 21 956.4 | 22 028.8 |
| Deposits from and due to customers | | | 8 105.2 | 7 710.3 | 6 961.9 | | | 11 951.2 | 11 491.6 | 10 854.5 |
| Key figures: | | | | | | | | | | |
| Cost/income ratio | 49 % | 47 % | 51 % | 47 % | 47 % | 82 % | 77 % | 83 % | 77 % | 74 % |
| Deposits from customers as % of gross lending | | | 73 % | 69 % | 62 % | | | 52 % | 52 % | 49 % |
| Total level of provisioning | | | 84 % | 86 % | 90 % | | | 14 % | 16 % | 15 % |

Noter til regnskapet

NOTE 9 - SEGMENT INFORMATION

Storebrand Bank Group

Profit and loss by segment:

| NOK MILLION | TREASURY/OTHER | | | | | TOTAL | | | | |
|----------------------------------------------------------|----------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|
| | Q2 | | FULL YEAR | | Q2 | | FULL YEAR | | | |
| | 2012 | 2011 | 30.06.2012 | 30.06.2011 | 2011 | 2012 | 2011 | 30.06.2012 | 30.06.2011 | 2011 |
| Profit and loss items: | | | | | | | | | | |
| Net interest income | 6.8 | -4.3 | 10.2 | -9.8 | -28.0 | 122.7 | 111.2 | 235.8 | 226.8 | 443.0 |
| Net fee and commission income | 0.1 | 0.5 | -0.2 | 0.5 | -0.2 | 19.1 | 16.9 | 35.0 | 36.6 | 73.0 |
| Other income | 1.0 | -1.4 | 10.0 | 7.3 | -4.6 | 15.8 | 9.2 | 30.7 | 24.1 | 32.0 |
| Total operating costs | -0.5 | 6.6 | -4.9 | 0.0 | -7.8 | -100.6 | -84.1 | -199.0 | -183.2 | -367.7 |
| Losses real estate at fair value. assets repossessed | | | | -7.2 | -3.9 | | | | -7.2 | -3.9 |
| Operating profit before loan losses | 7.4 | 1.3 | 15.2 | -9.1 | -44.5 | 57.0 | 53.2 | 102.5 | 97.2 | 176.4 |
| Loan losses | 0.1 | 0.0 | 0.1 | | 11.1 | -5.8 | 3.9 | 0.0 | 7.0 | 13.9 |
| Ordinary profit from continuing operations | 7.5 | 1.4 | 15.3 | -9.1 | -33.5 | 51.2 | 57.1 | 102.5 | 104.2 | 190.2 |
| Ordinary profit from sold/discontinued businesses | -2.0 | -10.1 | -2.1 | -11.8 | -59.8 | -2.0 | -10.1 | -2.1 | -11.8 | -59.8 |
| Balance sheet items: | | | | | | | | | | |
| Gross lending to customers | | | 31.8 | -26.5 | 261.6 | | | 34 100.2 | 33 185.4 | 33 474.5 |
| Deposits from and due to customers | | | -15.3 | 16.1 | 669.1 | | | 20 041.1 | 19 218.0 | 18 485.5 |
| Key figures: | | | | | | | | | | |
| Cost/income ratio | | | | | | 64 % | 61 % | 66 % | 64 % | 67 % |
| Deposits from customers as % of gross lending | | | | | | | | 59 % | 58 % | 55 % |
| Total level of provisioning | | | | | | | | 42 % | 48 % | 47 % |

Business segments are the Group's primary reporting segments.

Description of the segments:

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

Corporate market: The segment includes corporate customers' deposits and loans, mainly property owners and developers, as well as commercial estate agency for corporate customers (Hadrian Eiendom AS). Changes in the value of acquired assets that are presented in the income statement as a separate line item, are shown in the segment note on the loan losses line, reflecting the accounting treatment internally. The reclassification is presented under the "Treasury/other" segment. Stockbroking, corporate business and other capital market business for customers within the bank's corporate market segment are presented under the "Corporate market" segment. The subsidiary Hadrian Eiendom AS (incl. the merged associated company Hadrian Utvikling 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. The bank's 50 per cent ownership interest in Storebrand Baltic UAB in Lithuania is included in the segment "Retail market". Stockbroking and other capital market business for customers within the bank's retail market segment are presented under the "Retail market" segment. The bank's entire 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 elimination of double entries principally applies to customer businesses that relate to more than one category. The effects of financial risk management and the liquidity portfolio have not been allocated to the business areas and are reported under "Treasury/other".

Notes

NOTE 10 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

| STOREBRAND BANK ASA | | | STOREBRAND BANK GROUP | |
|---------------------|----------------|---------------------------------------------------------------------------------------------------------------------|-----------------------|----------------|
| 31.12.2011 | 30.06.2012 | NOK MILLION | 31.12.2011 | 30.06.2012 |
| 293.6 | 304.3 | Guarantees | 304.3 | 293.6 |
| 4 263.1 | 3 570.4 | Undrawn credit limits | 4 129.7 | 3 706.9 |
| 1 408.5 | 1 611.8 | Lending commitments | 1 611.8 | 1 408.5 |
| 5 965.2 | 5 486.5 | Total contingent liabilities | 6 045.8 | 5 409.0 |
| 3 164.4 | 1 894.5 | Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank | 1 894.5 | 2 159.4 |
| 3 542.3 | 2 036.5 | Booked value of securities pledged as collateral for the government securities for covered bonds swap scheme | | |
| 286.5 | 381.5 | Booked value of bonds pledged as security with other credit institutions | | |
| 6 993.2 | 4 312.5 | Total book value of off balance sheet liabilities | 1 894.5 | 2 159.4 |

Undrawn credit limits reported in Storebrand Bank ASA as of 30 June 2012 includes NOK 1.2 billion to the subsidiary Storebrand Boligkreditt AS. Boligkreditt AS.

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

NOTE 11 NON-PERFORMING LOANS AND LOAN LOSSES

| STOREBRAND BANK ASA | | | STOREBRAND BANK GROUP | |
|---------------------|--------------|-----------------------------------------------------------------------|-----------------------|--------------|
| 31.12.2011 | 30.06.2012 | NOK MILLION | 30.06.2012 | 31.12.2011 |
| | | Non-performing loans | | |
| 118.6 | 114.9 | Non-performing loans without evidence of impairment | 194.8 | 159.5 |
| 194.2 | 170.2 | Loss-exposed loans with evidence of impairment | 162.4 | 170.8 |
| 312.7 | 285.1 | Gross non-performing and loss-exposed loans | 357.1 | 330.2 |
| -117.2 | -115.9 | Provisions for individual loan losses | -102.8 | -103.4 |
| 195.5 | 169.2 | Net non-performing and loss-exposed loans | 254.3 | 226.9 |
| | | Key figures | | |
| -51.9 | -45.8 | Loan loss provisions on groups of loans (NOK million) | -46.7 | -53.2 |
| -169.1 | -161.7 | Total loan loss provisions (NOK million) | -149.5 | -156.6 |
| 60 % | 68 % | Level of provisioning for individual loss-exposed loans ¹⁾ | 63 % | 61 % |
| 54 % | 57 % | Total level of provisioning ²⁾ | 42 % | 47 % |

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

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

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

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

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

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

Notes

| STOREBRAND BANK ASA | | | STOREBRAND BANK GROUP | |
|---------------------|------------|----------------------------------------------------------|-----------------------|------------|
| 30.06.2011 | 30.06.2012 | NOK MILLION | 30.06.2012 | 30.06.2011 |
| | | Losses on loans and guarantees etc. during period | | |
| 56.5 | -6.3 | Change in individual loan loss provisions | -7.0 | 56.3 |
| 28.3 | 6.1 | Change in grouped loan loss provisions | 6.5 | 28.3 |
| -2.4 | 0.7 | Other effects on loan loss provisions | 0.7 | -2.4 |
| -84.9 | -2.2 | Realised losses specifically provided for previously | -2.2 | -77.8 |
| -2.8 | -1.3 | Realised losses not specifically provided for previously | -1.3 | -2.8 |
| 5.4 | 3.2 | Recoveries on previous realised losses | 3.2 | 5.4 |
| 0.0 | 0.2 | Loan losses for the period | 0.0 | 7.0 |

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

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

Costs of NOK 18.8 million were capitalised in the first half of 2012 as intangible assets and fixed assets in Storebrand Bank ASA and Storebrand Bank Group. Accordingly costs of NOK 8.4 million were capitalised in Q2. This relates principally to costs incurred on systems development, data warehouse, systems licenses and similar costs.

In calculating the value in use of Hadrian Eiendom AS, a cash flow based assessment of value has been made using the expected profit before taxes. The calculation is based on Board-authorized budgets and forecasts for the next three years. A stable growth rate of 2.5% has been assumed in determining the terminal value, corresponding to the rate of inflation. The value in use is calculated by applying the required rate of return after tax of 12.0%. The required rate of return is determined by establishing the risk-free rate of return and adding a premium to reflect the risk in the business. The calculations show that the goodwill relating to Hadrian Eiendom AS has not been impaired.

Intangible assets recognised on the balance sheet in connection with the "Hadrian" brand name were previously assessed as having unlimited useful economic life and therefore not previously depreciated. With effect from 01.01.2012, the useful economic life has been changed to 5 years and the book value of NOK 30.7 million is depreciated over the economic life in accordance with IAS 38. In the first half of 2012, NOK 3.1 million has been recognised as depreciation of the brand name.

Notes

NOTE 13 LIABILITIES TO CREDIT INSTITUTIONS

| NOK MILLION | STOREBRAND BANK GROUP | |
|------------------------------------------------------------------------------------------|-----------------------|----------------|
| | 30.06.2012 | 31.12.2011 |
| Total liabilities to credit institutions without fixed maturity at amortised cost | 18.6 | 5.1 |
| F-loans: | | |
| Maturity 2012 | | 1 413.1 |
| Loans with floating interest rate: | | |
| Maturity 2012 | | 350.0 |
| Maturity 2013 | 750.0 | 750.0 |
| Accrued expenses | 0.7 | 0.8 |
| Total liabilities to credit institutions with fixed maturity at amortised cost | 750.7 | 2 513.9 |
| Borrowings under the Norwegian Government's Swap arrangement: | | |
| Maturity 2013 | 990.7 | 2 508.4 |
| Maturity 2014 | 992.9 | 988.4 |
| Total liabilities to credit institutions with fixed maturity at fair value (FVO) | 1 983.6 | 3 496.9 |
| Total liabilities to credit institutions | 2 753.0 | 6 015.8 |

As per 30 June 2012, Storebrand Bank ASA had one current credit facility. A NOK 750 million Revolving Credit Facility was signed in October 2010.

NOTE 14 SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL

| NOK MILLION | STOREBRAND BANK GROUP | |
|--------------------------------------------------------------|-----------------------|-----------------|
| | 30.06.2012 | 31.12.2011 |
| Commercial papers | | 501.4 |
| Bond loans | 12 870.4 | 9 581.4 |
| Subordinated loan capital | 595.3 | 692.3 |
| Total securities issued and subordinated loan capital | 13 465.7 | 10 775.1 |

Notes

Specification of bonds issued and subordinated loan capital as of 30 June 2012 - Storebrand Bank Group

| NOK MILLION | | | | | | | BOOK VALUE 30.06.12 |
|-----------------------------------------------------------------------------------|----------------------------|-------------------------|----------|----------|-------------|---------------------------|---------------------------|
| ISIN CODE | ISSUER | NET NOMINAL VALUE | CURRENCY | INTEREST | MATURITY 1) | | |
| Bond loans | | | | | | | |
| NO0010455538 | Storebrand Bank ASA | 285.0 | NOK | Fixed | 03.09.2012 | 302.4 | |
| NO0010590771 | Storebrand Bank ASA | 420.0 | NOK | Floating | 10.05.2013 | 421.9 | |
| NO0010473408 | Storebrand Bank ASA | 408.0 | NOK | Floating | 21.11.2013 | 413.4 | |
| NO0010507775 | Storebrand Bank ASA | 773.0 | NOK | Floating | 30.04.2014 | 784.9 | |
| NO0010599822 | Storebrand Bank ASA | 315.0 | NOK | Floating | 11.08.2014 | 316.2 | |
| NO0010635626 | Storebrand Bank ASA | 350.0 | NOK | Floating | 26.01.2015 | 352.6 | |
| NO0010439821 | Storebrand Bank ASA | 310.0 | NOK | Fixed | 04.06.2015 | 333.8 | |
| NO0010654510 | Storebrand Bank ASA | 300.0 | NOK | Floating | 06.07.2015 | 299.6 | |
| NO0010513237 | Storebrand Bank ASA | 300.0 | NOK | Fixed | 25.05.2016 | 316.9 | |
| NO0010641079 | Storebrand Bank ASA | 300.0 | NOK | Floating | 27.03.2017 | 299.5 | |
| Total bond loans | | | | | | | 3 841.2 |
| Covered bonds | | | | | | | |
| NO0010466071 | Storebrand Boligkreditt AS | 1 250.0 | NOK | Fixed | 24.04.2014 | 1 321.2 | |
| NO0010428584 | Storebrand Boligkreditt AS | 1 000.0 | NOK | Fixed | 06.05.2015 | 1 087.8 | |
| NO0010638307 | Storebrand Boligkreditt AS | 1 000.0 | NOK | Floating | 17.06.2015 | 1 000.4 | |
| NO0010575913 | Storebrand Boligkreditt AS | 515.5 | NOK | Floating | 03.06.2016 | 516.1 | |
| NO0010612294 | Storebrand Boligkreditt AS | 1 535.0 | NOK | Floating | 15.06.2016 | 1 530.9 | |
| NO0010635071 | Storebrand Boligkreditt AS | 2 150.0 | NOK | Floating | 21.06.2017 | 2 162.1 | |
| NO0010548373 | Storebrand Boligkreditt AS | 1 250.0 | NOK | Fixed | 28.10.2019 | 1 410.6 | |
| Total covered bonds | | | | | | | 9 029.2 |
| Total commercial papers and bonds issued | | | | | | | 12 870.4 |
| 1) Maturity date in this summary is the first possible maturity date (Call date). | | | | | | | |
| ISIN CODE | ISSUER | NET NOMINAL VALUE | CURRENCY | INTEREST | CALL DATE | BOOK VALUE 30.06.12 | |
| Dated subordinated loan capital | | | | | | | |
| NO0010402787 | Storebrand Bank ASA | 150.0 | NOK | Floating | 19.12.2012 | 150.1 | |
| NO0010641657 | Storebrand Bank ASA | 150.0 | NOK | Floating | 12.04.2017 | 151.3 | |
| Other subordinated loan capital | | | | | | | |
| NO001771168 | Storebrand Bank ASA | 9.3 | NOK | Fixed | perpetual | 9.7 | |
| Hybrid tier 1 capital | | | | | | | |
| NO001024206 | Storebrand Bank ASA | 107.0 | NOK | Fixed | 29.10.2014 | 115.6 | |
| NO001024207 | Storebrand Bank ASA | 168.0 | NOK | Floating | 29.10.2014 | 168.6 | |
| Total subordinated loan capital | | | | | | | 595.3 |
| Total securities issued and subordinated loan capital | | | | | | | 13 465.7 |

Notes

NOTE 15 RISK

The market value of Storebrand Bank's financial assets and liabilities varies due to financial market risks. Note 3 to note 7 of the 2011 annual report explains the banking group's financial risks which also is representative of the financial risks as per 30 June 2012. Throughout 2011 credit risk in Storebrand Bank has been gradually reduced. This development has continued in the first half of 2012, and the non-performing lending volume, both with and without impairment, is at a low level.

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

Credit risk

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

Liquidity risk

The risk that the Bank Group, the parent bank and the subsidiaries are unable to fulfil their obligations without incurring substantial additional expense in the form of low prices for assets that must be realised, or in the form of especially expensive financing.

Refer to notes 13 and 14 for more information.

Market risk

The risk of losses on open positions in financial instruments due to changes in market variables and/or market conditions within a specified time horizon. Covers counterparty risk in financial instruments trading, as well as securities risk, interest rate risk and exchange rate risk.

Operational risk

The risk of financial loss due to ineffective, inadequate or failing internal processes or systems, human error, external events or failure to comply with internal guidelines. Breach of laws and regulations can obstruct the Group from achieving its objectives and this part of compliance risk is included in operational risk.

Compliance risk

The risk that the Group incurs public sanctions or financial losses due to failure to comply with external and internal regulations.

Notes

NOTE 16 CAPITAL ADEQUACY

Capital adequacy calculations are subject to special consolidation rules in accordance with the regulation on consolidated application of the capital adequacy rules etc. (the "Consolidation Regulation"). The Storebrand Bank group is defined pursuant to Section 5 of the Consolidation Regulation as a financial group comprising solely or mainly undertakings other than insurance companies. The valuation rules used in the company's accounts form the basis for consolidation. Consolidation is mainly carried out in accordance with the same principles as those used in the accounts, with all internal transactions eliminated, including shares, loans and deposits as well as other receivables and liabilities. Companies in which the group has a minority interest are included on a proportional basis applying the percentage interest held by the group at 30 June 2012.

Net primary capital

| STOREBRAND BANK ASA | | NOK MILLION | STOREBRAND BANK GROUP | |
|---------------------|----------------|---------------------------------------------------------------|-----------------------|----------------|
| 31.12.2011 | 30.06.2012 | | 30.06.2012 | 31.12.2011 |
| 960.6 | 960.6 | Share capital | 960.6 | 960.6 |
| 1 241.8 | 1 295.6 | Other equity | 1 370.8 | 1 344.2 |
| 2 202.4 | 2 256.1 | Total equity | 2 331.4 | 2 304.8 |
| | | Deductions: | | |
| | -53.8 | Profit not included in the calculation of net primary capital | -75.1 | |
| -64.3 | -71.2 | Intangible assets | -114.9 | -111.1 |
| -21.5 | -0.6 | Deferred tax asset | | -22.6 |
| | | Provision for group contribution | | -50.0 |
| | | Addition: | | |
| 279.0 | 278.9 | Hybrid Tier 1 capital | 278.9 | 279.0 |
| 2 395.6 | 2 409.5 | Core capital | 2 420.3 | 2 400.1 |
| 409.2 | 308.5 | Supplementary capital | 308.5 | 409.2 |
| | | Deductions | | |
| 2 804.9 | 2 718.0 | Net primary capital | 2 728.8 | 2 809.3 |

Notes

NOTE 16 CAPITAL ADEQUACY

Minimum capital requirement

| STOREBRAND BANK ASA | | NOK MILLION | STOREBRAND BANK GROUP | |
|---------------------|----------------|----------------------------------------------------|-----------------------|----------------|
| 31.12.2011 | 30.06.2012 | | 30.06.2012 | 31.12.2011 |
| 1 340.7 | 1 299.6 | Credit risk | 1 633.0 | 1 597.8 |
| | | Of which: | | |
| 2.5 | | Local and regional authorities | | 2.5 |
| 8.0 | | Public sector owned corporates | | 8.0 |
| 193.5 | 187.7 | Institutions | 39.5 | 19.8 |
| 666.1 | 680.8 | Corporates | 680.8 | 664.3 |
| 316.6 | 315.0 | Loans secured on residential real estate | 812.3 | 800.6 |
| 44.2 | 40.4 | Retail market | 40.9 | 44.2 |
| 19.6 | 19.4 | Loans past-due | 22.0 | 21.1 |
| 71.1 | 40.0 | Covered bonds | 18.0 | 17.7 |
| 19.1 | 16.3 | Other | 19.6 | 19.6 |
| 1 340.7 | 1 299.6 | Total minimum requirement for credit risk | 1 633.0 | 1 597.8 |
| | | Settlement risk | | |
| 0.0 | 0.0 | Total minimum requirement for market risk | 0.0 | 0.0 |
| 60.8 | 60.8 | Operational risk ¹⁾ | 91.1 | 91.1 |
| | | Deductions | | |
| -4.2 | -3.7 | Loan loss provisions on groups of loans | -3.7 | -4.3 |
| 1 397.4 | 1 356.8 | Minimum requirement for net primary capital | 1 720.4 | 1 684.7 |

Capital adequacy

| STOREBRAND BANK ASA | | | STOREBRAND BANK GROUP | |
|---------------------|------------|-----------------------------|-----------------------|------------|
| 31.12.2011 | 30.06.2012 | | 30.06.2012 | 31.12.2011 |
| 16.1 % | 16.0 % | Capital ratio | 12.7 % | 13.3 % |
| 13.7 % | 14.2 % | Core (tier 1) capital ratio | 11.3 % | 11.4 % |

1) The figures for 30.06.2012 and 2011 are calculated as an average of total income for 2009, 2010 and 2011.

Capital adequacy is calculated in accordance with the Basel II regulations. The company uses the standard method for credit risk and market risk, and the basic method for operational risk. The minimum requirement for the capital ratio is 8 per cent.

Notes

NOTE 17 QUARTERLY PROFIT AND LOSS

Storebrand Bank Group

| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 |
|------------------------------------------------------|---------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| NOK MILLION | 2012 | 2012 | 2011 | 2011 | 2011 | 2011 | 2010 | 2010 |
| Interest income | 386.0 | 399.4 | 395.9 | 364.9 | 401.4 | 374.8 | 383.1 | 396.5 |
| Interest expense | -263.3 | -286.3 | -292.3 | -252.2 | -290.2 | -259.2 | -270.1 | -283.4 |
| Net interest income | 122.7 | 113.1 | 103.6 | 112.7 | 111.1 | 115.6 | 113.0 | 113.1 |
| Fee and commission income from banking services | 22.2 | 18.8 | 24.9 | 22.4 | 21.7 | 22.5 | 23.1 | 24.0 |
| Fee and commission expenses for banking services | -3.1 | -2.9 | -6.9 | -4.0 | -4.8 | -2.8 | -4.4 | -4.3 |
| Net fee and commission income | 19.1 | 15.9 | 18.0 | 18.5 | 16.9 | 19.7 | 18.6 | 19.7 |
| Net income and gains from associated companies | 1.3 | | 0.2 | 0.4 | 0.2 | | -0.4 | -0.3 |
| Net gains on financial instruments | 6.5 | 13.2 | -1.2 | -1.5 | -0.6 | 5.2 | 3.3 | 6.9 |
| Other income | 8.0 | 1.7 | 8.3 | 1.5 | 9.6 | 9.7 | 11.9 | 3.4 |
| Total other operating income | 15.8 | 14.9 | 7.3 | 0.5 | 9.2 | 14.9 | 14.8 | 9.9 |
| Staff expenses | -37.1 | -34.4 | -32.6 | -32.0 | -29.6 | -35.9 | -41.1 | -37.7 |
| General administration expenses | -14.6 | -14.9 | -22.9 | -22.4 | -17.3 | -22.8 | -25.0 | -20.6 |
| Other operating cost | -48.9 | -49.1 | -31.1 | -43.6 | -37.1 | -40.4 | -31.0 | -34.8 |
| Losses real estate at fair value, assets repossessed | | | 4.7 | -1.5 | | -7.2 | -2.1 | 0.0 |
| Total operating costs | -100.6 | -98.4 | -81.8 | -99.5 | -84.0 | -106.3 | -99.2 | -93.2 |
| Operating profit before loan losses | 57.0 | 45.6 | 47.1 | 32.1 | 53.2 | 43.9 | 47.1 | 49.6 |
| Loan losses for the period | -5.8 | 5.8 | -4.5 | 11.3 | 3.9 | 3.1 | -15.3 | 0.1 |
| Profit before tax | 51.2 | 51.3 | 42.6 | 43.5 | 57.1 | 47.1 | 31.8 | 49.7 |
| Tax | -13.5 | -11.8 | 1.9 | -12.4 | -44.0 | 22.9 | -38.5 | -15.2 |
| Result after tax sold/discontinued operations | -2.0 | -0.1 | -31.7 | -16.2 | -10.1 | -1.7 | -5.8 | 1.8 |
| Profit for the year | 35.7 | 39.4 | 12.8 | 14.8 | 3.0 | 68.3 | -12.5 | 36.3 |

Notes

NOTE 17 QUARTERLY PROFIT AND LOSS

Storebrand Bank ASA

| | 2Q | Q1 | Q4 | Q3 | 2. kv. | Q1 | Q4 | Q3 |
|--------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| NOK MILLION | 2012 | 2012 | 2011 | 2011 | 2011 | 2011 | 2010 | 2010 |
| Interest income | 282.6 | 323.8 | 346.4 | 339.5 | 326.3 | 317.3 | 316.8 | 326.8 |
| Interest expense | -199.5 | -231.2 | -250.5 | -243.9 | -236.4 | -228.8 | -238.2 | -245.8 |
| Net interest income | 83.1 | 92.7 | 95.9 | 95.6 | 90.0 | 88.5 | 78.5 | 81.0 |
| Fee and commission income from banking services | 25.5 | 22.2 | 28.2 | 25.7 | 25.3 | 26.1 | 26.3 | 27.2 |
| Fee and commission expenses for banking services | -3.1 | -2.9 | -6.9 | -4.0 | -4.8 | -2.8 | -4.4 | -4.3 |
| Net fee and commission income | 22.5 | 19.3 | 21.3 | 21.7 | 20.6 | 23.3 | 21.9 | 22.9 |
| Net income and gains from associated companies | 1.3 | | 0.2 | 0.4 | 0.2 | | -0.4 | -0.3 |
| Net gains on financial instruments | 4.1 | 37.3 | -20.0 | -11.9 | 12.4 | 8.0 | 26.5 | 28.6 |
| Other income | | 1.5 | 19.1 | -78.9 | -18.8 | 7.2 | 76.9 | 0.0 |
| Total other operating income | 5.4 | 38.7 | -0.7 | -90.4 | -6.1 | 15.2 | 103.0 | 28.3 |
| Staff expenses | -35.5 | -32.7 | -29.0 | -30.6 | -27.5 | -33.7 | -37.1 | -34.5 |
| General administration expenses | -14.4 | -14.7 | -22.7 | -22.2 | -17.1 | -22.6 | -24.2 | -20.3 |
| Other operating cost | -45.6 | -44.4 | -28.5 | -41.1 | -33.9 | -37.2 | -24.8 | -31.7 |
| Total operating costs | -95.5 | -91.8 | -80.1 | -94.0 | -78.5 | -93.5 | -86.1 | -86.5 |
| Operating profit before loan losses | 15.4 | 58.9 | 36.4 | -67.1 | 25.9 | 33.5 | 117.3 | 45.7 |
| Loan losses for the period | -5.3 | 5.5 | 1.7 | 0.8 | 4.1 | -4.1 | -19.1 | -0.1 |
| Profit before tax | 10.1 | 64.4 | 38.1 | -66.3 | 30.0 | 29.4 | 98.2 | 45.5 |
| Tax | -2.7 | -18.0 | -15.6 | -6.3 | -41.0 | -8.2 | -33.8 | -12.8 |
| Profit for the year | 7.4 | 46.3 | 22.5 | -72.6 | -11.0 | 21.2 | 64.4 | 32.8 |

NOTE 18 VALUATION

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

Storebrand Bank group and Storebrand Bank ASA

- Declaration by the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer have today considered and approved the half-yearly report and half-yearly accounts of Storebrand Bank ASA group and Storebrand Bank ASA for the first six months as at 30 June 2012 (the 2012 half-yearly report).

The half-yearly report has been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting as approved by the EU, as well as the additional Norwegian requirements set out in the Securities Trading Act.

The Board of Directors and the Chief Executive Officer hereby confirm that, to the best of their knowledge, the half-yearly accounts for 2012 have been prepared in accordance with the current accounting standards, and the information contained in the accounts gives a true and fair view of the parent company's and the group's assets, liabilities, and financial position taken as a whole as at 30 June 2012.

The Board of Directors and the Chief Executive Officer confirm that, to the best of their knowledge, the half-yearly accounts gives a true and fair summary of important events during the accounting period and their effect on the half-yearly accounts Storebrand Bank ASA and Storebrand Bank ASA group. The Board of Directors and the Chief Executive Officer also confirm that, to the best of their knowledge, the description of the most important risk and uncertainty factors that the business faces in the next accounting period, together with the description of material transactions with close associates, provide a true and fair summary.

Lysaker, 12 July 2012

The Board of Directors of Storebrand Bank ASA

Stein Wessel-Aas
Chairman

Odd Arild Grefstad
Deputy chairman

Geir Holmgren
Board Member

Eva Kristine Schei
Board Member

Maria Borch Helsingreen
Board Member

Anne Kristine Baltzersen
Board Member

Heidi Storruste
Board Member

Truls Nergaard
Managing Director

Translation from the original Norwegian version

To the board of Storebrand Bank ASA

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statement of financial position of Storebrand Bank ASA (the Group) as of June 30, 2012, and the related statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the six-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard No 34 "Interim Financial Reporting" adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information for the Group is not prepared, in all material aspects, in accordance with International Accounting Standard No 34 "Interim Financial Reporting" adopted by EU.

Oslo, July 12, 2012

Deloitte AS

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

Company Information

Address:

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

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

Company registration number: 953 299 216

Senior Management:

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

Board of Directors:

| | |
|--------------------------|-----------------|
| Stein Wessel-Aas | Chairman |
| Odd Arild Grefstad | Deputy chairman |
| Kristine Schei | Board Member |
| Geir Holmgren | Board Member |
| Maria Borch Helsingreen | Board Member |
| Anne-Kristine Baltzersen | Board Member |
| Heidi Storruste | Board Member |

Contact persons:

Truls Nergaard. Managing Director. Tel.:+ 47 - 916 02 270.
Trond Fladvad. Finance Director. Tel.:+ 47 - 928 97 173.

Other sources of information:

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