



Interim report 2016

Storebrand Bank ASA

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Storebrand Bank Group

- Quarterly report for the first quarter of 2016

(Profit figures for the corresponding period in 2015 are shown in parentheses. Balance sheet figures in parentheses are for the end of 2015.)

- Good retail market portfolio growth
- Entered into cooperative agreement with UNIO
- Sale of mortgages to Storebrand Livsforsikring AS
- Low volume of non-performing loans

The lending balance in the retail market portfolio increased by NOK 1.6 billion during the quarter. The bank has also sold NOK 1.4 billion in mortgages to Storebrand Livsforsikring AS. During the quarter, the bank entered into a cooperative agreement with UNIO that gives members the offer of mortgages at one of the best interest rates in the market. The agreement is Norway's largest association agreement for banking services and applies for 230,000 members.

The bank's corporate market is being wound up. The market is being wound up in a controlled manner over time.

FINANCIAL PERFORMANCE

The bank group achieved pre-tax profits of NOK 21 million (NOK 40 million) in the first quarter.

Net interest income was NOK 88 million (NOK 94 million) in the first quarter. The decrease was primarily due to the fee to the Norwegian Banks' Guarantee Fund of NOK 14 million in 2016 being expensed in its entirety in the first quarter. In previous years this has been accrued over 12 months. NOK 4 million was expensed for the corresponding period in 2015. Net interest income as a percentage of average total assets was 1.18 per cent (1.12 per cent) in the first quarter. Net interest income as a percentage of average total assets related to the retail market of the bank group was 1.20 per cent (1.25 per cent) for the quarter.

As a result of the ongoing winding up of the corporate market portfolio, net commission income fell and amounted to NOK 8 million (NOK 14 million) for the first quarter.

Other income totalled NOK 7 million (NOK 9 million) for the first quarter.

Operating costs totalled NOK 74 million (NOK 69 million) in the first quarter. This increase was primarily due to increased marketing and sales costs.

NOK 8 million (NOK 7 million) was expensed for write-downs on loans in the first quarter. The write-downs were primarily associated with the bank's corporate market portfolio. Group write-downs increased by NOK 2 million during the quarter, due primarily to higher write-downs in the corporate market portfolio. The bank has in particular assessed commitments that are directly or indirectly associated with the oil sector.

BALANCE SHEET PERFORMANCE

The loan portfolio in the retail market increased by NOK 1.6 billion in the first quarter, of which the bank sold NOK 1.4 billion to Storebrand Livsforsikring AS. The corporate market portfolio continues to shrink as planned. Gross lending to customers totalled NOK 29.3 billion (NOK 29.4 billion) at the end of the quarter. The volume of corporate market loans

syndicated to Storebrand Livsforsikring AS amounted to NOK 2.0 billion (NOK 2.1 billion) at the end of the quarter.

The bank group's retail market portfolio totals NOK 27.0 billion, equivalent to 92 per cent of the bank's total lending, and primarily comprises low-risk home mortgages. The weighted average loan-to-value ratio in the bank group for the retail market portfolio is approximately 57 per cent for home mortgage loans, compared with 58 per cent at the end of 2015. Corporate market lending accounts for 8 per cent of the portfolio.

The total volume of non-performing loans decreased by NOK 7 million in the first quarter and accounts for 0.6 per cent (0.6 per cent) of gross lending at the end of the quarter. The bank considers the portfolio quality to be good. Non-performing loans without impairment amounted to NOK 101 million (NOK 87 million) at the end of the quarter. Non-performing loans with impairment amounted to NOK 79 million (NOK 100 million) at the end of the quarter, and the impairment cause loan loss provisions on individual loans of NOK 23 million (NOK 58 million).

LIQUIDITY RISK AND FUNDING

The bank has established good liquidity buffers and attaches great importance to having a balanced funding structure with varying terms to maturity and issuances in various markets. The volume of deposits from customers was NOK 16.6 billion (NOK 17.8 billion) at the end of the quarter, which represents a deposit-to-loan ratio of 56.6 per cent (60.7 per cent).

Storebrand Bank ASA issued a senior bond of NOK 500 million (maturity 2019) in the first quarter. In addition, Storebrand Boligkreditt AS has issued a covered bond of NOK 2.5 billion (maturity 2021).

The liquidity coverage requirement (LCR) measures the size of the company's liquid assets, in relation to the liquidity outflow 30 days in the future given a stress situation in the money and capital markets. The minimum requirement for LCR with escalation was introduced: 60 per cent from 1 October 2015, 70 per cent from 1 January 2016, 80 per cent from 1 January 2017 and 100 per cent from January 2018. The bank has measured and reported its LCR number to the Financial Supervisory Authority of Norway over the past year and is well within the future requirement. At the end of the first quarter of 2016, the bank's LCR was 149 per cent (95 per cent).

CAPITAL ADEQUACY

The bank had a stable risk-weighted balance sheet during the quarter. The Storebrand Bank group had net primary capital of NOK 2.6 billion (NOK 2.6 billion) at the end of the first quarter. The capital adequacy ratio was 17.3 per cent and the core capital ratio excl. Hybrid Tier 1 capital was 13.9 per cent at the end of the first quarter of 2016, compared with 17.1 per cent and 13.8 per cent, respectively, at the end of 2015. The bank group has adapted to the new capital requirements and aims to comply with the applicable buffer capital requirements at any given time. The company has satisfactory financial strength and liquidity based on its operations. The bank group, parent bank and home mortgage company all satisfy the current statutory requirements.

PERFORMANCE OF STOREBRAND BANK ASA

In the first quarter, Storebrand Bank ASA achieved a pre-tax profit of NOK 11 million (minus NOK 19million).

Net interest income for Storebrand Bank ASA totalled NOK 56 million (NOK 40 million) in the first quarter.

NOK 8 million (NOK 7 million) was expensed for write-downs on loans for the first quarter.

STRATEGY AND FUTURE PROSPECTS

In 2016 Storebrand Bank group will continue to work on improving the business' profitability combined with growth in the retail market. The consequences of the international financial instability for both the banking industry and our customers will be closely monitored. The bank will also prioritise maintaining a moderate to low risk profile with a good balance sheet and good funding composition.

In the retail market, the bank will work towards reducing costs, increasing the degree of automation in customer and work processes, as well as developing better mobile and tablet solutions for customers.

Due to the discontinuation of the corporate market, the bank will not enter into new projects, grant new loans or otherwise acquire new corporate market customers.

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 2016. 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 the Storebrand Bank group in 2016.

The Board of Directors are not aware of any events of material importance to the preparation of the interim financial statements that have occurred since the balance sheet date.

Lysaker, 26 April 2016
The Board of Directors of Storebrand Bank ASA

Storebrand Bank Group

Income statement

(NOK million)	Note	Q1 2016	2015	Full year 2015
Interest income		198.9	267.0	948.8
Interest expense		-110.9	-173.4	-571.6
Net interest income	11	88.0	93.6	377.3
Fee and commission income from banking services		11.3	16.3	52.0
Fee and commission expenses for banking services		-3.0	-2.4	-11.4
Net fee and commission income		8.4	13.9	40.6
Net gains on financial instruments		7.0	2.3	-26.0
Other income		0.0	6.3	5.6
Total other operating income		7.0	8.7	-20.4
Staff expenses		-25.8	-30.2	-117.2
General administration expenses		-13.5	-12.3	-50.7
Other operating costs		-35.0	-26.7	-98.7
Total operating costs		-74.2	-69.2	-266.6
Operating profit before loan losses		29.1	46.9	130.9
Loan losses for the period	13	-8.1	-7.2	-45.4
Profit before tax		21.1	39.7	85.5
Tax	3	-6.0	-10.7	-26.0
Result after tax sold/discontinued operations		0.0	-0.3	-0.5
Profit for the period		15.1	28.7	59.0
Profit for the period is attributable to:				
Portion attributable to shareholders		12.3	28.7	50.4
Portion attributable to additional Tier 1 capital holders		2.8	0.0	8.6
Profit for the period		15.1	28.7	59.0

Statement of comprehensive income

(NOK million)	Q1 2016	2015	Full Year 2015
Profit for the period	15.1	28.7	59.0
Pension experience adjustments			-10.1
Tax on pension experience adjustments			2.9
Total other result elements not to be classified to profit/loss	0.0	0.0	-7.2
Unrealised gain/loss financial instruments held for trading			9.0
Total other result elements that may be classified to profit/loss	0.0	0.0	9.0
Total comprehensive income for the period	15.1	28.7	60.7
Total comprehensive income for the period is attributable to:			
Portion attributable to shareholders	12.3	28.7	52.1
Portion attributable to additional Tier 1 capital holders	2.8	0.0	8.6
Total comprehensive income for the period	15.1	28.7	60.7

Storebrand Bank Group

Statement of financial position

(NOK million)	Note	31.03.2016	31.03.2015	31.12.2015
Cash and deposits with central banks		310.7	135.9	188.6
Loans to and deposits with credit institutions	6	404.2	265.2	122.9
Financial assets designated at fair value through profit and loss:				
Equity instruments	6	10.6	2.0	10.6
Bonds and other fixed-income securities	6, 12	2 656.2	3 174.9	2 653.5
Derivatives	6	462.7	607.3	423.0
Bonds at amortised cost	6, 12	780.7	1 006.4	780.7
Other current assets	6	24.6	8.7	48.3
Gross lending, amortised cost	6	27 958.0	26 677.2	28 135.9
Gross lending, FVO	6	1 367.6	989.5	1 214.8
Gross lending		29 325.7	27 666.7	29 350.8
- Loan loss provisions on individual loans	13	-23.4	-41.6	-57.9
- Loan loss provisions on groups of loans	13	-33.1	-19.3	-30.7
Net lending to customers		29 269.1	27 605.8	29 262.1
Tangible assets		1.8	5.7	2.0
Intangible assets and goodwill		92.0	106.5	88.5
Deferred tax assets	3	31.5	29.8	33.3
Assets sold/discontinued operations		0.0	0.1	0.0
Total assets		34 043.9	32 948.4	33 613.7
Liabilities to credit institutions	6	708.4	378.0	415.7
Deposits from and due to customers	6	16 595.1	18 645.0	17 824.7
Other financial liabilities:				
Derivatives	6	342.1	406.6	331.3
Commercial papers and bonds issued	6, 8	13 571.1	10 702.4	12 214.2
Other liabilities	6	174.1	108.8	113.4
Liabilities sold/discontinued operations		0.0	0.1	0.0
Provision for accrued expenses and liabilities		7.8	9.5	8.2
Pension liabilities		25.3	30.8	25.3
Subordinated loan capital	6, 8	277.0	511.7	277.0
Total liabilities		31 700.9	30 793.0	31 209.6
Paid in capital		1 442.7	1 516.8	1 516.8
Retained earnings		674.4	638.6	661.3
Additional Tier 1 capital		226.0	0.0	226.0
Total equity		2 343.1	2 155.4	2 404.2
Total equity and liabilities		34 043.9	32 948.4	33 613.7

Lysaker, 26 April 2016
The Board of Directors of Storebrand Bank ASA

Storebrand Bank ASA

Income statement

(NOK million)	Note	Q1		Full Year
		2016	2015	2015
Interest income		128.3	172.4	622.3
Interest expense		-72.1	-132.6	-414.2
Net interest income	11	56.3	39.8	208.1
Fee and commission income from banking services		25.8	19.1	74.4
Fee and commission expenses for banking services		-3.0	-2.4	-11.4
Net fee and commission income		22.8	16.7	63.0
Net gains on financial instruments		13.0	-1.4	-35.9
Other income		0.0	1.4	103.2
Total other operating income		13.0	0.0	67.3
Staff expenses		-25.7	-30.2	-117.0
General administration expenses		-13.4	-12.2	-50.5
Other operating costs		-34.2	-25.9	-95.9
Total operating costs		-73.3	-68.3	-263.3
Operating profit before loan losses		18.7	-11.8	75.0
Loan losses for the period	13	-7.8	-7.2	-43.5
Profit before tax		10.9	-19.0	31.5
Tax	3	-3.4	-5.1	-23.7
Profit for the period		7.5	-13.9	7.8
Profit for the period is attributable to:				
Portion attributable to shareholders		4.7	-13.9	-0.8
Portion attributable to additional Tier 1 capital holders		2.8	0.0	8.6
Profit for the period		7.5	-13.9	7.8

Statement of comprehensive income

(NOK million)	Q1		Full Year
	2016	2015	2015
Profit for the period	7.5	-13.9	7.8
Pension experience adjustments			-10.1
Tax on pension experience adjustments			2.9
Total other result elements not to be classified to profit/loss	0.0	0.0	-7.2
Unrealised gain/loss financial instruments held for trading			9.0
Total other result elements that may be classified to profit/loss	0.0	0.0	9.0
Total comprehensive income for the period	7.5	-13.9	9.5
Total comprehensive income for the period is attributable to:			
Portion attributable to shareholders	4.7	-13.9	0.9
Portion attributable to additional Tier 1 capital holders	2.8	0.0	8.6
Total comprehensive income for the period	7.5	-13.9	9.5

Storebrand Bank ASA

Statement of financial position

(NOK million)	Note	31.03.2016	31.03.2015	31.12.2015
Cash and deposits with central banks		310.7	135.9	188.6
Loans to and deposits with credit institutions	6	1 551.8	2 433.6	2 094.8
Financial assets designated at fair value through profit and loss:				
Equity instruments	6	10.6	2.0	10.6
Bonds and other fixed-income securities	6, 12	4 835.3	6 203.0	4 922.6
Derivatives	6	271.6	369.4	249.8
Bonds at amortised cost	6, 12	780.7	1 006.4	780.7
Other current assets		1 010.0	1 076.9	1 176.1
Gross lending, amortised cost	6	13 686.7	12 861.8	13 844.3
Gross lending, FVO	6	1 367.6	989.5	1 214.8
Gross lending		15 054.4	13 851.3	15 059.2
- Loan loss provisions on individual loans	13	-21.1	-40.6	-55.7
- Loan loss provisions on groups of loans	13	-31.1	-17.7	-28.9
Net lending to customers		15 002.1	13 793.1	14 974.5
Tangible assets		1.8	2.7	2.0
Intangible assets		92.0	106.5	88.5
Deferred tax assets	3	31.5	30.3	34.2
Total assets		23 898.0	25 159.7	24 522.5
Liabilities to credit institutions	6	1 019.8	685.8	726.3
Deposits from and due to customers	6	16 605.4	18 656.3	17 835.0
Other financial liabilities:				
Derivatives	6	342.1	406.6	331.3
Commercial papers and bonds issued	6, 8	3 112.4	2 661.7	2 704.3
Other liabilities	6	180.3	117.1	292.8
Provision for accrued expenses and liabilities		7.8	9.5	8.2
Pension liabilities		25.3	30.8	25.3
Subordinated loan capital	6, 8	277.0	511.7	277.0
Total liabilities		21 570.0	23 079.5	22 200.0
Paid in capital		1 762.4	1 688.3	1 762.4
Retained earnings		339.5	391.9	334.1
Additional Tier 1 capital		226.0	0.0	226.0
Total equity		2 327.9	2 080.2	2 322.5
Total equity and liabilities		23 898.0	25 159.7	24 522.5

Lysaker, 26 April 2016
The Board of Directors of Storebrand Bank ASA

Storebrand Bank Group

Statement of changes in equity

(NOK million)	Share capital	Share premium	Other paid-in equity	Total paid-in equity	Other equity	Total retained earnings	Additional Tier 1 capital	Total equity
Equity at 31.12.2014	960.6	156.0	400.3	1 516.8	1 009.9	1 009.9	0.0	2 526.7
Profit for the period					50.4	50.4	8.6	59.0
Total other result elements not to be classified to profit/loss					-7.2	-7.2		-7.2
Total other result elements that may be classified to profit/loss					9.0	9.0		9.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	52.1	52.1	8.6	60.7
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					1.5	1.5	226.0	227.5
Payment to additional Tier 1 holders							-8.6	-8.6
Provision for group contribution					-402.2	-402.2		-402.2
Equity at 31.12.2015	960.6	156.0	400.3	1 516.8	661.3	661.3	226.0	2 404.2
Profit for the period					12.3	12.3	2.8	15.1
Total other result elements not to be classified to profit/loss						0.0		0.0
Total other result elements that may be classified to profit/loss						0.0		0.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	12.3	12.3	2.8	15.1
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					0.7	0.7		0.7
Payment to additional Tier 1 holders							-2.8	-2.8
Group contribution paid			-74.1	-74.1				-74.1
Equity at 31.3.2016	960.6	156.0	326.2	1 442.7	674.4	674.4	226.0	2 343.1
Equity transactions with owners:								
Provision for group contribution					-400.0	-400.0		-400.0
Equity at 31.03.2015	960.6	156.0	400.3	1 516.8	638.6	638.6	0.0	2 155.4

Storebrand Bank ASA

Statement of changes in equity

(NOK million)	Share capital	Share premium	Other paid-in equity	Total paid-in equity	Other equity	Total retained earnings	Additional Tier 1 capital	Total equity
Equity at 31.12.2014	960.6	156.0	571.8	1 688.3	405.8	405.8	0.0	2 094.1
Profit for the period					-0.8	-0.8	8.6	7.8
Total other result elements not to be classified to profit/loss					-7.2	-7.2		-7.2
Total other result elements that may be classified to profit/loss					9.0	9.0		9.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.9	0.9	8.6	9.5
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					1.5	1.5	226.0	227.5
Payment to additional Tier 1 holders							-8.6	-8.6
Group contribution received			74.1	74.1				74.1
Provision for group contribution					-74.1	-74.1		-74.1
Equity at 31.12.2015	960.6	156.0	645.9	1 762.4	334.1	334.1	226.0	2 322.5
Profit for the period				0.0	4.7	4.7	2.8	7.5
Total other result elements not to be classified to profit/loss						0.0		0.0
Total other result elements that may be classified to profit/loss						0.0		0.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	4.7	4.7	2.8	7.5
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					0.7	0.7		0.7
Payment to additional Tier 1 holders						0.0	-2.8	-2.8
Equity at 31.03.2016	960.6	156.0	645.9	1 762.4	339.5	339.5	260.0	2 327.9
The share capital is made up of 64 037 183 shares of nominal value NOK 15.								
Equity at 31.12.2014	960.6	156.0	571.8	1 688.3	405.8	405.8	0.0	2 094.1
Profit for the period					-13.9	-13.9		-13.9
Total other result elements, not to be classified to profit/loss						0.0		0.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-13.9	-13.9	0.0	-13.9
Equity at 31.03.2015	960.6	156.0	571.8	1 688.3	391.9	391.9	0.0	2 080.2

Storebrand Bank ASA has two tier 1 capital bonds that were issued in 2013 and 2014 for NOK 150 million and NOK 75 million, respectively. With effect from 2nd quarter 2015, these hybrid tier 1 capital bonds are included as hybrid capital within the Group's equity.

Statement of cash flow

Storebrand Bank ASA			Storebrand Bank Group	
31.03.2015	31.03.2016	NOK million	31.03.2016	31.03.2015
		Cash flow from operations		
165,3	134,0	Receipts of interest, commissions and fees from customers	213,1	274,7
-27,7	-28,3	Payments of interest, commissions and fees to customers	-28,3	-27,7
373,3	27,6	Net disbursements/payments on customer loans	26,6	845,3
-785,3	-1 254,9	Net receipts/payments of deposits from banking customers	-1 254,9	-788,5
18,6	97,1	Net receipts/payments - securities at fair value	87,6	6,0
-54,3	-53,3	Payments of operating costs	-55,8	-58,4
		Net receipts/payments on other operating activities		3,4
-310,2	-1 077,8	Net cash flow from operating activities	-1 011,7	254,7
		Cash flow from investment activities		
-2,5	-7,3	Net payments on purchase/sale of fixed assets etc.	-7,3	-2,5
-2,5	-7,3	Net cash flow from investment activities	-7,3	-2,5
		Cash flow from financing activities		
-221,0	-100,0	Payments - repayments of loans and issuing of bond debt	-1 759,7	-258,3
200,0	500,0	Receipts - new loans and issuing of bond debt	3 000,0	200,0
-22,8	-35,3	Payments - interest on loans	-77,8	-76,6
-6,0	-2,8	Payments - interest on subordinated loan capital	-2,8	-6,0
	-2,8	Payments - interest on additional Tier 1 capital	-2,8	
359,9	293,6	Net receipts/payments of liabilities to credit institutions	292,8	358,8
	144,4	Receipts - group contribution		
-457,1	-132,8	Payments - group contribution / dividends	-27,4	-457,1
-147,0	664,3	Net cash flow from financing activities	1 422,4	-239,2
-459,8	-420,9	Net cash flow in the period	403,4	13,0
3 029,2	2 283,4	Cash and bank deposits at the start of the period	311,5	388,1
2 569,4	1 862,6	Cash and bank deposits at the end of the period	714,9	401,1
		Cash and bank deposits consist of:		
135,9	310,7	Cash and deposits with central banks	310,7	135,9
2 433,6	1 551,8	Loans to and deposits with credit institutions	404,2	265,2
2 569,4	1 862,6	Total cash and bank deposits in the balance sheet	714,9	401,1

Notes

Storebrand Bank Group

Note 01 | Accounting principles

The Group's financial statements include Storebrand Bank ASA together with subsidiaries. The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements 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 2015 annual report, and the interim financial statements are prepared with respect to these accounting policies. There are no new nor amended accounting standards that entered into effect as at 1 January 2016 that have caused significant effects on Storebrand Bank ASA's and Storebrand Bank Group's interim financial statements.

Storebrand Bank ASA's two Hybrid Tier 1 capital instruments was reclassified in 2nd quarter 2015 from liabilities to equity. The interest and the belonging tax effect are not presented within the lines interest expense and tax in the income statement but as a reduction in Other equity. Corresponding figures have not been changed. Also see Statement of Changes in Equity for more information.

Note 02 | Estimates

Critical accounting estimates and judgements are described in the 2015 annual financial statements in note 2 and valuation of financial instruments at fair value are described in note 6.

In preparing the Group's financial statements the management are requiring 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 judgment at the time the financial statements were prepared.

Actual results may differ from these estimates.

The Bank Group's critical estimates and judgements that could result in material adjustment of recognised amounts are discussed below:

Financial instruments at fair value

There is uncertainty linked to fixed-rate loans recorded at fair value, due to variation in the interest rate terms offered by banks and since individual borrowers have different credit risk.

See also note 6 where valuation of of financial instruments at fair value are described further.

Financial instruments at amortised cost

Financial instruments valued at amortised cost are assessed on the reporting date to see whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A certain degree of judgement must be used in assessing whether impairment has occurred and the amount of the impairment loss. Uncertainty grows when there is turmoil in financial markets. The assessments include credit, market and liquidity risk. Changes in assumptions for these factors will affect an assessment of whether impairment is indicated. There will thus be uncertainty concerning the recognised amounts of individual and group write-downs. This will apply to provisions relating to loans in the private and the corporate markets and to bonds that are recognised at amortised cost.

Note
03

Tax

Tax cost is based on an expected average tax rate of 25% of company's profit and group profit before tax adjusted for permanent difference

Note
04

Related parties

COVERED BONDS ISSUED BY STOREBRAND BOLIGKREDITT AS

Storebrand Bank ASA has invested a total of NOK 2.2 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 March 2016. 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 sold, Storebrand Boligkreditt AS assumes all the risks and benefits of owning the loan portfolio. It is Storebrand Boligkreditt AS 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.

LOANS SOLD TO STOREBRAND LIVSFORSIKRING AS

Storebrand Bank ASA has sold mortgages to sister company Storebrand Livsforsikring AS. The mortgages were sold on commercial terms. The portfolio of loans that was sold in the first quarter of 2016 totalled NOK 1.4 billion. As the buyer, Storebrand Livsforsikring AS has acquired both cash flows and most of the risk and control. The loans were therefore derecognised in the bank's balance sheet in accordance with IAS 39. Storebrand Bank ASA receives management fees for the work being done with the sold portfolio.

CREDIT FACILITIES WITH STOREBRAND BOLIGKREDITT AS

The bank has two credit facilities with Storebrand Boligkreditt AS. One of these is a normal overdraft facility, with a ceiling of NOK 6 billion. This has no expiry date, but can be terminated by the bank on 15 months' notice. The other facility must have a sufficient ceiling at all times to be able to cover interest and repayment on covered bonds and related derivatives for the next 12 months. This drawing right may not be terminated by the bank until at least 3 months after the maturity date of the covered bond and related derivatives with the longest period to maturity.

OTHER RELATED PARTIES

Storebrand Bank ASA conducts transactions with related parties as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with senior employees and related parties are stipulated in notes 39 and 40 in the 2015 annual report for Storebrand Bank ASA.

Note 05 | Financial 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 2015 annual report explains the banking group's financial risks which also is representative of the financial risks as per 31 March 2016. The bank's corporate market portfolio has declined since the end of 2015, but this has not significantly changed the risk in the remaining portfolio.

Note 06 | Valuation of financial instruments

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 obtained 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 a selected brokerage firm.

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 on three different levels, for further information see note 8 in the 2015 annual report. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with reference to minimising the uncertainty of valuations.

VALUATION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

Storebrand Bank Group

(NOK million)	Fair value	Fair value	Book value	Book value
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
Financial assets				
Bonds classified as loans and receivables	782.0	781.7	780.7	780.7
Loans to and deposits with credit institutions	404.2	122.9	404.2	122.9
Net lending to customers	27 859.6	28 016.0	27 901.5	28 047.3
Other current assets	24.6	48.3	24.6	48.3
Financial liabilities				
Liabilities to credit institutions	306.4	11.6	306.4	11.6
Deposits from and due to customers	16 595.1	17 824.7	16 595.1	17 824.7
Commercial papers and bonds issued	13 556.4	12 183.9	13 571.1	12 214.2
Other liabilities	174.1	113.4	174.1	113.4
Subordinated loan capital	273.3	277.0	277.0	277.0

VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

Storebrand Bank Group

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Book value 31.03.2016	Book value 31.12.2015
Assets:					
Equities		1.6	9.0	10.6	10.6
Total equities 31.12.2015		1.6	9.0		
Lending to customers			1 367.6	1 367.6	1 214.8
Total lending to customers 31.12.2015			1 214.8		0.0
Government and government guaranteed bonds		220.1		220.1	219.2
Credit bonds				0.0	196.5
Mortgage and asset backed bonds		2 436.1		2 436.1	2 237.8
Total bonds	0.0	2 656.2	0.0	2 656.2	
Total bonds 31.12.2015		2 653.5			
Interest derivatives		120.5		120.5	91.6
Currency derivatives				0.0	0.2
Total derivatives	0.0	120.5	0.0	120.5	
Derivatives with a positive fair value		462.7		462.7	423.0
Derivatives with a negative fair value		-342.1		-342.1	-331.3
Total derivatives 31.12.2015		91.8			
Liabilities:					
Liabilities to credit institutions		402.0		402.0	404.1
Total liabilities to credit institutions 31.12.2015		404.1			

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

SPECIFICATION OF SECURITIES PURSUANT TO VALUATION TECHNIQUES (NON-OBSERVABLE ASSUMPTIONS)

(NOK million)	Equities	Lending to customers
Book value 01.01.2016	9.0	1 214.8
Net gains/losses on financial instruments		-0.8
Supply / disposal		224.1
Sales / due settlements		-70.5
Transferred from observable assumptions to non-observable assumptions		
Translation differences		
Other		
Book value 31.03.2016	9.0	1 367.6

SENSITIVITY ANALYSIS

LENDING TO CUSTOMERS

The value of fixed-rate loans is determined by discounting the agreed cash flows over the remaining maturity by the current discount rate adjusted for market spread. The discount rate that is used is based on a swap interest rate (mid swap) with a maturity that corresponds to the remaining lock-in period for the underlying loans. The market spread that is used on the date of the balance sheet is determined by assessing the market conditions, market price and the associated swap interest rate.

EQUITIES

Under equities, the investment in VISA Norge FLI has been primarily valued based on information on the completion of a transaction between VISA Europe Ltd and VISA Inc. There is a great deal of uncertainty concerning the value, with regard to the completion of the transaction, the share that passes to Visa Norway and the share that passes to Storebrand Bank ASA. There is also a great deal of uncertainty associated with what the value of membership in Visa Norway is worth in one instance where the transaction was not completed.

(NOK million)	Fixed-rate loans to customers		Equities	
	Change in market spread		Change in value	
	+ 10 BP	- 10 BP	+ 25 BP	- 25 BP
Increase/reduction in fair value at 31.03.2016	-4.5	4.5	0.2	-0.2
Increase/reduction in fair value at 31.12.2015	-3.9	3.9	0.2	-0.2

Note
07

Segment information

PROFIT AND LOSS BY SEGMENT FOR STOREBRAND BANK GROUP

(NOK million)	Corporate			Retail		
	Q1	Full Year	Full Year	Q1	Full Year	Full Year
	2016	2015	2015	2016	2015	2015
Profit and loss item:						
Net interest income	12.4	8.6	37.7	94.7	95.8	365.9
Net fee and commission income	0.9	5.3	7.8	6.5	10.3	39.6
Other income		0.4	1.8		0.6	-6.8
Total operating costs	-8.4	-13.2	-42.1	-65.9	-56.0	-217.8
Operating profit before loan losses	4.9	1.1	5.2	35.3	50.7	180.8
Loan losses	-6.5	-6.3	-40.3	-1.3	-0.9	-5.2
Ordinary profit from continuing operations	-1.6	-5.2	-35.1	34.0	49.8	175.6
Ordinary profit from discontinued businesses	0.0	0.0	0.0	0.0	0.0	0.0
Balance sheet items:						
Gross lending to customers	2 224.1	3 458.0	2 371.8	27 009.3	24 100.2	26 860.8
Deposits from and due to customers	468.5	692.7	400.0	16 077.2	17 888.1	17 434.9
Key figures:						
Net interest income as % of total assets	1.84 %	0.80 %	1.05 %	1.20 %	1.35 %	1.24 %
Cost/income ratio	63 %	92 %	89 %	65 %	52 %	55 %
Deposits from customers as % of gross lending	21 %	20 %	17 %	60 %	74 %	65 %
Total level of provisioning	61 %	75 %	132 %	23 %	18 %	22 %

(NOK million)	Treasury/other			Total		
	Q1	Full Year		Q1	Full Year	
	2016	2015	2015	2016	2015	2015
Profit and loss items:						
Net interest income	-19.1	-10.8	-26.3	88.0	93.6	377.3
Net fee and commission income	1.0	-1.7	-6.8	8.4	13.9	40.6
Other income	7.0	7.7	-15.4	7.0	8.7	-20.4
Total operating costs	0.1		-6.6	-74.2	-69.2	-266.6
Operating profit before loan losses	-11.0	-4.8	-55.1	29.1	46.9	130.9
Loan losses	-0.3		0.2	-8.1	-7.2	-45.4
Ordinary profit from continuing operations	-11.3	-4.8	-54.9	21.1	39.7	85.5
Ordinary profit from sold/discontinued businesses	0.0	-0.4	-0.5	0.0	-0.4	-0.5
Balance sheet items:						
Gross lending to customers	92.3	108.5	118.2	29 325.7	27 666.7	29 350.8
Deposits from and due to customers	49.4	64.2	-10.3	16 595.1	18 645.0	17 824.7
Key figures:						
Net interest income as % of total assets				1.09 %	1.11 %	1.13 %
Cost/income ratio				72 %	67 %	67 %
Deposits from customers as % of gross lending				57 %	67 %	61 %
Total level of provisioning				32 %	31 %	48 %

Business segments are the Group' primary reporting segments.

DESCRIPTION OF THE SEGMENTS:

CORPORATE MARKET:

The segment includes corporate customers' deposits and loans, mainly property owners and developers.

All capital market business for customers within the bank's corporate market segment is presented under the corporate market segment. Storebrand Bank ASA has decided to wind up the corporate market at the bank. The winding up of operations will be gradual and controlled.

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 is presented under the retail market segment.

In the second quarter 2015 a deposit portfolio linked to small SME and retail customers that was reported earlier as part of the corporate market segment was moved to the retail market segment.

The fee to the Norwegian Banks' Guarantee Fund is accrued over 12 months in the segment accounts. The residual for actual recognised expense is entered in the Other/Treasury segment.

The allocation of income and expenses that are not directly attributable has been made on the basis of the assumed resource use.

The elimination of double entries refers primarily to customer transactions that are carried out across the segments.

The effects of financial risk management and the liquidity portfolio have not been allocated to the business areas and are reported under treasury/other.

Securities issued and subordinated loan capital

(NOK million)	Storebrand Bank Group	
	31.03.2016	31.12.2015
Commercial papers		
Bond loans	13 571.1	12 214.2
Subordinated loan capital *)	277.0	277.0
Total securities issued and subordinated loan capital	13 848.1	12 491.2

SPECIFICATION OF COMMERCIAL PAPERS, BONDS ISSUED AND SUBORDINATED LOAN CAPITAL AS OF 31 MARCH 2016 FOR STOREBRAND BANK GROUP

(NOK million)			Net				Book value
ISIN CODE	Issuer	nominal value	Currency	Interest	Maturity ¹⁾		31.03.2016
Bond loans							
NO0010513237	Storebrand Bank ASA	265.0	NOK	Fixed	25.05.2016		280.6
NO0010660806	Storebrand Bank ASA	300.0	NOK	Fixed	08.10.2019		326.9
NO0010641079	Storebrand Bank ASA	800.0	NOK	Floating	27.03.2017		800.6
NO0010662752	Storebrand Bank ASA	300.0	NOK	Floating	13.11.2017		300.9
NO0010751316	Storebrand Bank ASA	300.0	NOK	Floating	09.11.2018		300.5
NO0010758980	Storebrand Bank ASA	500.0	NOK	Floating	04.03.2019		501.1
NO0010729387	Storebrand Bank ASA	600.0	NOK	Floating	14.01.2020		601.8
Total bond loans							3 112.4

(NOK million) ISIN CODE	Issuer	Net nominal value	Currency	Interest	Maturity ¹⁾	Book value 31.03.2016
Covered bonds						
NO0010548373	Storebrand Boligkreditt AS	1 250.0	NOK	Fixed	28.10.2019	1 443.6
NO0010575913	Storebrand Boligkreditt AS	45.0	NOK	Floating	03.06.2016	45.1
NO0010612294	Storebrand Boligkreditt AS	943.0	NOK	Floating	15.06.2016	943.5
NO0010635071	Storebrand Boligkreditt AS	2 460.0	NOK	Floating	21.06.2017	2 465.4
NO0010660822	Storebrand Boligkreditt AS	2 500.0	NOK	Floating	20.06.2018	2 515.6
NO0010736903	Storebrand Boligkreditt AS	2 300.0	NOK	Floating	17.06.2020	2 295.8
NO0010760192	Storebrand Boligkreditt AS	750.0	NOK	Floating	16.06.2021	749.7
Total covered bonds						10 458.7
Total commercial papers and bonds issued						13 571.1

1) Maturity date in this summary is the first possible maturity date (Call date).

(NOK million) ISIN CODE	Issuer	Net nominal value	Currency	Interest	Maturity ¹⁾	Book value 31.03.2016
Dated subordinated loan capital						
NO0010641657	Storebrand Bank ASA	150.0	NOK	Floating	12.04.2017	151.5
NO0010714314	Storebrand Bank ASA	125.0	NOK	Floating	09.07.2019	125.6
Total subordinated loan capital *)						277.0
Total securities issued and subordinated loan capital						13 848.1

The loan agreements contain standard covenants. Storebrand Bank ASA and Storebrand Boligkreditt AS were in compliance with all relevant covenants in 2016. Under the loan programme in Storebrand Boligkreditt AS the company's overcollateralisation requirement was 109.5 per cent fulfilled.

*) Hybrid tier 1 capital has been reclassified as equity as of the second quarter of 2015. See the Statement of Changes in Equity for more information.

Note 09 | Capital adequacy

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

NET PRIMARY CAPITAL

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2015	31.03.2016	NOK million	31.03.2016	31.12.2015
960.6	960.6	Share capital	960.5	960.6
1 362.0	1 367.4	Other equity	1 382.5	1 443.6
2 322.5	2 327.9	Total equity	2 343.1	2 404.2
-225.0	-225.0	Additional Tier 1 capital included in total equity	-225.0	-225.0
-1.0	-1.0	Accrued interest on capital instruments included in total equity	-1.0	-1.0
2 096.5	2 101.9	Total equity exc. Hybrid Tier 1 capital	2 117.1	2 178.1
		Deductions:		
	-7.5	Profit not included in the calculation of net primary capital	-15.1	
-88.5	-92.0	Intangible assets	-92.0	-88.5
		Deferred tax asset		-0.3
		Provision for group contribution		-74.1
		Addition:		
		Group contribution received	74.1	74.1
2 008.0	2 002.5	Core capital exc. Hybrid Tier 1 capital	2 084.1	2 089.3
		Additional Tier 1 capital:		
225.0	225.0	Capital instruments eligible as AT1 capital	225.0	225.0
		Addition		
2 233.0	2 227.5	Core capital	2 309.1	2 314.3
274.8	274.8	Supplementary capital	274.8	274.8
		Tier 2 capital		
		Tier 2 capital deductions		
2 507.7	2 502.3	Net primary capital	2 583.9	2 589.1

MINIMUM CAPITAL REQUIREMENT

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2015	31.03.2016	NOK million	31.03.2016	31.12.2015
910.2	901.8	Credit risk	1 105.4	1 110.6
		Of which:		
10.0	6.3	Local and regional authorities	6.3	9.8
168.1	174.5	Institutions	15.0	10.0
2.5	0.3	Corporates	0.3	2.5
541.5	535.6	Loans secured in residential real estate	944.3	951.3
83.1	79.4	Retail market	82.2	88.0
7.7	10.3	Loans past-due	14.5	12.4
81.9	84.0	Covered bonds	22.5	20.9
15.5	11.4	Other	20.4	15.7
910.2	901.8	Total minimum requirement for credit risk	1 105.4	1 110.6
		Settlement risk		
0.0	0.0	Total minimum requirement for market risk	0.0	0.0
87.1	71.7	Operational risk	77.2	88.4
9.5	9.4	CVA risk *)	18.1	17.8
		Deductions		
-2.3	-2.5	Loan loss provisions on groups of loans	-2.7	-2.5
1 004.4	980.3	Minimum requirement for net primary capital	1 198.1	1 214.4

CAPITAL ADEQUACY

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2015	31.03.2016		31.03.2016	31.12.2015
20.0 %	20.4 %	Capital ratio	17.3 %	17.1 %
17.8 %	18.2 %	Core (tier 1) capital ratio	15.4 %	15.2 %
16.0 %	16.3 %	Core capital ratio excl. Hybrid Tier 1 capital	13.9 %	13.8 %

*) Regulation on own funds requirements for credit valuation adjustment risk.

The standard method is used for credit risk and market risk, and the basic method for operational risk. The overall requirements for core tier 1 capital and the capital base are 11 and 14.5 per cent respectively as of 30 June 2015 through the introduction of counter-cyclical capital buffer. The level of the countercyclical capital buffer requirement is further increased by 0.5 percent from 30 June 2016 with a corresponding increase in the requirement for Core (tier 1) capital ratio and net primary capital from this date.

BASIS OF CALCULATION (RISK-WEIGHTED VOLUME)

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2015	31.03.2016	NOK million	31.03.2016	31.12.2015
11 377.2	11 272.1	Credit risk	13 817.8	13 882.5
		Of which:		
124.8	78.7	Local and regional authorities	78.7	122.6
2 101.1	2 180.9	Institutions	187.0	124.6
30.6	3.3	Corporates	3.3	30.6
6 768.5	6 695.2	Loans secured on residential real estate	11 804.0	11 891.8
1 038.6	992.4	Retail market	1 027.7	1 100.4
95.9	129.2	Loans past-due	180.7	154.8
1 024.4	1 050.2	Covered bonds	281.6	261.8
193.2	142.1	Other	254.8	195.8
11 377.2	11 272.1	Total basis of calculation credit risk	13 817.8	13 882.5
0.0	0.0	Settlement risk	0.0	0.0
0.0	0.0	Total basis of calculation market risk	0.0	0.0
1 088.3	895.8	Operational risk	965.5	1 105.1
118.2	117.4	CVA risk *)	225.8	222.6
		Deductions		
-28.9	-31.1	Loan loss provisions on groups of loans	-33.1	-30.7
12 554.7	12 254.2	Total basis of calculation of minimum requirements for capital base	14 976.0	15 179.4

Key figures

(NOK million and percentage)	Storebrand Bank Group		
	Q1 2016	2015	Full Year 2015
Profit and Loss account: (as % of avg. total assets)			
Net interest income ¹⁾	1.18 %	1.12 %	1.13 %
Other operating income ³⁾	0.18 %	0.27 %	0.06 %
Main balance sheet figures:			
Total assets	34 043.9	32 948.4	33 613.7
Average total assets ²⁾	33 794.6	33 853.6	33 390.0
Gross lending to customers	29 325.7	27 666.7	29 350.8
Deposits from customers	16 595.1	18 645.0	17 824.7
Deposits from customers as % of gross lending	56.6%	67.4%	60.7 %
Equity	2 343.1	2 155.4	2 404.2
Other key figures:			
Total non-interest income as % of total income	14.9 %	19.4 %	5.1 %
Loan losses and provisions as % of average total lending ⁵⁾	0.11 %	0.10 %	0.16 %
Gross non-performing and loss-exposed loans as % of total average lending	0.6 %	0.7 %	0.6 %
Cost/income ratio banking activities ⁴⁾	71.8 %	62.0 %	67.7 %
Return on equity before tax ⁷⁾	3.5 %	6.6 %	3.6 %
Core capital ratio	15.4 %	14.0 %	15.2 %
LCR ⁶⁾	102.0 %	na	95.0 %

(NOK million and percentage)	Storebrand Bank ASA		
	Q1 2016	2015	Full Year 2015
Profit and Loss account: (as % of avg. total assets)			
Net interest income ¹⁾	1.11 %	0.62 %	0.83 %
Other operating income ³⁾	0.59 %	0.26 %	0.52 %
Main balance sheet figures:			
Total assets	23 898.0	25 159.7	24 522.5
Average total assets ²⁾	24 339.0	25 972.9	25 111.3
Gross lending to customers	15 054.4	13 851.3	15 059.2
Deposits from customers	16 605.4	18 656.3	17 835.0
Deposits from customers as % of gross lending	110.3%	134.7%	118.4 %
Equity	2 327.9	2 080.2	2 322.5
Other key figures:			
Total non-interest income as % of total income	38.9 %	29.5 %	38.5 %
Loan losses and provisions as % of average total lending ⁵⁾	0.21 %	0.21 %	0.30 %
Gross non-performing and loss-exposed loans as % of total average lending	0.9 %	0.9 %	0.9 %
Cost/income ratio	79.6 %	121.0 %	77.8 %
Return on equity before tax ⁷⁾	1.9 %	-0.9 %	1.4 %
Core (tier 1) capital ratio	18.2 %	16.1 %	17.8 %
LCR ⁶⁾	131.0 %	na	82.0 %

Definitions:

1. From and including 2016, the fee to the Norwegian Banks' Guarantee Fund is expensed in its entirety in the first quarter. When calculating key figures for net interest income as a percentage, the fee is accrued over 12 months.
2. Average total assets is calculated on the basis of monthly total assets for the quarter and for the year to date respectively.
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.
6. Liquidity coverage requirement
7. Annualised profit before tax for continued operations as % of average equity.

Note 11 | Net interest income

STOREBRAND BANK GROUP

(NOK million)	Q1		Full Year
	2016	2015	2015
Interest and other income on loans to and deposits with credit institutions	1.1	2.8	9.8
Interest and other income on loans to and due from customers	185.2	244.6	870.2
Interest on commercial paper, bonds and other interest-bearing securities	12.1	18.3	63.1
Other interest income and related income	0.6	1.4	5.7
Total interest income	198.9	267.0	948.8
Interest and other expenses on debt to credit institutions	-2.6	-0.6	-3.2
Interest and other expenses on deposits from and due to customers	-34.1	-100.7	-303.3
Interest and other expenses on securities issued	-57.0	-61.9	-234.2
Interest and expenses on subordinated loan capital	-2.8	-6.1	-14.7
Other interest expenses and related expenses	-14.5	-4.0	-16.2
Total interest expenses	-110.9	-173.4	-571.6
Net interest income	88.0	93.6	377.3

STOREBRAND BANK ASA

(NOK million)	Q1		Full Year
	2016	2015	2015
Interest and other income on loans to and deposits with credit institutions	9.5	14.5	46.1
Interest and other income on loans to and due from customers	98.4	125.9	460.1
Interest on commercial paper, bonds and other interest-bearing securities	19.8	30.5	110.4
Other interest income and related income	0.6	1.4	5.7
Total interest income	128.3	172.4	622.3
Interest and other expenses on debt to credit institutions	-3.4	-1.7	-7.2
Interest and other expenses on deposits from and due to customers	-34.1	-100.8	-303.6
Interest and other expenses on securities issued	-17.3	-19.9	-72.6
Interest and expenses on subordinated loan capital	-2.8	-6.1	-14.7
Other interest expenses and related expenses	-14.5	-4.0	-16.2
Total interest expenses	-72.1	-132.6	-414.2
Net interest income	56.3	39.8	208.1

Note 12 | Off balance sheet liabilities and contingent liabilities

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2015	31.03.2016	NOK million	31.03.2016	31.12.2015
49.2	49.2	Guarantees	49.2	49.2
6 035.0	6 843.0	Undrawn credit limits	3 773.3	3 763.2
1 981.3	3 157.4	Lending commitments retail market	3 157.4	1 981.3
8 065.5	10 049.6	Total contingent liabilities	6 979.9	5 793.7
1 312.1	1 055.9	Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank	1 055.9	650.6
708.4	498.8	Booked value of bonds pledged as security with other credit institutions	498.8	
2 020.5	1 554.7	Total book value of off balance sheet liabilities	1 554.7	650.6

Guarantees are mainly payment guarantees and contract guarantees. Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on flexible mortgages. Undrawn credit limits reported in Storebrand Bank ASA as of 31 March 2016 includes NOK 4.7 billion to the subsidiary Storebrand Boligkreditt AS (see note 4).

Note 13 | Non-performing loans and loan losses

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2015	31.03.2016	NOK million	31.03.2016	31.12.2015
		Non-performing loans		
50.7	63.1	Non-performing loans without evidence of impairment	101.2	87.4
82.8	65.3	Loss-exposed loans with evidence of impairment	78.8	99.5
133.5	128.3	Gross non-performing and loss-exposed loans	180.0	186.9
-55.7	-21.1	Loan loss provisions on individual loans	-23.4	-57.9
77.9	107.2	Net non-performing and loss-exposed loans	156.6	129.0
		Key figures		
-28.9	-31.1	Loan loss provisions on groups of loans (NOK million)	-33.1	-30.7
-84.6	-52.3	Total loan loss provisions (NOK million)	-56.5	-88.6
67 %	32 %	Level of provisioning for individual loss-exposed loans 1)	30 %	58 %
63 %	41 %	Total level of provisioning 2)	31 %	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.

Loans 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 loans 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 regarded as active when there are no longer any arrears. The amount in arrears at the time of reporting can be less than NOK 2,000.

Storebrand Bank ASA			Storebrand Bank Group	
31.03.2015	31.03.2016	NOK million	31.03.2016	31.03.2015
Losses on loans and guarantees etc. during period				
-8.7	34.5	Change in individual loan loss provisions	34.5	-8.8
1.5	-7.0	Change in grouped loan loss provisions	-7.2	1.5
0.1		Other effects on loan loss provisions		0.1
	-34.6	Realised losses specifically provided for previously	-34.6	
-0.5	-1.2	Realised losses not specifically provided for previously	-1.2	-0.5
0.5	0.4	Recoveries on previous realised losses	0.4	0.5
-7.2	-7.8	Loan losses for the period	-8.1	-7.2

Loans that are continued after collateral is taken over are classified in the financial statements according to their type. Loans, 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 14 | Quarterly income statement

STOREBRAND BANK GROUP

(NOK million)	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Interest income	198.9	208.1	225.9	243.9	267.0
Interest expense	-110.9	-111.7	-133.6	-149.0	-173.4
Net interest income	88.0	96.4	92.4	94.9	93.6
Fee and commission income from banking services	11.3	12.8	11.1	11.9	16.3
Fee and commission expenses for banking services	-3.0	-2.9	-3.0	-3.1	-2.4
Net fee and commission income	8.4	9.9	8.1	8.8	13.9
Net gains on financial instruments	7.0	0.4	-31.2	2.4	2.3
Other income		-0.2	-0.3	-0.3	6.3
Total other operating income	7.0	0.2	-31.4	2.1	8.7
Staff expenses	-25.8	-31.5	-27.3	-28.1	-30.2
General administration expenses	-13.5	-15.5	-12.6	-10.3	-12.3
Other operating cost	-35.0	-23.9	-24.4	-23.7	-26.7
Total operating costs	-74.2	-70.9	-64.3	-62.1	-69.2
Operating profit before loan losses	29.1	35.6	4.7	43.7	46.9
Loan losses for the period	-8.1	-21.0	-7.5	-9.7	-7.2
Profit before tax	21.1	14.6	-2.8	34.1	39.7
Tax	-6.0	-7.0	0.8	-9.2	-10.7
Result after tax sold/discontinued operations			-0.1	-0.1	-0.3
Profit for the year	15.1	7.6	-2.1	24.8	28.7

STOREBRAND BANK ASA

	Q1	Q4	Q3	Q2	Q1
(NOK million)	2016	2015	2015	2015	2015
Interest income	128.3	136.7	148.8	164.4	172.4
Interest expense	-72.1	-75.6	-93.5	-112.4	-132.6
Net interest income	56.3	61.1	55.3	52.0	39.8
Fee and commission income from banking services	25.8	26.8	13.9	14.7	19.1
Fee and commission expenses for banking services	-3.0	-2.9	-3.0	-3.1	-2.4
Net fee and commission income	22.8	23.9	10.9	11.6	16.7
Net gains on financial instruments	13.0	7.7	-43.6	1.4	-1.4
Other income		101.8			1.4
Total other operating income	13.0	109.5	-43.6	1.4	0.0
Staff expenses	-25.7	-31.5	-27.3	-28.0	-30.2
General administration expenses	-13.4	-15.4	-12.6	-10.2	-12.2
Other operating cost	-34.2	-23.2	-23.6	-23.1	-25.9
Total operating costs	-73.3	-70.2	-63.5	-61.4	-68.3
Operating profit before loan losses	18.7	124.3	-41.0	3.5	-11.8
Loan losses for the period	-7.8	-20.2	-7.6	-8.6	-7.2
Profit before tax	10.9	104.2	-48.6	-5.1	-19.0
Tax	-3.4	-43.3	12.1	2.2	5.1
Profit for the year	7.5	60.9	-36.4	-2.8	-13.9

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 2016, and the related income statement, 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, 26 April 2016
Deloitte AS

Henrik Woxholt
State Authorized Public Accountant (Norway)

Translation has been made for information purposes only

Financial calendar 2016



14 July Result Q2 2016
26 October Result Q3 2016
February 2017 Result Q4 2016

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