



Half-yearly report 2017

Storebrand Boligkreditt AS

(unaudited)

Contents

| | |
|--|---|
| Half-yearly report | 3 |
| Income statement | 5 |
| Statement of comprehensive income. | 5 |
| Statement of financial position. | 6 |
| Statement of changes in equity | 7 |
| Statement of cash flow | 8 |

NOTES

| | |
|---|----|
| Note 1 Accounting principles. | 9 |
| Note 2 Estimates. | 9 |
| Note 3 Tax. | 9 |
| Note 4 Related parties. | 9 |
| Note 5 Financial risk. | 10 |
| Note 6 Valuation of financial instruments. | 10 |
| Note 7 Segment information. | 11 |
| Note 8 Liabilities to credit institutions. | 11 |
| Note 9 Commercial papers and bonds issued. | 11 |
| Note 10 Capital adequacy. | 12 |
| Note 11 Loan to value ratios and collateral | 14 |
| Note 12 Key figures. | 14 |
| Note 13 Net interest income | 15 |
| Note 14 Off balance sheet liabilities and contingent liabilities | 15 |
| Note 15 Non-performing loans and loan losses | 16 |
| Note 16 Quarterly profit and loss | 17 |
| Declaration by the Board of Directors and the Chief Executive Officer | 18 |

This document contains Alternative Performance Measures as defined by the European Securities and Market Authority (ESMA).
An overview of APMs used in financial reporting is available on storebrand.com/ir.

Storebrand Boligkreditt AS

- Half-yearly report for the first half of 2017

(Profit figures for the corresponding period in 2016 are shown in parentheses. Balance sheet figures in parentheses are for the end of 2016.)

- Profit before taxes of NOK 20 million in the second quarter and NOK 29 million for the year to date
- Good portfolio quality
- Increased lending volume for the quarter

FINANCIAL PERFORMANCE

Pre-tax profit was NOK 20 million (NOK 15 million) for the second quarter and NOK 29 million (NOK 28 million) year to date. This performance is in line with general market trends.

Net interest income was NOK 40 million (NOK 32 million) for the second quarter and NOK 69 million (NOK 64 million) year to date. Lending margins are under pressure due to having used more competitive prices. As a percentage of average total assets, net interest income was 0.98 per cent (0.84 per cent) for the second quarter and 0.91 per cent (0.84 per cent) for the year to date.

Other operating income in the second quarter amounted to minus NOK 2 million (NOK 0 million) and minus NOK 7 million (minus NOK 2 million) for the year to date, and was related to commission income on loans and net accounting loss on financial instruments at fair value.

Operating expenses totalled NOK 17 million (NOK 17 million) for the second quarter and NOK 32 million (NOK 33 million) year to date.

Losses in the portfolio are low, and in the second quarter the company recognised an expense of NOK 0.3 million (NOK 1 million recognised as an expense) and has recognised an expense of NOK 0.2 million (NOK 1 million recognised as an expense) for total write-downs on loans for the year to date.

BALANCE SHEET PERFORMANCE

The lending volume has increased by NOK 2.4 billion since the end of 2016 and amounted to NOK 15.8 billion (NOK 13.4 billion). Storebrand Bank ASA and Storebrand Boligkreditt AS operate with restrictive lending practices. The average loan-to-value ratio in the portfolio was 47 per cent at the end of the half-year, a reduction of one percentage point compared with the end of 2016. On the date of transfer, the loan-to-value ratio never exceeds 75 per cent. The risk in the loan portfolio is considered to be very low. The company has over-collateralisation of 138 per cent (118 per cent).

Defaulted loans at the end of the half year amounted to NOK 31 million (NOK 25 million), equivalent to 0.19 per cent of gross loans in the company (0.19 per cent). All the loans have a loan-to-value ratio within 75 per cent of market value or are generally written down. Individual loan write-downs amounted to approximately NOK 1 million (NOK 3 million) and group loan write-downs amounted to NOK 1 million (NOK 1 million) at the end of the half-year.

The company's loan programme was renewed in June 2017 and is AAA rated by S&P Global Ratings.

At the end of the second quarter of 2017, the company had a liquidity portfolio consisting of fixed-income securities with a AAA rating from S&P Global Ratings with a market value of NOK 242 million. The investment is classified at fair value in the balance sheet with changes in value through profit or loss (FVO).

The company's total assets under management as at 30 June 2017 were NOK 16.3 billion (NOK 13.7 billion), an increase of NOK 2.6 billion compared with the end of 2016.

A bond of NOK 2.5 billion (maturity 2022) was issued in the first quarter of 2017 which was listed on the Oslo Stock Exchange. At the end of the half-year, the company had issued covered bonds with a total carrying amount of NOK 11.5 billion, with remaining terms of approximately 12 months to 5 years. Everything was invested in the market at the end of the half-year.

Storebrand Boligkreditt AS has two credit facilities with Storebrand Bank ASA. 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 may not be terminated by Storebrand Bank ASA until at least 3 months after the maturity date of the covered bond and the associated derivatives with the longest period to maturity. Both agreements require a sufficient ceiling at all times to be able to cover interest and repayment on covered bonds and associated derivatives for the next 31 days. Standard covenant requirements are linked to the loan agreements entered into. In the year to date, all terms and conditions have been satisfied for all signed loan agreements.

Equity in the company at the end of the half-year amounted to NOK 1,118 million (NOK 1,010 million). The net primary capital at the end of the half-year amounted to NOK 1,096 million (NOK 1,096 million).

The capital base of Storebrand Boligkreditt AS consists entirely of pure core capital. The pure core capital adequacy ratio in the company was 17.2 per cent (19.6 per cent) at the end of the half-year. The requirement for primary capital was 15 per cent as at 30 June 2017. The company has satisfactory solvency and liquidity based on the company's business activities. The company satisfied the combined capital and capital buffer requirements by a good margin at the end of the quarter.

The purpose of the liquidity coverage requirement (LCR) is to measure the size of the company's liquid assets, in relation to the net liquidity outflow 30 days in the future given a stress situation in the money and capital markets. The LCR was introduced for Storebrand Boligkreditt AS from 30 June 2016 with a minimum LCR with escalation. From and including 31 December 2016, the credit company must comply with an LCR of 80 per cent. The requirement will be increased to 100 per cent from 31 December 2017. At the end of the half-year, the company's LCR was 1,009 per cent.

STRATEGY AND FUTURE PROSPECTS

In the second half-year of 2017, Storebrand Boligkreditt AS will continue its core activity, which is the acquisition and management of home mortgages from Storebrand Bank ASA. The company is aiming for moderate growth in collateralisation during 2017.

The housing market and developments in total non-performing loans are being closely monitored. Efforts to ensure good working procedures and high data quality will continue and thereby ensure that government and rating requirements continue to be fulfilled. 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 Boligkreditt AS in the second half-year of 2017.

New issues of covered bonds will be made available when the company decides it is prudent to do so and there is sufficient security. Storebrand Boligkreditt AS will continue to contribute to Storebrand Bank ASA having diversified financing.

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

Lysaker, 12 July 2017

The Board of Directors of Storebrand Boligkreditt AS

Storebrand Boligkreditt AS

Income statement

| (NOK million) | note | Q2 | | | Full Year | |
|--|-----------|--------------|--------------|--------------|--------------|--------------|
| | | 2017 | 2016 | 30.06.2017 | 30.06.2016 | 2016 |
| Interest income | 4, 13 | 93.0 | 89.0 | 175.7 | 176.9 | 340.7 |
| Interest expense | 4, 13 | -53.5 | -56.7 | -107.1 | -112.8 | -222.7 |
| Net interest income | 13 | 39.5 | 32.2 | 68.6 | 64.0 | 118.0 |
| Net gains on financial instruments | | -2.0 | -0.6 | -8.4 | -3.1 | -5.1 |
| Other income | | 0.5 | 0.6 | 1.0 | 1.1 | 2.1 |
| Total other operating income | | -1.5 | 0.0 | -7.4 | -2.0 | -3.0 |
| Staff expenses | | -0.1 | -0.1 | -0.1 | -0.1 | -0.2 |
| General administration expenses | | 0.0 | -0.1 | -0.1 | -0.1 | -0.2 |
| Other operating costs | 4 | -17.2 | -16.5 | -31.9 | -32.3 | -67.0 |
| Total operating costs | | -17.3 | -16.6 | -32.1 | -32.5 | -67.4 |
| Operating profit before loan losses | | 20.7 | 15.6 | 29.1 | 29.5 | 47.6 |
| Loan losses for the period | 15 | -0.3 | -1.0 | -0.2 | -1.2 | -0.1 |
| Profit before tax | | 20.4 | 14.7 | 28.9 | 28.3 | 47.5 |
| Tax | 3 | -4.9 | -3.7 | -6.9 | -7.1 | -11.9 |
| Profit for the year | | 15.5 | 11.0 | 22.0 | 21.3 | 35.6 |

Statement of comprehensive income

| (NOK million) | Q2 | | | Full Year | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2017 | 2016 | 30.06.2017 | 30.06.2016 | 2016 |
| Profit for the period | 15.5 | 11.0 | 22.0 | 21.3 | 35.6 |
| Other comprehensive income | | | | | |
| Total comprehensive income for the period | 15.5 | 11.0 | 22.0 | 21.3 | 35.6 |

Storebrand Boligkreditt AS

Statement of financial position

| (NOK million) | Note | 30.06.2017 | 30.06.2016 | 31.12.2016 |
|--|-----------|-----------------|-----------------|-----------------|
| Loans to and deposits with credit institutions | 6, 14 | 54.2 | 455.4 | 141.0 |
| Financial assets designated at fair value through profit and loss: | | | | |
| Bonds and other fixed-income securities | 6, 10, 14 | 242.3 | 41.5 | 41.4 |
| Derivatives | 6 | 138.2 | 194.6 | 123.0 |
| Other current assets | 4, 6 | 23.1 | 12.1 | 12.7 |
| Gross lending | 11 | 15,793.2 | 15,698.3 | 13,375.5 |
| - Loan loss provisions on individual loans | 15 | -1.1 | -2.9 | -2.9 |
| - Loan loss provisions on groups of loans | 15 | -1.1 | -2.3 | -1.2 |
| Net lending to customers | 6 | 15,791.1 | 15,693.1 | 13,371.4 |
| Deferred tax assets | | 1.0 | | 1.0 |
| Total assets | | 16,249.8 | 16,396.7 | 13,690.5 |
| Liabilities to credit institutions | 4, 6, 8 | 3,596.7 | 3,699.1 | 1,091.0 |
| Other financial liabilities: | | | | |
| Commercial papers and bonds issued | 6, 9 | 11,527.7 | 11,651.7 | 11,575.4 |
| Other liabilities | 4, 6 | 7.7 | 49.8 | 13.8 |
| Deferred tax | | | 0.3 | |
| Total liabilities | | 15,132.1 | 15,400.9 | 12,680.3 |
| Paid in equity | | 1,074.4 | 949.4 | 949.4 |
| Retained earnings | | 43.3 | 46.4 | 60.8 |
| Total equity | 10 | 1,117.7 | 995.9 | 1,010.2 |
| Total liabilities and equity | | 16,249.8 | 16,396.7 | 13,690.5 |

Lysaker, 12 July 2017
The Board of Directors of Storebrand Boligkreditt AS

Storebrand Boligkreditt AS

Statement of changes in equity

| (NOK million) | Share capital | Share premium | Other paid-in equity | Total paid-in equity | Other equity | Total retained earnings | Total equity |
|--|---------------|---------------|----------------------|----------------------|--------------|-------------------------|----------------|
| Equity at 31.12.2015 | 455.0 | 270.1 | 118.9 | 844.0 | 130.6 | 130.6 | 974.6 |
| Profit for the period | | | | | 35.6 | 35.6 | 35.6 |
| Other comprehensive income | | | | | | 0.0 | 0.0 |
| Total comprehensive income for the period | 0.0 | 0.0 | 0.0 | 0.0 | 35.6 | 35.6 | 35.6 |
| Equity transactions with the owner: | | | | | | | |
| Group contribution received | | | 105.4 | 105.4 | | | 105.4 |
| Provision for group contribution | | | | | -105.4 | -105.4 | -105.4 |
| Equity at 31.12.2016 | 455.0 | 270.1 | 224.3 | 949.4 | 60.8 | 60.8 | 1,010.2 |
| Profit for the period | | | | | 22.0 | 22.0 | 22.0 |
| Other comprehensive income | | | | | | 0.0 | 0.0 |
| Total comprehensive income for the period | 0.0 | 0.0 | 0.0 | 0.0 | 22.0 | 22.0 | 22.0 |
| Equity transactions with the owner: | | | | | | | |
| Group contribution received | | | 125.0 | 125.0 | | | 125.0 |
| Provision for group contribution | | | | | -39.5 | -39.5 | -39.5 |
| Equity at 30.06.2017 | 455.0 | 270.1 | 349.3 | 1,074.4 | 43.3 | 43.3 | 1,117.7 |

Storebrand Boligkreditt AS is 100 per cent owned by Storebrand Bank ASA. Number of shares are 35 000 000 of nominal value NOK 13 per share.

| | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Equity at 31.12.2015 | 455.0 | 270.1 | 118.9 | 844.0 | 130.6 | 130.6 | 974.6 |
| Profit for the period | | | | | 21.3 | 21.3 | 21.3 |
| Other comprehensive income | | | | | | 0.0 | 0.0 |
| Total comprehensive income for the period | 0.0 | 0.0 | 0.0 | 0.0 | 21.3 | 21.3 | 21.3 |
| Equity transactions with the owner: | | | | | | | |
| Provision for group contribution | | | 105.4 | 105.4 | | | 105.4 |
| Group contribution received | | | | | -105.4 | -105.4 | -105.4 |
| Equity at 30.06.2016 | 455.0 | 270.1 | 224.3 | 949.4 | 46.4 | 46.4 | 995.9 |

Storebrand Boligkreditt AS

Statement of cash flow

| (NOK million) | 30.06.2017 | 30.06.2016 |
|--|-----------------|-----------------|
| Cash flow from operations | | |
| Net receipts/payments of interest, commissions and fees from customers | 173.5 | 178.6 |
| Net disbursements/payments on customer loans | -2,408.4 | -1,433.0 |
| Net receipts/payments on securities | -208.8 | -3.6 |
| Payments of operating costs | -49.5 | -18.8 |
| Net cash flow from operating activities | -2,493.3 | -1,276.8 |
| Cash flow from financing activities | | |
| Payments - repayments of loans and issuing of bond debt | -3,065.0 | -2,647.6 |
| Receipts - new loans and issuing of bond debt | 5,501.8 | 4,156.2 |
| Payments - interest on loans | -102.7 | -119.3 |
| Receipts - group contribution | 125.0 | 105.4 |
| Payments - group contribution | -52.7 | -144.4 |
| Net cash flow from financing activities | 2,406.4 | 1,350.2 |
| Net cash flow in the period | -86.9 | 73.4 |
| Cash and bank deposits at the start of the period | 141.0 | 382.0 |
| Cash and bank deposits at the end of the period | 54.2 | 455.4 |

Storebrand Boligkreditt AS has credit facility agreements with Storebrand Bank ASA

The amount drawn on the credit facilities is recognized in the item "Liabilities to credit institutions" as at 30.06.2017. See also Note 8.

Storebrand Boligkreditt AS

Notes

Note 01 | Accounting principles

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 financial statements of Storebrand Boligkreditt AS have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the EU and appurtenant interpretations.

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2016 annual report, and the interim financial statements are prepared with respect to these accounting policies.

There are none new nor amended accounting standards that entered into effect as at 1 January 2017 that have caused significant effects on Storebrand Boligkreditt ASAs interim financial statements.

Note 02 | Estimates

Critical accounting estimates and judgements are described in the 2016 annual financial statements' note 2 and valuation of financial instruments at fair value are described in note 8.

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

Actual results may differ from these estimates.

Note 03 | Tax

In December 2016, the Norwegian Parliament (Storting) agreed to reduce the company tax rate from 25 per cent to 24 per cent effective from 1 January 2017. It was also agreed that a financial tax would be introduced that would come into effect from the same date.

Storebrand Boligkreditt AS has activities within "Section K" (financing and insurance activities as defined in Standard Industrial Classification 2007) which exceed 30 per cent and are therefore subject to the financial tax, but since the company does not have any employees it is not subject to finance tax. Tax is estimated based on expected tax rate for the year. Actual financial tax may differ from estimates.

Note 04 | Related Parties

ISSUED COVERED BONDS

Storebrand Bank ASA has not any investments in covered bonds issued by Storebrand Boligkreditt AS as of 30 June 2017.

LOANS TRANSFERRED FROM STOREBRAND BANK ASA

Storebrand Bank ASA sells loans to the mortgage company Storebrand Boligkreditt AS. The mortgages are transferred on commercial terms. Once the loans are transferred, Storebrand Boligkreditt AS assumes all the risks and benefits of owning the loan portfolio. It is Storebrand Boligkreditt 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.

CREDIT FACILITIES WITH STOREBRAND BANK ASA

Storebrand Boligkreditt AS has two credit facilities with Storebrand Bank ASA. See note 8 for more information.

OTHER

Storebrand Boligkreditt AS has no employees, and purchases personnel resources from Storebrand Bank ASA and services including accounting functions from Storebrand Livsforsikring AS.

Storebrand Boligkreditt AS conducts transactions with close associates as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with senior employees and related parties are stipulated in note 27 in the 2016 annual report for Storebrand Boligkreditt AS.

Note 05 | Financial risk

Storebrand Boligkreditt AS' financial assets and liabilities fluctuate in value due to risk in the financial markets. Notes 3 to 7 in the 2016 annual report provide a more detailed overview of the company's financial risk.

Note 06 | Valuation of financial instruments

The Storebrand Group categorises financial instruments on three different levels. Criteria for the categorisation and processes associated with valuing are described in more detail in note 8 in the 2016 Annual report for Storebrand Boligkreditt AS.

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 a view to minimising the uncertainty of valuations

VALUATION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

| (NOK million) | Fair value 30.06.2017 | Fair value 31.12.2016 | Book value 30.06.2017 | Book value 31.12.2016 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Financial assets | | | | |
| Loans to and deposits with credit institutions | 54.2 | 141.0 | 54.2 | 141.0 |
| Net lending to customers | 15,791.1 | 13,371.4 | 15,791.1 | 13,371.4 |
| Other current assets | 23.1 | 12.7 | 23.1 | 12.7 |
| Financial liabilities | | | | |
| Liabilities to credit institutions | 3,596.7 | 1,091.0 | 3,596.7 | 1,091.0 |
| Commercial papers and bonds issued | 11,609.9 | 11,612.6 | 11,527.7 | 11,575.4 |
| Other liabilities | 7.7 | 13.8 | 7.7 | 13.8 |

VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

| (NOK million) | Level 1 Quoted prices | Level 2 Observable assumptions | Level 3 Non-observable assumptions | Book value 30.06.2017 | Book value 31.12.2016 |
|--|-----------------------------|--------------------------------------|--|--------------------------|--------------------------|
| Government and government guaranteed bonds | | 242.3 | | 242.3 | 41.4 |
| Total bonds 30.06.2017 | 0.0 | 242.3 | 0.0 | 242.3 | |
| Total bonds 31.12.2016 | | 41.4 | | | |
| Interest rate derivatives | | 138.2 | | 138.2 | 123.0 |
| Total derivatives 30.06.2017 | 0.0 | 138.2 | 0.0 | 138.2 | |
| Derivatives with a positive fair value | | 138.2 | | 138.2 | 123.0 |
| Derivatives with a negative fair value | | | | | |
| Total derivatives 31.12.2016 | | 123.0 | | | |

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

Note 07 | Segment information

Business segments are the company's primary reporting segments. The company has only one segment, Retail Lending. This segment comprises lending to private individuals, and all loans are purchased from Storebrand Bank ASA. The company's accounts for 1st half of 2017 therefore relate entirely to the Retail Lending segment.

Note 08 | Liabilities to credit institutions

Storebrand Boligkreditt AS has two credit facilities with Storebrand Bank ASA. 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 may not be terminated by Storebrand Bank ASA until at least 3 months after the maturity date of the covered bond and the associated derivatives with the longest period to maturity. Both agreements require a sufficient ceiling at all times to be able to cover interest and repayment on covered bonds and associated derivatives for the next 31 days.

Note 09 | Commercial papers and bonds issued

COVERED BONDS

| (NOK million) ISIN Code | Nominal value | Currency | Interest | Maturity ¹⁾ | Book value 30.06.2017 |
|--|-----------------|----------|----------|------------------------|--------------------------|
| NO0010548373 | 1,250.0 | NOK | Fixed | 28.10.2019 | 1,391.0 |
| NO0010660822 | 2,125.0 | NOK | Floating | 20.06.2018 | 2,131.1 |
| NO0010736903 | 2,500.0 | NOK | Floating | 17.06.2020 | 2,495.3 |
| NO0010760192 | 3,000.0 | NOK | Floating | 16.06.2021 | 3,008.9 |
| NO0010786726 | 2,500.0 | NOK | Floating | 15.06.2022 | 2,501.4 |
| Total commercial papers and bonds issued ²⁾ | 11,375.0 | | | | 11,527.7 |
| Total commercial papers and bonds issued as at 31.12.2016 | 11,440.0 | | | | 11,575.4 |

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

2) For covered bonds (OMFs) that are allocated to the company's security, regulatory requirements for over-collateralisation of 102 per cent and an over-collateralisation requirement of 109.5 per cent apply for bonds issued prior to 21 June 2017. See note 11.

Capital Adequacy

NET PRIMARY CAPITAL

| (NOK million) | 30.06.2017 | 31.12.2016 |
|---|----------------|----------------|
| Share capital | 455.0 | 455.0 |
| Other equity | 662.7 | 555.2 |
| Total equity | 1,117.7 | 1,010.2 |
| Deductions | | |
| Provision for group contribution | | -39.5 |
| Profit not included in the calculation of net primary capital | -22.0 | |
| Additions | | |
| Group contribution received | | 125.0 |
| Core capital exc. Hybrid Tier 1 capital | 1,095.7 | 1,095.7 |
| Additional Tier 1 capital | | |
| Capital instruments eligible as Additional Tier 1 capital | | |
| Additions | | |
| Core capital | 1,095.7 | 1,095.7 |
| Subordinated loan capital less own holdings | | |
| Tier 2 capital | | |
| Tier 2 capital deductions | | |
| Net primary capital | 1,095.7 | 1,095.7 |

MINIMUM CAPITAL REQUIREMENT

| (NOK million) | 30.06.2017 | 31.12.2016 |
|--|--------------|--------------|
| Credit risk | 477.5 | 407.8 |
| Of which: | | |
| International organisations | 0.0 | 0.0 |
| Local and regional authorities | 0.2 | 0.2 |
| Institutions | 7.0 | 7.6 |
| Loans secured against real estate | 450.3 | 384.3 |
| Loans past-due | 2.7 | 2.1 |
| Covered bonds | 0.8 | |
| Other | 16.5 | 13.5 |
| Total minimum requirement for credit risk | 477.5 | 407.8 |
| Total minimum requirement for market risk | 0.0 | 0.0 |
| Operational risk | 25.8 | 32.5 |
| CVA risk ¹⁾ | 6.0 | 6.4 |
| Deductions | | |
| Loan loss provisions on groups of loans | -0.1 | -0.1 |
| Minimum requirement for net primary capital | 509.1 | 446.6 |

CAPITAL ADEQUACY

| | 30.06.2017 | 31.12.2016 |
|--|------------|------------|
| Capital ratio | 17.2 % | 19.6 % |
| Core (tier 1) capital ratio | 17.2 % | 19.6 % |
| Core capital ratio excl. Hybrid Tier 1 capital | 17.2 % | 19.6 % |

1) 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 11.5 and 15.0 per cent respectively at 30 June 2017. The level of the countercyclical capital buffer requirement is further increased by 0.5 percent from 31 December 2017 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)

| (NOK million) | 30.6.2017 | 31.12.2016 |
|--|----------------|----------------|
| Credit risk | 5,968.3 | 5,097.0 |
| Of which: | | |
| International organisations | 0.0 | 0.0 |
| Local and regional authorities | 2.4 | 2.4 |
| Institutions | 87.5 | 95.3 |
| Loans secured against real estate | 5,628.3 | 4,803.3 |
| Loans past-due | 34.2 | 26.7 |
| Covered bonds | 10.0 | 0.0 |
| Other | 205.8 | 169.3 |
| Total basis of calculation credit risk | 5,968.3 | 5,097.0 |
| Total basis of calculation market risk | 0.0 | 0.0 |
| Operational risk | 322.2 | 406.6 |
| CVA risk | 75.0 | 80.3 |
| Deductions | | |
| Loan loss provisions on groups of loans | -1.1 | -1.2 |
| Total basis of calculation of minimum requirements for capital base | 6,364.4 | 5,582.8 |

Note
11

Loan to value ratios and collateral

| (NOK million) | 30.06.2017 | 31.12.2016 |
|--|-----------------|-----------------|
| Gross lending ¹⁾ | 15,793.2 | 13,375.5 |
| Average loan balance | 1.8 | 1.7 |
| No. of loans | 8,717 | 7,861 |
| Weighted average seasoning (months) | 37 | 41 |
| Weighted average remaining term (months) | 237 | 219 |
| Average loan to value ratio | 47 % | 48 % |
| Over-collateralisation ²⁾ | 138.3 % | 117.9 % |
| Cover pool: | | |
| Residential mortgages ¹⁾ | 15,732.0 | 13,316.5 |
| Supplementary security | 20.0 | 140.0 |
| Total | 15,752.0 | 13,456.5 |

1) In accordance with the Regulation for credit institutions that issue covered bonds, lending cannot exceed 75% of the value of collateral (i.e. value of properties pledged as collateral). As per 30 June 2017 the company had NOK 19.7 million that exceeds the loan to value limit and has therefore not been included in the cover pool. As per 30 June 2017, the company has 9 non-performing loans without evidence of impairment, equivalent to NOK 15. million. There are 10 non-performing loans with evidence of impairment of NOK 15.5 million where the impairment is assessed to be NOK 1.1 million. Non-performing loans with and without evidence of impairment, are not included in the cover pool.

2) Over-collateralisation has been calculated based on total volume of issued covered bonds of NOK 11.4 billion (nominal value).

Note
12

Key figures

| (NOK million) | Q2 | | Full Year | | |
|--|----------|----------|------------|------------|----------|
| | 2017 | 2016 | 30.06.2017 | 30.06.2016 | 2016 |
| Profit and loss account: (as % of avg. total assets) ¹⁾ | | | | | |
| Net interest income | 0.98 % | 0.84 % | 0.91 % | 0.84 % | 0.79 % |
| Main balance sheet figures: | | | | | |
| Total assets | | | 16,249.8 | 16,396.7 | 13,690.5 |
| Average total assets | 16,116.9 | 15,473.5 | 15,216.4 | 15,253.3 | 14,852.7 |
| Gross lending to customers | | | 15,793.2 | 15,698.3 | 13,375.5 |
| Equity | | | 1,117.7 | 995.9 | 1,010.2 |
| Other key figures: | | | | | |
| Loan losses and provisions as % of average total lending | 0.01 % | 0.3 % | 0.00 % | 0.02 % | 0.00 % |
| Individual loan loss provisions as % of gross loss-exposed loans ³⁾ | | | 19.1 % | 23.8 % | 22.6 % |
| Cost/income ratio | 45.5 % | 51.5 % | 52.4 % | 52.4 % | 58.6 % |
| Return on equity after tax ²⁾ | | | 4.2 % | 4.3 % | 3.6 % |
| Core capital ratio excl. Hybrid Tier 1 capital | | | 17.2 % | 14.7 % | 19.6 % |
| LCR ⁴⁾ | | | 1,009.0 % | 165.0 % | 189.0 % |

Definitions:

1) Average total assets is calculated on the basis of monthly total assets for the quarter and for the year respectively.

2) Annualised profit after tax as % of average equity.

3) Gross loss-exposed loans with evidence of impairment.

4) Liquidity coverage requirement.

Note 13 | Net interest income

| (NOK million) | Q2 | | Full Year | | |
|--|--------------|--------------|---------------|---------------|---------------|
| | 2017 | 2016 | 30.06.2017 | 30.06.2016 | 2016 |
| Interest and other income on loans to and deposits with credit institutions | 0.9 | 1.1 | 1.4 | 2.3 | 4.7 |
| Interest and other income on loans to and due from customers | 91.5 | 87.7 | 173.3 | 174.4 | 335.3 |
| Interest on short-term debt instruments, bonds and other interest-bearing securities | 0.6 | 0.2 | 0.9 | 0.2 | 0.6 |
| Other interest income | | | | | |
| Total interest income | 93.0 | 89.0 | 175.7 | 176.9 | 340.7 |
| Interest and other expenses on debt to credit institutions | -8.4 | -7.5 | -15.8 | -16.3 | -31.7 |
| Interest and other expenses on deposits from and due to customers | | | | | |
| Interest and other expenses on securities issued | -45.1 | -49.2 | -91.3 | -96.6 | -191.1 |
| Interest and other expenses on subordinated loan capital | | | | | |
| Other interest expenses | | | | | |
| Total interest expenses | -53.5 | -56.7 | -107.1 | -112.8 | -222.7 |
| Net interest income | 39.5 | 32.2 | 68.6 | 64.0 | 118.0 |

Note 14 | Off balance sheet liabilities and contingent liabilities

| (NOK million) | 30.06.2017 | 31.12.2016 |
|-------------------------------------|----------------|----------------|
| Undrawn credit limits | 1,708.4 | 1,736.4 |
| Total contingent liabilities | 1,708.4 | 1,736.4 |

Undrawn credit limits relate to the unused portion of credit limits on flexible mortgage loans.

Per 30 June 2017, the company has not pledged any collateral.

Non-performing loans and loan losses

| (NOK million) | 30.06.2017 | 31.12.2016 |
|---|-------------|-------------|
| Non-performing loans | | |
| Non-performing loans without evidence of impairment | 15.1 | 9.8 |
| Loss-exposed loans with evidence of impairment | 15.5 | 15.0 |
| Gross non-performing and loss-exposed loans | 30.6 | 24.8 |
| Loan loss provisions on individual loans | -1.1 | -2.9 |
| Net non-performing and loss-exposed loans | 29.5 | 21.9 |
| Key figures | | |
| Net non-performing and loss-exposed loans as % of gross lending | 0.19 % | 0.19 % |

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.

| (NOK million) | Q2 | | Full Year | | |
|--|-------------|-------------|-------------|-------------|------------|
| | 2017 | 2016 | 30.06.2017 | 30.06.2016 | 2016 |
| Change in individual loan loss provisions | -0.2 | -0.6 | 1.8 | -0.6 | -0.6 |
| Change in grouped loan loss provisions | -0.1 | -0.3 | 0.1 | -0.5 | 0.6 |
| Other effects on loan loss provisions | | | | | |
| Realised losses specifically provided for previously | | | -2.1 | | |
| Realised losses not specifically provided for previously | | | | | |
| Recoveries on previous realised losses | | | | | |
| Loan losses for the period | -0.3 | -0.9 | -0.2 | -1.2 | 0.0 |

Quarterly income statement

| | Q2 | Q1 | Q4 | Q3 | Q2 |
|--|--------------|--------------|--------------|--------------|--------------|
| (NOK million) | 2017 | 2017 | 2016 | 2016 | 2016 |
| Interest income | 93.0 | 82.7 | 79.3 | 84.6 | 89.0 |
| Interest expense | -53.5 | -53.6 | -54.6 | -55.3 | -56.7 |
| Net interest income | 39.5 | 29.1 | 24.7 | 29.3 | 32.2 |
| Net gains on financial instruments | -2.0 | -6.3 | -0.9 | -1.1 | -0.6 |
| Other income | 0.5 | 0.5 | 0.5 | 0.5 | 0.6 |
| Total other operating income | -1.5 | -5.8 | -0.4 | -0.5 | 0.0 |
| Staff expenses | -0.1 | | -0.1 | | -0.1 |
| General administration expenses | | -0.1 | | -0.1 | -0.1 |
| Other operating cost | -17.2 | -14.6 | -17.4 | -17.4 | -16.5 |
| Total operating costs | -17.3 | -14.8 | -17.4 | -17.5 | -16.6 |
| Operating profit before loan losses | 20.7 | 8.4 | 6.8 | 11.3 | 15.6 |
| Loan losses for the period | -0.3 | 0.2 | 0.1 | 1.0 | -1.0 |
| Profit before tax | 20.4 | 8.6 | 6.9 | 12.3 | 14.7 |
| Tax | -4.9 | -2.1 | -1.8 | -3.1 | -3.7 |
| Profit for the year | 15.5 | 6.6 | 5.1 | 9.2 | 11.0 |

Storebrand Boligkreditt AS

- 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 Boligkreditt AS for the first six months as at 30 June 2017 (the 2017 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 2017 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 company's assets, liabilities, and financial position taken as a whole as at 30 June 2017. The Board of Directors and the Chief Executive Officer confirm that, to the best of their knowledge, the half-yearly report gives a true and fair summary of important events during the accounting period and their effect on the half-yearly accounts. 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 2017

The Board of Directors of Storebrand Boligkreditt AS

Odd Arild Grefstad
Chairman of the Board

Heidi Skaaret
Deputy Chairman of the Board

Leif Helmich Pedersen

Thor Bendik Weider

Åse Jonassen
Chief Executive Officer

Financial Calendar 2017



26 October Result Q3 2017
February 2018 Result Q4 2017

Investor Relations Contacts



Kjetil Ramberg Krøkje
Åse Jonassen

Head of IR
CEO

kjetil.r.krokje@storebrand.no
aase.jonassen@storebrand.no

+47 9341 2155
+47 4157 7397

Storebrand Boligkreditt AS
Professor Kohts vei 9
P.O. Box 474, 1327 Lysaker, Norway
Telephone 08880

storebrand.no

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