



Interim report 2017

Storebrand Bank ASA

(unaudited)

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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 Bank Group

- Quarterly report for the first quarter 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.)

- Continued strong growth in the retail market portfolio.
- Low volume of non-performing loans
- Stable costs

The lending balance in the retail market portfolio increased by NOK 2.2 billion during the quarter. The bank has also sold NOK 3.1 billion in mortgages to Storebrand Livsforsikring AS.

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 40 million (NOK 21 million) in the first quarter.

Net interest income was NOK 87 million (NOK 88 million) in the first quarter. The fee to the Norwegian Banks' Guarantee Fund of NOK 13 million for 2017 is accrued over 12 months, with NOK 3 million in the first quarter. In 2016, the fee of NOK 14 million was expensed in its entirety in the first quarter. The interest margin contracted due to more competitive pricing in the retail market and a reduced proportion of loans in the corporate market. Net interest income as a percentage of average total assets was 1.09 per cent (1.18 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 1.09 per cent (1.20 per cent) for the quarter.

Net commission income for the first quarter was NOK 17 million (NOK 8 million). There was a positive effect on the bank's commission income due to the increase in loans that the bank manages on behalf of Storebrand Livsforsikring AS.

Other income totalled NOK 16 million (NOK 7 million) for the first quarter.

Operating expenses were stable and totalled NOK 76 million (NOK 74 million) for the first quarter.

NOK 4 million (NOK 8 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 decreased by NOK 3 million in the quarter. The bank has particularly assessed commitments that are associated with the oil sector.

BALANCE SHEET PERFORMANCE

The loan portfolio in the retail market, including loans managed on behalf of Storebrand Livsforsikring AS, amounted to NOK 37.6 billion, of which the share to Storebrand Livsforsikring AS was NOK 11.8 billion. Retail market loans in the bank group amounted to NOK 25.8 billion. The corporate market portfolio amounted to NOK 1.5 billion at the end of the quarter. The volume of corporate market loans syndicated to Storebrand Livsforsikring AS amounted to NOK 1.1 billion (NOK 1.3 billion) at the end of the quarter. Gross lending to customers in the bank group totalled NOK 27.4 billion (NOK 27.3 billion) at the end of the quarter.

The bank group's retail market portfolio totals NOK 25.8 billion, equivalent to 95 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 55 per cent for home mortgage loans, compared with 57 per cent at the end of 2016. Corporate market lending accounts for 5 per cent of the portfolio.

The total volume of non-performing loans increased by NOK 19 million in the first quarter and accounts for 0.8 per cent (0.7 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 104 million (NOK 107 million) at the end of the quarter. Non-performing impaired loans amounted to NOK 109 million (NOK 88 million) at the end of the quarter, where impairment gives individual write-downs of NOK 32 million (NOK 27 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 14.6 billion (NOK 15.2 billion) at the end of the quarter, which represents a deposit-to-loan ratio of 53.4 per cent (55.7 per cent).

Storebrand Bank ASA issued a subordinated loan of NOK 150 million (maturity 2022) and a senior bond of NOK 300 million (maturity 2019) in the first quarter. In addition, Storebrand Boligkreditt AS issued a covered bond of NOK 2.5 billion (maturity 2022) during the first quarter of 2017. In February 2017, Storebrand Bank ASA gave notice that they wished to exercise their right to early repayment of a subordinated loan of NOK 150 million with call date on 12 April 2017. The loan was not included as primary capital as of 31 March 2017.

The liquidity coverage requirement (LCR) measures 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. A minimum LCR with escalation has been introduced. From and including 31 December 2016, the bank group must comply with an LCR of 80 per cent. The requirement will be increased to 100 per cent from 31 December 2017. The bank group's LCR was 209 per cent at the end of the quarter.

CAPITAL ADEQUACY

The bank has had a decrease in the risk-weighted balance sheet of NOK 0.1 billion in the year to date. The Storebrand Bank Group had a net capital base of NOK 2.4 billion at the end of the quarter. The capital adequacy ratio was 17.9 per cent and the pure core capital ratio was 14.2 per cent at the end of the quarter, compared with 17.7 per cent and 14.0 per cent, respectively, at the end of 2016. The combined requirements for pure core capital and primary capital were 13.3 per cent and 16.8 per cent respectively at the end of quarter.

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 bank group has satisfactory financial strength and liquidity based on its operations. The bank group, parent bank and Storebrand Boligkreditt AS satisfied the combined capital and capital buffer requirements by a good margin as of 31 March 2017.

PERFORMANCE OF STOREBRAND BANK ASA

In the first quarter, Storebrand Bank ASA achieved a pre-tax profit of NOK 32 million (minus NOK 11 million).

Net interest income for Storebrand Bank ASA totalled NOK 58 million (NOK 40 million) in the first quarter.

NOK 56 million (NOK 8 million) was expensed for write-downs on loans for the first quarter.

STRATEGY AND FUTURE PROSPECTS

In 2017, the Storebrand Bank group will continue to work on improving the business' profitability, combined with growth within strategic segments in the retail market. The development in the housing market in different parts of the country 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 continue to work on developing attractive products and digital services that support Storebrand's focus on sustainability. Improving competitiveness through better efficiency is a priority and the bank shall continue to reduce costs and increase the degree of automation in customer and work processes. The cooperative agreement that was entered into with Cognizant in 2015 will also be of key importance to the improvement efforts in 2017.

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 2017. 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, particularly in Oslo, are regarded as the key risk factors that can affect the results of the Storebrand Bank group in 2017.

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 2017

The Board of Directors of Storebrand Bank ASA

Storebrand Bank Group

Income statement

(NOK million)	Note	Q1 2017	2016	Full year 2016
Interest income		181.4	198.9	765.9
Interest expense		-94.4	-110.9	-393.3
Net interest income	11	87.1	88.0	372.7
Fee and commission income from banking services		20.5	11.3	63.6
Fee and commission expenses for banking services		-3.2	-3.0	-15.2
Net fee and commission income		17.4	8.4	48.5
Net gains on financial instruments		15.8	7.0	86.9
Other income				-3.5
Total other operating income		15.8	7.0	83.4
Staff expenses		-25.1	-25.8	-96.8
General administration expenses		-18.0	-13.5	-52.7
Other operating costs		-33.2	-35.0	-135.2
Total operating costs		-76.3	-74.2	-284.7
Operating profit before loan losses		44.0	29.1	219.8
Loan losses for the period	13	-4.2	-8.1	-17.2
Profit before tax		39.8	21.1	202.7
Tax	3	-10.6	-6.0	-45.0
Result after tax sold/discontinued operations				0.5
Profit for the period		29.1	15.1	158.1
Profit for the period is attributable to:				
Portion attributable to shareholders		26.4	12.2	147.2
Portion attributable to additional Tier 1 capital holders		2.7	2.9	11.0
Profit for the period		29.1	15.1	158.1

Statement of comprehensive income

(NOK million)	Q1 2017	2016	Full Year 2016
Profit for the period	29.1	15.1	158.1
Pension experience adjustments			-6.6
Tax on pension experience adjustments			1.7
Total other result elements not to be classified to profit/loss	0.0	0.0	-5.0
Unrealised gain/loss financial instruments available for sale			-2.8
Total other result elements that may be classified to profit/loss	0.0	0.0	-2.8
Total comprehensive income for the period	29.1	15.1	150.4
Total comprehensive income for the period is attributable to:			
Portion attributable to shareholders	26.4	12.2	139.4
Portion attributable to additional Tier 1 capital holders	2.7	2.9	11.0
Total comprehensive income for the period	29.1	15.1	150.4

Storebrand Bank Group

Statement of financial position

(NOK million)	Note	31.03.2017	31.03.2016	31.12.2016
Cash and deposits with central banks		308.5	310.7	464.5
Loans to and deposits with credit institutions	6	369.1	404.2	272.0
Financial assets designated at fair value through profit and loss:				
Equity instruments	6	15.5	10.6	15.5
Bonds and other fixed-income securities	6, 12	3,549.7	2,656.2	3,431.9
Derivatives	6	268.7	462.7	254.1
Bonds at amortised cost	6, 12	380.2	780.7	530.6
Other current assets	6	34.1	24.6	30.5
Gross lending, amortised cost	6	25,279.8	27,958.0	25,375.0
Gross lending, fair value through profit and loss	6	2,096.0	1,367.6	1 958.5
Gross lending		27,375.8	29,325.7	27 333.5
- Loan loss provisions on individual loans	13	-31.7	-23.4	-27.5
- Loan loss provisions on groups of loans	13	-35.2	-33.1	-38.2
Net lending to customers		27,308.8	29,269.1	27,267.8
Tangible assets		0.8	1.8	1.0
Intangible assets and goodwill		78.2	92.0	80.1
Deferred tax assets	3	16.2	31.5	24.0
Assets sold/discontinued operations		0.8	0.0	0.8
Total assets		32,330.8	34,043.9	32,373.0
Liabilities to credit institutions	6	4.9	708.4	407.2
Deposits from and due to customers	6	14,630.8	16,595.1	15,238.4
Other financial liabilities:				
Derivatives	6	195.2	342.1	208.3
Commercial papers and bonds issued	6, 8	14,879.5	13,571.1	13,521.0
Other liabilities	6	90.6	174.1	153.7
Liabilities sold/discontinued operations				
Provision for accrued expenses and liabilities		5.7	7.8	7.3
Pension liabilities		13.6	25.3	13.6
Subordinated loan capital	6, 8	276.1	277.0	277.2
Total liabilities		30,096.4	31,700.9	29,826.6
Paid in capital		1,590.9	0.0	226.0
Retained earnings		417.5	2,117.1	2,094.3
Additional Tier 1 capital		226.0	226.0	226.0
Total equity		2,234.4	2,343.1	2,546.3
Total equity and liabilities		32,330.8	34,043.9	32,373.0

Lysaker, 26 April 2017
The Board of Directors of Storebrand Bank ASA

Storebrand Bank ASA

Income statement

(NOK million)	Note	Q1		Full Year
		2017	2016	2016
Interest income		106.2	128.3	481.4
Interest expense		-47.9	-72.1	-226.6
Net interest income	11	58.2	56.3	254.8
Fee and commission income from banking services		33.9	25.8	122.0
Fee and commission expenses for banking services		-3.1	-3.0	-15.1
Net fee and commission income		30.8	22.8	106.8
Net gains on financial instruments		22.7	13.0	95.4
Other income				58.6
Total other operating income		22.7	13.0	154.0
Staff expenses		-25.0	-25.7	-96.6
General administration expenses		-17.9	-13.4	-48.3
Other operating costs		-32.5	-34.2	-132.3
Total operating costs		-75.4	-73.3	-277.2
Operating profit before loan losses		36.3	18.7	238.4
Loan losses for the period	13	-4.4	-7.8	-17.1
Profit before tax		31.9	10.9	221.4
Tax	3	-8.7	-3.4	-47.5
Profit for the period		23.3	7.5	173.8
Profit for the period is attributable to:				
Portion attributable to shareholders		20.5	4.6	162.9
Portion attributable to additional Tier 1 capital holders		2.7	2.9	11.0
Profit for the period		23.3	7.5	173.8

Statement of comprehensive income

(NOK million)	Q1		Full Year
	2017	2016	2016
Profit for the period	23.3	7.5	173.8
Pension experience adjustments			-6.6
Tax on pension experience adjustments			1.7
Total other result elements not to be classified to profit/loss	0.0	0.0	-5.0
Unrealised gain/loss financial instruments available for sale			-2.8
Total other result elements that may be classified to profit/loss	0.0	0.0	-2.8
Total comprehensive income for the period	23.3	7.5	166.1
Total comprehensive income for the period is attributable to:			
Portion attributable to shareholders	20.5	4.6	155.1
Portion attributable to additional Tier 1 capital holders	2.7	2.9	11.0
Total comprehensive income for the period	23.3	7.5	166.1

Storebrand Bank ASA

Statement of financial position

(NOK million)	Note	31.03.2017	31.03.2016	31.12.2016
Cash and deposits with central banks		308.5	310.7	464.5
Loans to and deposits with credit institutions	6	2,515.5	1,551.8	1,221.8
Financial assets designated at fair value through profit and loss:				
Equity instruments	6	15.5	10.6	15.5
Bonds and other fixed-income securities	6, 12	3,809.7	4,835.3	4,070.1
Derivatives	6	137.9	271.6	131.1
Bonds at amortised cost	6, 12	380.2	780.7	530.6
Other current assets		1,076.7	1,010.0	1,127.2
Gross lending, amortised cost	6	10,000.1	13,686.7	11,999.5
Gross lending, fair value through profit and loss	6	2,096.0	1,367.6	1,958.5
Gross lending		12,096.1	15,054.4	13,958.0
- Loan loss provisions on individual loans	13	-30.8	-21.1	-24.6
- Loan loss provisions on groups of loans	13	-34.3	-31.1	-37.0
Net lending to customers		12,031.0	15,002.1	13,896.4
Tangible assets		0.8	1.8	1.0
Intangible assets		78.2	92.0	80.1
Deferred tax assets	3	14.4	31.5	22.4
Total assets		20,368.5	23,898.0	21,560.8
Liabilities to credit institutions	6	4.9	1,019.8	407.2
Deposits from and due to customers	6	14,640.5	16,605.4	15,248.0
Other financial liabilities:				
Derivatives	6	195.2	342.1	208.3
Commercial papers and bonds issued	6, 8	2,974.3	3,112.4	2,625.2
Other liabilities	6	95.6	180.3	632.7
Provision for accrued expenses and liabilities		5.7	7.8	7.3
Pension liabilities		13.6	25.3	13.6
Subordinated loan capital	6, 8	276.1	277.0	277.2
Total liabilities		18,205.9	21,570.0	19,419.4
Paid in capital		1,762.4	1,762.4	1,762.4
Retained earnings		174.2	339.5	152.9
Additional Tier 1 capital		226.0	226.0	226.0
Total equity		2,162.6	2,327.9	2,141.4
Total equity and liabilities		20,368.5	23,898.0	21,560.8

Lysaker, 26 April 2017
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 31.12.2015	960.6	156.0	400.3	1,516.8	661.3	661.3	226.0	2,404.2
Profit for the period					147.2	147.2	11.0	158.1
Total other result elements not to be classified to profit/loss					-5.0	-5.0		-5.0
Total other result elements that may be classified to profit/loss					-2.8	-2.8		-2.8
Total comprehensive income for the period	0.0	0.0	0.0	0.0	139.4	139.4	11.0	150.4
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					2.7	2.7	0.0	2.7
Payment to additional Tier 1 holders							-11.0	-11.0
Group contribution received			74.1	74.1				74.1
Provision for group contribution					-74.1	-74.1		-74.1
Equity at 31.12.2016	960.6	156.0	474.4	1,590.9	729.4	729.4	226.0	2,546.3
Profit for the period					26.4	26.4	2.7	29.1
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	26.4	26.4	2.7	29.1
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					-339.0	-339.0		-339.0
Equity at 31.03.2017	960.6	156.0	474.4	1,590.9	417.5	417.5	226.0	2,234.4
Equity at 31.12.2015								
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					12.2	12.2	2.9	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	12.2	12.2	2.9	15.1
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					0.7	0.7	0.0	0.7
Payment to additional Tier 1 holders							-2.8	-2.8
Provision for group contribution					-74.1	-74.1		-74.1
Equity at 31.03.2016	960.6	156.0	400.3	1,516.8	600.2	600.2	226.1	2,343.1

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 31.12.2015	960.6	156.0	645.9	1,762.4	334.1	334.1	226.0	2,322.5
Profit for the period					162.9	162.9	11.0	173.8
Total other result elements not to be classified to profit/loss					-5.0	-5.0		-5.0
Total other result elements that may be classified to profit/loss					-2.8	-2.8		-2.8
Total comprehensive income for the period	0.0	0.0	0.0	0.0	155.1	155.1	11.0	166.1
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					2.7	2.7		2.7
Payment to additional Tier 1 holders							-11.0	-11.0
Provision for group contribution					-339.0	-339.0		-339.0
Equity at 31.12.2016	960.6	156.0	645.9	1,762.4	153.0	153.0	226.0	2,141.4
Profit for the period				0.0	20.5	20.5	2.7	23.3
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	20.5	20.5	2.7	23.3
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
Equity at 31.03.2017	960.6	156.0	645.9	1,762.4	174.2	174.2	226.0	2,162.6
The share capital is made up of 64 037 183 shares of nominal value NOK 15.								
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					4.6	4.6	2.9	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	4.6	4.6	2.9	7.5
Equity transactions with owners:								
Equity transactions with owners:					0.7	0.7	0.0	0.7
Additional Tier 1 capital classified as equity							-2.8	-2.8
Equity at 31.03.2016	960.6	156.0	645.9	1,762.4	339.5	339.5	226.0	2,327.9

Statement of cash flow

Storebrand Bank ASA			Storebrand Bank Group	
31.03.2016	31.03.2017	NOK million	31.03.2017	31.03.2016
		Cash flow from operations		
134.0	124.1	Receipts of interest, commissions and fees from customers	198.3	213.1
-28.3	-5.2	Payments of interest, commissions and fees to customers	-5.2	-28.3
27.6	1,854.2	Net disbursements/payments on customer loans	-40.2	26.6
-1,254.9	-627.7	Net receipts/payments of deposits from banking customers	-627.7	-1,254.9
97.1	432.5	Net receipts/payments - securities at fair value	324.0	87.6
-53.3	-111.2	Payments of operating costs	-127.1	-55.8
-1,077.8	1,666.7	Net cash flow from operating activities	-278.0	-1,011.7
		Cash flow from investment activities		
-7.3	-1.3	Net payments on purchase/sale of fixed assets etc.	-1.3	-7.3
-7.3	-1.3	Net cash flow from investment activities	-1.3	-7.3
		Cash flow from financing activities		
-100.0	-109.0	Payments - repayments of loans and issuing of bond debt	-1,885.0	-1,759.7
500.0	300.0	Receipts - new loans and issuing of bond debt	2,800.1	3,000.0
-35.3	-19.8	Payments - interest on loans	-68.3	-77.8
-2.8	-2.8	Payments - interest on subordinated loan capital	-2.8	-2.8
	150.0	Receipts on issued additional Tier 1 capital	150.0	
-2.8	-2.7	Payments - interest on additional Tier 1 capital	-2.7	-2.8
293.6	-401.8	Net receipts/payments of liabilities to credit institutions	-401.8	292.8
144.4	52.7	Receipts - group contribution		
-132.8	-494.2	Payments - group contribution / dividends	-369.2	-27.4
664.3	-527.6	Net cash flow from financing activities	220.4	1,422.4
-420.9	1,137.7	Net cash flow in the period	-58.9	403.4
2,283.4	1,686.3	Cash and bank deposits at the start of the period	736.6	311.5
1,862.6	2,824.1	Cash and bank deposits at the end of the period	677.6	714.9
		Cash and bank deposits consist of:		
310.7	308.5	Cash and deposits with central banks	308.5	310.7
1,551.8	2,515.5	Loans to and deposits with credit institutions	369.1	404.2
1,862.6	2,824.1	Total cash and bank deposits in the balance sheet	677.6	714.9

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 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 Bank ASA's and Storebrand Bank Group's interim financial statements.

Note 02 | Estimates

Critical accounting estimates and judgements are described in the 2016 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.

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. Therefore, for companies subject to the financial tax, the company tax rate will be continued at the 2016 level (25 per cent). Storebrand Bank ASA 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.

The Storebrand Bank Group includes companies that are both subject to and not subject to the financial tax. The tax cost is estimated based on expected effective tax rate per individual company for the year. Actual financial tax may differ from estimates.

Note 04 | Related parties

COVERED BONDS ISSUED BY STOREBRAND BOLIGKREDITT AS

Storebrand Bank ASA has invested a total of NOK 0.4 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 March 2017. 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 as of 31 March 2017 totalled NOK 3.1 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. The bank has recognised NOK 12 million as revenue in the accounts for first quarter of 2017. The fees paid to the bank are based on the arm's length principle.

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 31 days. 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 37 and 38 in the 2016 annual report for Storebrand Bank ASA.

Note
05

Financial risk

Storebrand Bank's financial assets and liabilities fluctuate in value due to the risk in the financial markets. Notes 3 to 7 in the 2016 annual report provide a more detailed overview of the bank group's financial risk which is also applicable for the financial risk as at 31 March 2017. The bank's corporate market portfolio has declined since the end of 2016, but this has not significantly changed the risk in the remaining portfolio.

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 Bank ASA.

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

Storebrand Bank Group

(NOK million)	Fair value	Fair value	Book value	Book value
	31.03.2017	31.12.2016	31.03.2017	31.12.2016
Financial assets				
Loans to and deposits with credit institutions	369.1	272.0	369.1	272.0
Net lending to customers - Corporate market	1,385.4	1,477.3	1,426.0	1,513.6
Net lending to customers - Retail market	23,786.9	23,795.8	23,786.9	23,795.7
Bonds classified as loans and receivables	381.5	532.7	380.2	530.6
Total financial assets 31.03.2017	25,922.9		25,962.2	
Total financial assets 31.12.2016		26,077.8		26,111.9
Financial liabilities				
Liabilities to credit institutions	4.9	5.0	4.9	5.0
Deposits from and due to customers	14,630.8	15,238.4	14,630.8	15,238.4
Commercial papers and bonds issued	15,379.7	13,584.5	14,879.5	13,521.0
Subordinated loan capital	276.5	277.6	276.1	277.2
Total financial liabilities 31.03.2017	30,292.0		29,791.3	
Total financial liabilities 31.12.2016		29,105.4		29,041.6

VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

Storebrand Bank Group

(NOK million)	Level 1	Level 2	Level 3	Book value 31.03.2017	Book value 31.12.2016
	Quoted prices	Observable assumptions	Non-observable assumptions		
Assets:					
Equities		9.3	6.2	15.5	15.5
Total equities 31.03.2017		9.3	6.2	15.5	
Total equities 31.12.2016		9.3	6.2		
Lending to customers - Corporate Market				0.0	0.0
Lending to customers - Retail Market			2,096.0	2,096.0	1,958.5
Total ending to customers 31.03.2017			2,096.0	2,096.0	0.0
Total ending to customers 31.12.2016			1,958.5		
Government and government guaranteed bonds		786.3		786.3	524.2
Mortgage and asset backed bonds		2,763.5		2,763.5	2,907.7
Total bonds 31.03.2017	0.0	3,549.7	0.0	3,549.7	
Total bonds 31.12.2016		3,431.9			
Interest derivatives		73.5		73.5	45.8
Total derivatives 31.03.2017	0.0	73.5	0.0	73.5	
Derivatives with a positive fair value		268.7		268.7	254.1
Derivatives with a negative fair value		-195.2		-195.2	-208.3
Total derivatives 31.12.2016		45.8			
Liabilities:					
Liabilities to credit institutions				0.0	402.2
Liabilities to credit institutions 31.03.2017		0.0		0.0	
Liabilities to credit institutions 31.12.2016		402.2			

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 01.01.2017	6.2	1,958.5
Net gains/losses on financial instruments	0.0	2.3
Supply / disposal	0.0	232.8
Sales / due settlements		-97.6
Transferred from observable assumptions to non-observable assumptions		
Translation differences		
Other		
Book value 31.03.2017	6.2	2,096.0

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

This item is included the membership in VISA Norge FLI. At the end of the quarter, the membership was valued at what the bank expects to receive in deferred settlement, adjusted for uncertainty. The change in value is included through Total comprehensive income.

(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 31.03.2017	-9.1	9.2	0.4	-0.4
Increase/reduction in fair value at 31.12.2016	-8.4	7.8	0.4	-0.4

Segment information

PROFIT AND LOSS BY SEGMENT FOR STOREBRAND BANK GROUP

(NOK million)	Corporate			Retail		
	Q1	Full Year		Q1	Full Year	
	2017	2016	2016	2017	2016	2016
Net interest income	7.6	12.4	42.2	82.2	94.7	353.8
Net fee and commission income	0.7	0.9	5.8	16.6	6.5	41.7
Other income	0.0	0.0	0.0	0.0	0.0	0.0
Total operating costs	-3.9	-8.4	-20.5	-72.4	-65.9	-264.2
Operating profit before loan losses	4.5	4.9	27.4	26.5	35.3	131.3
Loan losses	-4.0	-6.5	-12.7	-0.3	-1.3	-4.4
Ordinary profit from continuing operations	0.5	-1.6	14.7	26.2	34.0	126.9
Ordinary profit from discontinued businesses	0.0	0.0	0.0	0.0	0.0	0.0
Balance sheet items:						
Gross lending to customers	1,466.4	2,224.1	1,549.8	25,812.0	27,009.3	25,685.9
Deposits from and due to customers	293.5	468.5	227.7	14,270.4	16,077.2	14,872.2
Key figures:						
Net interest income as % of total assets	1.75 %	1.84 %	1.69 %	1.09 %	1.20 %	1.12 %
Cost/income ratio	47 %	63 %	43 %	73 %	65 %	67 %
Deposits from customers as % of gross lending	20 %	21 %	15 %	55 %	60 %	58 %
Total level of provisioning	62 %	61 %	71 %	18 %	23 %	21 %

(NOK million)	Treasury/other			Total		
	Q1	Full Year		Q1	Full Year	
	2017	2016	2016	2017	2016	2016
Profit and loss items:						
Net interest income	-2.7	-19.1	-23.3	87.1	88.0	372.7
Net fee and commission income	0.0	1.0	1.0	17.4	8.4	48.5
Other income	15.8	7.0	83.4	15.8	7.0	83.4
Total operating costs	0.0	0.1	0.0	-76.3	-74.2	-284.7
Operating profit before loan losses	13.1	-11.0	61.0	44.0	29.2	219.8
Loan losses	0.0	-0.3	0.0	-4.2	-8.1	-17.2
Ordinary profit from continuing operations	13.1	-11.3	61.0	39.8	21.1	202.7
Ordinary profit from sold/discontinued businesses	0.0	0.0	0.5	0.0	0.0	0.5

(NOK million)	Treasury/other			Total		
	Q1 2017	2016	Full Year 2016	Q1 2017	2016	Full Year 2016
Balance sheet items:						
Gross lending to customers	97.4	92.3	97.8	27,375.8	29,325.7	27,333.5
Deposits from and due to customers	66.9	49.4	138.4	14,630.8	16,595.1	15,238.4
Key figures:						
Net interest income as % of total assets				1.09 %	1.09 %	1.10 %
Cost/income ratio				63 %	72 %	54 %
Deposits from customers as % of gross lending				53 %	57 %	55 %
Total level of provisioning				31 %	32 %	29 %

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. The fee to the Norwegian Banks' Guarantee Fund is accrued over 12 months in the segment accounts.

TREASURY/OTHER:

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	
	31.03.2017	31.12.2016
Bond loans	14,879.5	13,521.0
Subordinated loan capital	276.1	277.2
Total securities issued and subordinated loan capital	15,155.5	13,798.2

SPECIFICATION OF COMMERCIAL PAPERS, BONDS ISSUED AND SUBORDINATED LOAN CAPITAL AS OF 31 MARCH 2017 - STOREBRAND BANK GROUP

(NOK million)	ISIN CODE	Issuer	Net nominal value	Currency	Interest	Maturity ¹⁾	Book value
							31.03.2017
Bond loans							
	NO0010641657 ³⁾	Storebrand Bank ASA	150.0	NOK	Floating	12.04.2017	151.6
	NO0010660806	Storebrand Bank ASA	300.0	NOK	Fixed	08.10.2019	318.1
	NO0010762891	Storebrand Bank ASA	500.0	NOK	Fixed	19.04.2021	500.5
	NO0010662752	Storebrand Bank ASA	300.0	NOK	Floating	13.11.2017	300.9
	NO0010751316	Storebrand Bank ASA	300.0	NOK	Floating	09.11.2018	300.6
	NO0010758980	Storebrand Bank ASA	500.0	NOK	Floating	04.03.2019	500.9
	NO0010787963	Storebrand Bank ASA	300.0	NOK	Floating	26.09.2019	299.9
	NO0010729387	Storebrand Bank ASA	600.0	NOK	Floating	14.01.2020	601.7
	Total bond loans		2,950.0				2,974.3

(NOK million)	ISIN CODE	Issuer	Net nominal value	Currency	Interest	Maturity ¹⁾	Book value
							31.03.2017
Covered bonds							
	NO0010548373	Storebrand Boligkreditt AS	1,250.0	NOK	Fixed	28.10.2019	1,383.7
	NO0010635071	Storebrand Boligkreditt AS	834.0	NOK	Floating	21.06.2017	824.7
	NO0010660822	Storebrand Boligkreditt AS	2,490.0	NOK	Floating	20.06.2018	2,509.5
	NO0010736903	Storebrand Boligkreditt AS	2,500.0	NOK	Floating	17.06.2020	2,495.2
	NO0010760192	Storebrand Boligkreditt AS	2,500.0	NOK	Floating	16.06.2021	2,501.0
	NO0010786726	Storebrand Boligkreditt AS	2,190.0	NOK	Floating	15.06.2022	2,191.1
	Total covered bonds		11,764.0				11,905.1
	Total commercial papers and bonds issued		14,714.0				14,879.5

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

2) For covered bonds ascribed to the cover pool in Storebrand Boligkreditt, an overcollateralization requirement of 109.5 per cent applies. This means that the company must at all times have assets in its cover pool that exceed at least 109.5 per cent of the total outstanding covered bonds.

3) Pursuant to the loan agreement, notice was given in February 2017 that the issuer would exercise its right to early repayment ("call") of the subordinated loan. As of 31 March 2017, the loan was reclassified as bond debt.

(NOK million) ISIN CODE	Issuer	Net nominal value	Currency	Interest	Maturity ¹⁾	Book value 31.03.2017
Dated subordinated loan capital						
NO0010714314	Storebrand Bank ASA	125.0	NOK	Floating	09.07.2019	125.6
NO0010786510	Storebrand Bank ASA	150.0	NOK	Floating	22.02.2022	150.4
Total subordinated loan capital		275.0				276.1
Total securities issued and subordinated loan capital						15,155.5

The loan agreements contain standard covenants. Storebrand Bank ASA and Storebrand Boligkreditt AS were in compliance with all relevant covenants in 2017.

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. According to the capital requirement regulations, 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.

The standard method is used for credit risk and market risk and the basis method is used for operational risk. In 2016, the Financial Supervisory Authority of Norway set a second pillar supplement of 1.8 percentage points of the calculation basis for Storebrand Bank ASA and the Storebrand Bank Group. The requirement must be covered by pure core capital. The requirement for a countercyclical capital buffer is 1.5 per cent at 31 March 2017, and at the same time the combined requirements for pure core capital and primary capital were 13.3 per cent and 16.8 per cent. The level of the countercyclical capital buffer requirement will be increased by a further 0.5 percentage points from 31 December 2017, with a corresponding increase in the requirement for pure core capital and primary capital from this date.

NET PRIMARY CAPITAL

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2016	31.03.2017	NOK million	31.03.2017	31.12.2016
960.6	960.6	Share capital	960.6	960.6
1,180.8	1,202.0	Other equity	1,273.8	1,585.8
2,141.4	2,162.6	Total equity	2,234.4	2,546.3
-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
1,915.4	1,936.6	Total equity exc. Hybrid Tier 1 capital	2,008.4	2,320.3
		Deductions		
	-23.3	Profit not included in the calculation of net primary capital	-29.1	
-80.1	-78.2	Intangible assets	-78.2	-80.1
		Provision for group contribution		-339.0
1,835.3	1,835.1	Core capital exc. Hybrid Tier 1 capital	1,901.0	1,901.2
		Additional Tier 1 capital:		
225.0	225.0	Capital instruments eligible as Tier 1 capital	225.0	225.0
		Addition		
2,060.3	2,060.1	Core capital	2,126.0	2,126.2
275.0	275.0	Supplementary capital	275.0	275.0
		Tier 2 capital		
		Tier 2 capital deductions		
2,335.2	2,335.1	Net primary capital	2,401.0	2,401.2

MINIMUM CAPITAL REQUIREMENT

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2016	31.03.2017	NOK million	31.03.2017	31.12.2016
825.4	777.7	Credit risk	997.1	1,002.2
		Of which:		
5.3	3.7	Local and regional authorities		5.6
		Public sector owned corporates	4.0	
		International organisations		
171.4	180.3	Institutions	11.8	9.9
		Corporates		
478.5	418.1	Loans secured in residential real estate	853.7	861.7
59.7	60.4	Retail market	63.3	62.3
10.7	11.2	Loans past-due	16.5	15.2
77.8	91.7	Covered bonds	23.9	25.5
22.1	12.4	Other	23.8	22.1
825.4	777.7	Total minimum requirement for credit risk	997.1	1,002.2
		Settlement risk		
0.0	0.0	Total minimum requirement for market risk	0.0	0.0
45.4	50.0	Operational risk	71.4	77.2
5.2	4.6	CVA risk *)	8.9	9.6
		Deductions		
-3.0	-2.7	Loan loss provisions on groups of loans	-2.8	-3.1
873.0	829.6	Minimum requirement for net primary capital	1,074.6	1,086.0

CAPITAL ADEQUACY

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2016	31.03.2017		31.03.2017	31.12.2016
21.4 %	22.5 %	Capital ratio	17.9 %	17.7 %
18.9 %	19.9 %	Core (tier 1) capital ratio	15.8 %	15.7 %
16.8 %	17.7 %	Core capital ratio excl. Hybrid Tier 1 capital	14.2 %	14.0 %

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

BASIS OF CALCULATION (RISK-WEIGHTED VOLUME)

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2016	31.03.2017	NOK million	31.03.2017	31.12.2016
10,317.3	9,721.5	Credit risk	12,464.0	12,528.0
		Of which:		
66.1	46.2	Local and regional authorities		70.2
		Public sector owned corporates	50.6	
		International organisations		
2,142.2	2,254.2	Institutions	147.6	123.7
0.1	0.2	Corporates	0.2	0.1
5,980.7	5,226.2	Loans secured on residential real estate	10,671.7	10,770.7
746.6	754.7	Retail market	790.7	778.6
133.2	139.4	Loans past-due	206.1	189.7
972.2	1,145.8	Covered bonds	299.3	318.8
276.2	154.8	Other	297.7	276.3
10,317.3	9,721.5	Total basis of calculation credit risk	12,464.0	12,528.0
		Settlement risk		
0.0	0.0	Total basis of calculation market risk	0.0	0.0
567.0	625.2	Operational risk	892.5	965.5
65.5	56.9	CVA risk *)	111.1	119.6
		Deductions		
-37.0	-34.3	Loan loss provisions on groups of loans	-35.2	-38.2
10,912.9	10,369.4	Total basis of calculation of minimum requirements for capital base	13,432.4	13,574.9

Note 10 | Key figures

(NOK million and percentage)	Storebrand Bank Group		
	Q1 2017	2016	Full Year 2016
Profit and Loss account: (as % of avg. total assets)			
Net interest income	1.09 %	1.18 %	1.11 %
Other operating income ²⁾	0.42 %	0.18 %	0.39 %
Main balance sheet figures:			
Total assets	32,330.8	34,043.9	32,373.0
Average total assets ¹⁾	32,326.4	33,794.6	33,720.3
Gross lending to customers	27,375.8	29,325.7	27,333.5
Deposits from customers	14,630.8	16,595.1	15,238.4
Deposits from customers as % of gross lending	53.4 %	56.6 %	55.7 %
Equity	2,234.4	2,343.1	2,546.3
Other key figures:			
Loan losses and provisions as % of average total lending ⁴⁾	0.06 %	0.1 %	0.06 %
Gross non-performing and loss-exposed loans as % of total average lending	0.8 %	0.6 %	0.7 %
Cost/income ratio ³⁾	63.4 %	71.8 %	55.3 %
Return on equity after tax ⁶⁾	4.8 %	3.5 %	6.4 %
Core capital ratio excl. Hybrid Tier 1 capital	14.2 %	15.4 %	14.0 %
LCR ⁵⁾	209.0 %	102.0 %	183.0 %

(NOK million and percentage)	Storebrand Bank ASA		
	Q1	2016	Full Year
	2017	2016	2016
Profit and Loss account: (as % of avg. total assets)			
Net interest income ¹⁾	1.12 %	1.11 %	1.10 %
Other operating income ³⁾	1.03 %	0.59 %	1.11 %
Main balance sheet figures:			
Total assets	20,368.5	23,898.0	21,560.8
Average total assets ²⁾	21,130.1	24,339.0	23,515.8
Gross lending to customers	12,096.1	15,054.4	13,958.0
Deposits from customers	14,640.5	16,605.4	15,248.0
Deposits from customers as % of gross lending	121.0 %	110.3 %	109.2 %
Equity	2,162.6	2,327.9	2,141.4
Other key figures:			
Loan losses and provisions as % of average total lending ⁴⁾	0.13 %	0.21 %	0.12 %
Gross non-performing and loss-exposed loans as % of total average lending	1.3 %	0.9 %	1.0 %
Cost/income ratio ³⁾	67.5 %	79.6 %	53.8 %
Return on equity after tax ⁶⁾	4.4 %	1.9 %	7.4 %
Core capital ratio excl. Hybrid Tier 1 capital	17.7 %	18.2 %	16.8 %
LCR ⁵⁾	174.0 %	131.0 %	161.0 %

Definitions:

- 1) Average total assets is calculated on the basis of monthly total assets for the quarter and for the year to date respectively.
2) Other operating income includes net fee and commission income.
3) Total operating expenses as % of total income.
4) 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.
5) Liquidity coverage requirement.
6) Annualised profit after tax for continued operations as % of average equity.

Note 11 | Net interest income

STOREBRAND BANK GROUP

(NOK million)	Q1		
	2017	2016	2016
Interest and other income on loans to and deposits with credit institutions	1.5	1.1	5.9
Interest and other income on loans to and due from customers	164.9	185.2	701.5
Interest on commercial paper, bonds and other interest-bearing securities	14.9	12.1	55.9
Other interest income and related income	0.3	0.6	2.6
Total interest income	181.4	198.9	765.9
Interest and other expenses on debt to credit institutions	-1.3	-2.6	-5.7
Interest and other expenses on deposits from and due to customers	-25.4	-34.1	-120.4
Interest and other expenses on securities issued	-61.3	-57.0	-241.8
Interest and expenses on subordinated loan capital	-3.2	-2.8	-11.0
Other interest expenses and related expenses	-3.2	-14.5	-14.5
Total interest expenses	-94.4	-110.9	-393.3
Net interest income	87.1	88.0	372.7

STOREBRAND BANK ASA

(NOK million)	Q1		Full Year
	2017	2016	2016
Interest and other income on loans to and deposits with credit institutions	6.8	9.5	35.5
Interest and other income on loans to and due from customers	83.1	98.4	366.2
Interest on commercial paper, bonds and other interest-bearing securities	16.1	19.8	77.1
Other interest income and related income	0.3	0.6	2.6
Total interest income	106.2	128.3	481.4
Interest and other expenses on debt to credit institutions	-1.3	-3.4	-8.4
Interest and other expenses on deposits from and due to customers	-25.4	-34.1	-120.4
Interest and other expenses on securities issued	-14.8	-17.3	-72.3
Interest and expenses on subordinated loan capital	-3.2	-2.8	-11.0
Other interest expenses and related expenses	-3.2	-14.5	-14.5
Total interest expenses	-47.9	-72.1	-226.6
Net interest income	58.2	56.3	254.8

Note
12

Off balance sheet liabilities and contingent liabilities

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2016	31.03.2017	NOK million	31.03.2017	31.12.2016
23.6	22.3	Guarantees	22.3	23.6
6,721.0	5,387.2	Undrawn credit limits	3,537.3	3,548.5
3,524.2	3,338.8	Lending commitments retail market	3,338.8	3,524.2
10,268.8	8,748.3	Total contingent liabilities	6,898.4	7,096.2
1,085.9	979.1	Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank	979.1	879.8
352.0	301.3	Booked value of bonds pledged as security with other credit institutions	301.3	150.9
1,437.9	1,280.3	Total book value of off balance sheet liabilities	1,280.3	1,030.7

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 2017 includes NOK 3.6 billion to the subsidiary Storebrand Boligkreditt AS (see note 4).

Non-performing loans and loan losses

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2016	31.03.2017	NOK million	31.03.2017	31.12.2016
		Non-performing loans		
71.5	56.1	Non-performing loans without evidence of impairment	104.3	107.3
72.7	95.3	Loss-exposed loans with evidence of impairment	109.4	87.6
144.2	151.4	Gross non-performing and loss-exposed loans	213.6	194.9
-24.6	-30.8	Loan loss provisions on individual loans	-31.7	-27.5
119.6	120.5	Net non-performing and loss-exposed loans	181.9	167.4
		Key figures		
-31.1	-34.3	Loan loss provisions on groups of loans (NOK million)	-35.2	-33.1
-55.7	-65.1	Total loan loss provisions (NOK million)	-66.9	-60.6
34 %	32 %	Level of provisioning for individual loss-exposed loans 1)	29 %	31 %
39 %	43 %	Total level of provisioning 2)	31 %	31 %

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	
31.03.2016	31.03.2017	NOK million	31.03.2017	31.03.2016
		Losses on loans and guarantees etc. during period		
34.5	-6.5	Change in individual loan loss provisions	-4.5	34.5
-7.0	2.7	Change in grouped loan loss provisions	3.0	-7.2
		Other effects on loan loss provisions		
-34.6	-0.4	Realised losses specifically provided for previously	-2.5	-34.6
-1.2	-0.6	Realised losses not specifically provided for previously	-0.6	-1.2
0.4	0.4	Recoveries on previous realised losses	0.4	0.4
-7.8	-4.4	Loan losses for the period	-4.2	-8.1

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.

Quarterly income statement

STOREBRAND BANK GROUP

	Q1	Q4	Q3	Q2	Q1
(NOK million)	2017	2016	2016	2016	2016
Interest income	181.4	186.9	189.5	190.6	198.9
Interest expense	-94.4	-93.0	-93.6	-95.8	-110.9
Net interest income	87.1	93.9	96.0	94.8	88.0
Fee and commission income from banking services	20.5	18.5	19.3	14.5	11.3
Fee and commission expenses for banking services	-3.2	-6.1	-2.9	-3.2	-3.0
Net fee and commission income	17.4	12.4	16.4	11.3	8.4
Net gains on financial instruments	15.8	4.7	31.8	43.4	7.0
Other income		-3.5			
Total other operating income	15.8	1.2	31.8	43.4	7.0
Staff expenses	-25.1	-20.8	-31.0	-19.2	-25.8
General administration expenses	-18.0	-15.8	-10.6	-8.6	-13.5
Other operating cost	-33.2	-32.1	-36.5	-35.9	-35.0
Total operating costs	-76.3	-68.7	-78.1	-63.6	-74.2
Operating profit before loan losses	44.0	38.8	66.1	85.9	29.1
Loan losses for the period	-4.2	-8.7	-3.2	2.8	-8.1
Profit before tax	39.8	30.0	62.9	88.7	21.1
Tax	-10.6	-5.2	-16.4	-17.4	-6.0
Result after tax sold/discontinued operations		0.5			
Profit for the year	29.1	25.3	46.5	71.2	15.1

STOREBRAND BANK ASA

	Q1	Q4	Q3	Q2	Q1
(NOK million)	2017	2016	2016	2016	2016
Interest income	106.2	117.4	119.1	116.6	128.3
Interest expense	-47.9	-48.2	-52.4	-53.9	-72.1
Net interest income	58.2	69.2	66.7	62.6	56.3
Fee and commission income from banking services	33.9	32.5	34.5	29.3	25.8
Fee and commission expenses for banking services	-3.1	-6.1	-2.8	-3.2	-3.0
Net fee and commission income	30.8	26.4	31.6	26.0	22.8
Net gains on financial instruments	22.7	1.8	32.4	48.2	13.0
Other income		58.6			
Total other operating income	22.7	60.4	32.4	48.2	13.0
Staff expenses	-25.0	-20.8	-31.0	-19.1	-25.7
General administration expenses	-17.9	-15.8	-10.6	-8.5	-13.4
Other operating cost	-32.5	-29.2	-34.6	-34.4	-34.2
Total operating costs	-75.4	-65.7	-76.2	-62.0	-73.3
Operating profit before loan losses	36.3	90.3	54.6	74.9	18.7
Loan losses for the period	-4.4	-8.8	-4.2	3.8	-7.8
Profit before tax	31.9	81.5	50.4	78.6	10.9
Tax	-8.7	-15.9	-13.3	-14.9	-3.4
Profit for the year	23.3	65.5	37.1	63.7	7.5

Financial calendar 2017



14 July Result Q2 2017
26 October Result Q3 2017
February 2018 Result Q4 2017

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