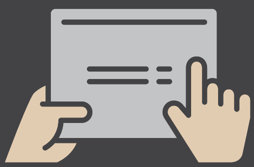
storebrand



Manage your personal finances efficiently in an integrated manner. Storebrand offers all the products and services you need, including banking.

Maria Meidell Borgersen
Storebrand

Annual Report 2015
Storebrand Bank ASA

Company information

ADDRESS:

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

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

Investor relations:
Bernt H. Uppstad. Managing Director. E-mail: bernt.uppstad@storebrand.no. Phone: + 47 9160 2270.
Kjetil R. Krøkje. Head of Investor Relations. E-mail: kjetil.r.krokje@storebrand.no. Phone: +47 9341 2155.

Contents

Key figures Storebrand Bank Group

(NOK million)	2015	2014
Profit and Loss account: (as % of avg. total assets)		
Net interest income	1.13 %	1.26 %
Other operating income [3]	0.06 %	0.18 %
Main balance sheet figures:		
Total assets	33 613.7	34 002.4
Average total assets [1]	33 390.0	36 545.3
Gross lending to customers	29 350.8	28 518.6
Deposits from customers	17 824.7	19 358.1
Deposits from customers as % of gross lending	60.7 %	67.9 %
Equity	2 404.2	2 526.7
Other key figures:		
Total non-interest income as % of total income	5.1 %	12.2 %
Loan losses and provisions as % of average total lending [5]	0.16 %	0.24 %
Gross non-performing and loss-exposed loans as % of total average lending	0.6 %	0.5 %
Cost/income ratio banking activities [4]	67.7 %	46.3 %
Return on equity before tax [2]	3.6 %	7.7 %
Core capital ratio	15.2 %	13.3 %
LCR [6]	95.0 %	na

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) Profit before tax for continued operations as % of average equity.

3) Other operating income includes net fee and commission income.

4) Banking activities consists of Storebrand Bank ASA and Storebrand Boligkreditt AS.

5) Loan losses and provisions for Storebrand Bank Group includes the items loan losses for the period and losses real estate at fair value, assets repossessed, in the profit & loss account.

6) Liquidity coverage requirement.

Annual Report

MAIN TRENDS

Storebrand Bank ASA is a wholly owned subsidiary of Storebrand ASA. The activities of the bank are managed as an integral part of the activities of the Storebrand Group. Storebrand Bank is a commercial bank with licenses under the Securities Trading Act. Its head office is in Lysaker, in the municipality of Bærum.

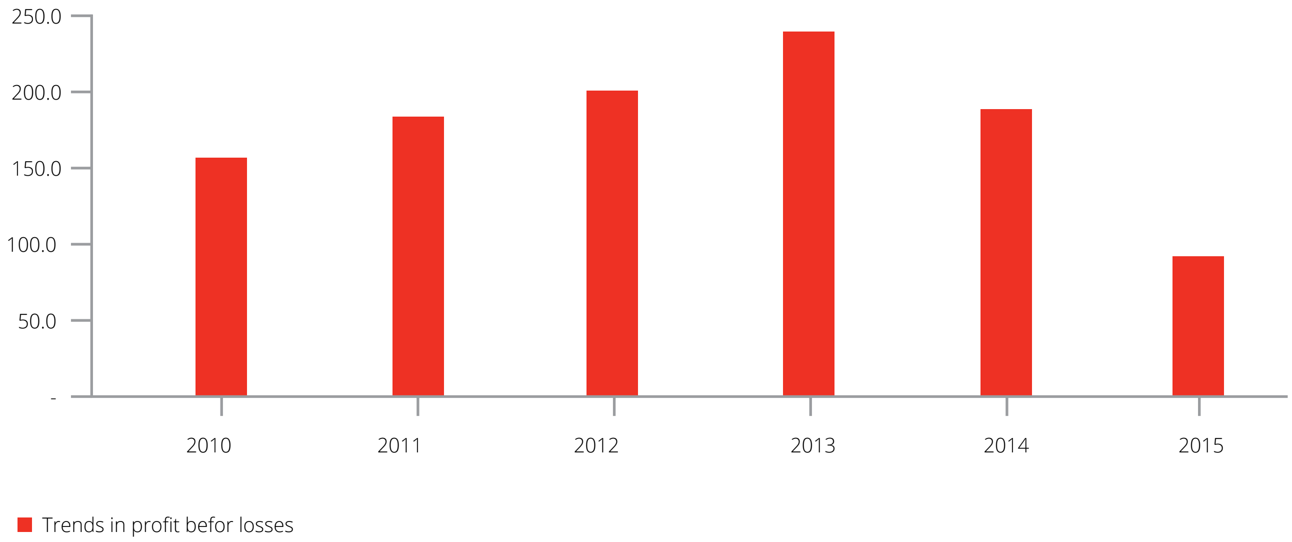
Storebrand Bank ASA is a web-based bank that offers traditional bank products to the Norwegian market. The bank's main target group is persons who have an occupational pension with Storebrand. These customers are also members of the Group's loyalty programme, Storebrand Fordel. The bank's offerings are also integrated with the Group's loyalty programme.

At Storebrand, the group unit Commercial Norway is responsible for the general commercial activities in the Norwegian part of the Group. This means that distribution, market activities and product development in Norway are gathered under the same management, with the goal to increase the force of the market. The bank delivers products to the different market and customer concepts.

Storebrand Bank ASA has decided to wind up the corporate market at the bank. The market is being wound up in a controlled manner over time.

FINANCIAL PERFORMANCE

TRENDS IN PROFIT BEFORE LOSSES



The results for 2010 have been restated as a result of the decision to sell the ownership stake in Ring Eiendomsmegling.

The bank group achieved a profit before taxes of NOK 86 million for 2015 compared with NOK 192 million in 2014 for continued operations. Lower volume due to the planned winding up of the corporate market portfolio and lower lending margins in the retail market is reducing net interest income. The redemption of convertible bonds and fluctuations in the market are reducing other income. The bank group achieved a profit after tax of NOK 59 million in 2015, compared with NOK 137 million in 2014.

NET INTEREST INCOME

NET INTEREST INCOME AND NET INTEREST INCOME AS A PERCENTAGE OF AVERAGE TOTAL ASSETS

Net interest income for the bank group amounted to NOK 377 million compared with NOK 462 million in the previous year. Net interest income as a percentage of average total assets was 1.13 per cent in 2015, 0.13 percentage points lower than in 2014. The interest margin contracted due to the reduced proportion of commercial loans and increased competition in the retail market.

OTHER INCOME

The bank group's net commission income was NOK 41 million, compared with NOK 57 million in 2014, primarily due to the decision to wind up and gradually discontinue the Corporate Market. Other income declined from NOK 7 million in 2014 to minus NOK 20 million in 2015. Revaluation of financial instruments measured at fair value resulted in an expense of NOK 26 million, compared with NOK 7 million in 2014. This includes a positive contribution from interest rate and foreign exchange services supplied to the bank's customers. Of this amount, there were realised and unrealised losses of NOK 35 million in the liquidity reserve portfolio in 2015, unrealised losses on fixed-rate lending at fair value through profit or loss of NOK 7 million, and the redemption of a subordinated convertible loan that resulted in a realised loss of NOK 23 million in 2015. The associated derivatives showed a net gain in 2015. The winding up of the corporate market portfolio also had a negative effect on other income.

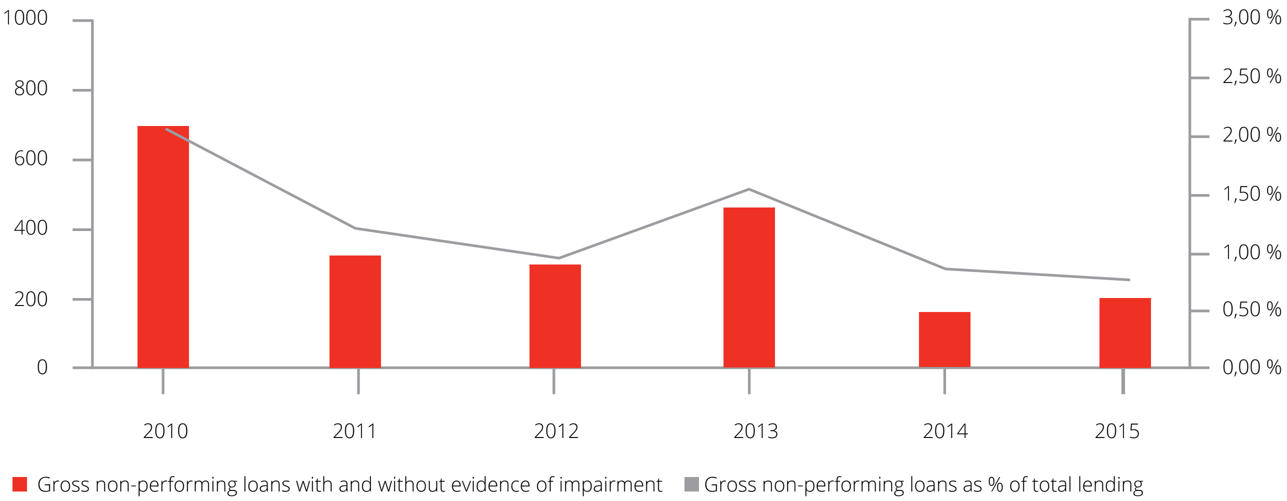
OPERATING EXPENSES

OPERATING EXPENSES AS A PERCENTAGE OF AVERAGE TOTAL ASSETS

The operating expenses in the bank group totalled NOK 267 million (NOK 260 million). The cost percentage was 68 per cent in 2015 (46 per cent). In the 2014 the costs were impacted by a decision to wind up the Norwegian defined benefit scheme. Pension liabilities and pension funds in the defined benefit scheme were derecognised in the fourth quarter of 2014. The net effect on profit for the bank group was an income of NOK 44 million, which reduced the operating costs for 2014.

LOSSES AND NON-PERFORMING LOANS

DEVELOPMENTS IN GROSS NON-PERFORMING LOANS WITH AND WITHOUT IMPAIRMENT AND IN THE PERCENTAGE OF AVERAGE GROSS LENDING.



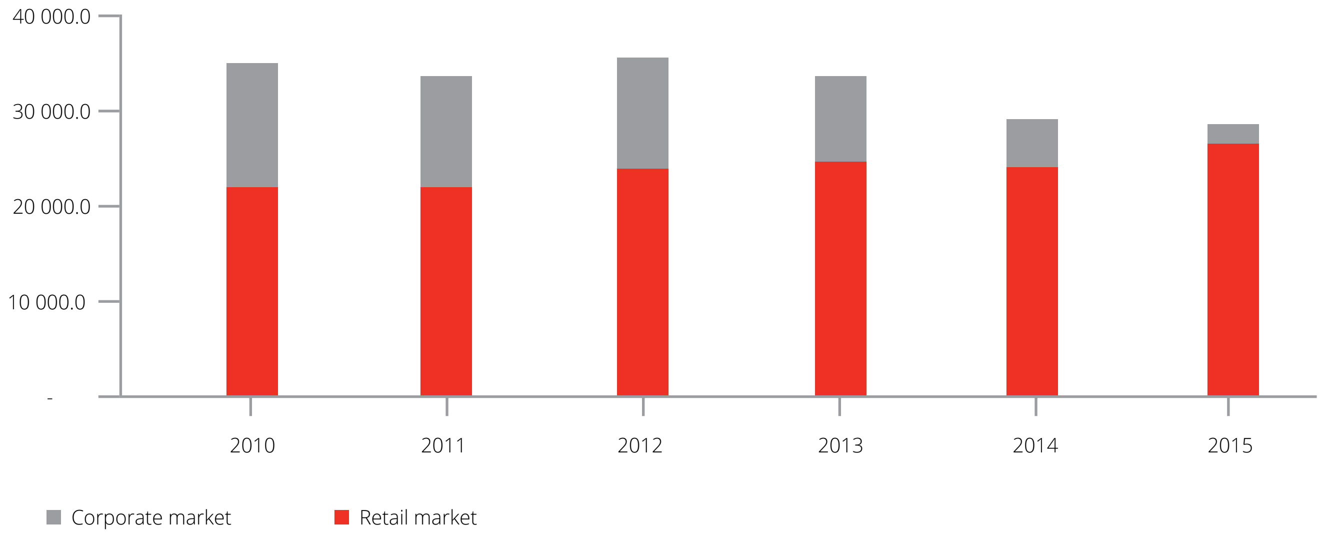
Total loan losses, including write-downs on loans taken over, amounted to NOK 45 million for the bank group, compared with minus NOK 74 million in 2014.

Non-performing loans that are not impaired increased in 2015 and amounted to NOK 87 million (NOK 76 million). The volume of impaired non-performing loans also increased in 2015 to NOK 100 million (NOK 77 million). The total volume of non-performing loans represents 0.6 per cent of gross lending (0.5 per cent).

Group write-downs increased from NOK 21 million in 2014 to NOK 31 million at the end of 2015. The reduction is mainly the result of the ongoing winding up of the bank's corporate market portfolio.

BALANCE SHEET

DEVELOPMENT OF GROSS LENDING IN BOTH THE RETAIL MARKET AND CORPORATE MARKET



At the end of 2015 the bank group had NOK 33.6 billion in assets under management. Gross lending to customers was NOK 29.4 billion at year-end. This is an increase of NOK 0.8 billion, corresponding to 3 per cent since the end of 2014. The retail market portfolio increased NOK 2.4 billion in 2015, while the corporate market portfolio declined, as planned.

The bank group's Retail Market portfolio represents 92 per cent of total loans, and mainly consists of low risk home mortgages. The weighted average loan-to-value ratio in the bank group for the retail market portfolio is approximately 58 per cent for home mortgage loans, compared with 54 per cent at the end of 2014. Loan-to-value ratio is calculated based on amounts drawn in the case of flexible secured loans. Corporate market lending accounts for 8 per cent of the portfolio. At the end of 2015, approximately 82 per cent of these loans were to income-generating properties, 12 per cent were to development properties (construction projects and site loans) and 6 per cent were other corporate market loans. Storebrand Bank ASA has established a syndication agreement with Storebrand Livsforsikring AS for commercial property loans. Loans to income-generating properties are secured by mortgages in rental properties.

The bank group has a balanced funding structure and bases its funding on customer deposits, issuance of securities and covered bonds, as well as borrowing in the Norwegian and international capital markets. 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 17.8 billion (19.4 billion) at the end of the year, which represents a deposit-to-loan ratio of 61 per cent (68 per cent).

The bank group has issued NOK 0.9 billion in senior bonds, NOK 2.5 billion in covered bonds, but no subordinated loans and perpetual hybrid Tier 1 capital in 2015. Total amount maturing in 2015 was NOK 3.7 billion. The bank group takes an active stance in managing liquidity and market making and in 2015 repurchased approximately NOK 0.3 billion of outstanding borrowing before the maturity dates in 2016 and a perpetual convertible loan.

BUSINESS SEGMENTS

RETAIL MARKET

Storebrand Bank ASA is a web-based bank that offers traditional bank products to the Norwegian market. Employees with an occupational pension with Storebrand are the bank's main target group and part of the group's benefit programme, Storebrand Fordel. The programme includes favourable home mortgages and bank saving, and an attractive everyday banking package with a credit card. The bank also aims especially at young people who are setting up home.

At the end of 2015, the bank group had approximately 74,000 active retail market customers, with a lending volume of NOK 26.9 billion and a volume of deposits of NOK 17.4 billion. Competitiveness for loans above NOK 2 million and mortgages for young people (BLU) increased during the year, and the bank saw lending growth in strategic focus areas.

CORPORATE MARKET

Storebrand Bank ASA decided in 2013 to wind up the corporate market at the bank. This is also a strategic assessment of the future direction of the Group, and the bank's corporate market is not a prioritised core activity.

The area is being wound up in a controlled manner over time, meaning that the bank is not becoming involved in new projects, granting new loans or through other means bringing in new customers in the Corporate Market.

GROUP STRUCTURE AND SUBSIDIARIES

Subsidiary Storebrand Boligkreditt AS holds a licence to issue covered bonds secured by mortgages in residential property. The company's balance was NOK 14.9 billion at the end of 2015, and it mainly serves as a funding tool. NOK 11.6 million in covered bonds were issued. The portfolio had 0.2 per cent non-performance at the end of 2015. The established loan programme is Aaa rated by Moody's rating agency

RISK MANAGEMENT

A bank's core activities are linked to creating value through exposure to acceptable risk. The bank group is proactive in managing the risks in its business activities and continuously works to develop its routines and processes for risk management. On the whole, the current risk profile is regarded as being satisfactory.

The risk in the bank group is closely monitored in accordance with guidelines for risk management and internal control that have been approved by the Board. The bank's risk appetite is expressed through the risk strategy that is to support the bank's business goals. Policy documents stating the measurement parameters are prepared for each of the forms of risk defined in the guidelines. The development of these parameters is monitored through risk reports to the Board.

Credit risk and liquidity risk are the most significant forms of risk for the bank group, which is also exposed to operational risk, compliance risk and to a lesser extent market risk.

CREDIT RISK

The bank group has lending to customers totalling NOK 29.4 billion, in addition to unused credit facilities of NOK 3.8 billion as at 31 December 2015.

Lending to the corporate market segment will be wound up and the portfolio is being reduced. The lending volume, including unused credit facilities and guarantees on the bank's own balance sheet, has declined from NOK 4.4 billion to NOK 2.4 billion. Correspondingly, the lending volume, including unused credit facilities and guarantees, to the retail market amounted to NOK 30.7 billion.

The credit quality of the remaining corporate market portfolio is considered good. The portfolio consists primarily of loans to commercial property and mortgage-backed commitments in which the ongoing cash flows cover the commitment's interest expenses.

Cash flow loans are characterised by a good, diversified tenant profile and long leases. The bank is secured a cash flow from tenants with these types of loans, in addition to having security in the property itself. Tenant diversification considerably minimises the overall risk in the portfolio.

Of loans that are not non-performing or in arrears in the Corporate Market portfolio, about 85 per cent have a loan-to-value ratio of below 80 per cent. About 89 per cent of the loans are within a 90 per cent loan-to-value ratio. The risk level is considered to be moderate.

The credit quality of the retail market portfolio is considered good. Almost the entire portfolio is secured on real estate. The portfolio's high collateral coverage indicates a limited risk of loss. New loans are granted in accordance with the regulations relating to new loans secured by a mortgage on residential property. Loans in excess of 85 per cent of the market value are granted very rarely and only if the customers can pledge additional collateral or after a special assessment of suitability.

The weighted average loan-to-value ratio in the bank group for the Retail Market portfolio is approximately 58 per cent for home loans. Approximately 84 per cent of home loans have a loan-to-value ratio within 80 per cent and about 97 per cent are within a 90 per cent lo-an-to-value ratio. In the bank group, about 49 per cent of housing loans are within a 60 per cent loan-to-value ratio. The loan-to-value ratio of the portfolio increased towards the end of the year. The portfolio is regarded as having a low to moderate credit risk in accordance with the bank's risk appetite.

The retail market portfolio has historically had low losses and the proportion of loans in the retail market as a percentage of the bank's total lending is 92 per cent at the end of 2015.

Out of the total exposure in the Retail Market portfolio, the residential mortgage product is about 25 per cent. In isolation, this structure contributes to an increase in portfolio risk, but the risk is counteracted by stricter loan criteria for residential mortgages, monitoring customers with a high degree of utilisation, and follow-up of those who do not pay interest and instalments on a regular basis.

The bank group's guarantee portfolio amounted to NOK 49 million at year-end. The majority of the guarantees have been made for customers in connection with property development in Oslo and Akershus.

At year-end, the bank group had deposited securities with a fair value of NOK 650 million as collateral for drawing rights to overnight loans and F-loans in Norges Bank.

LIQUIDITY RISK

The proportion of long-term funding over 1 year was 100 per cent throughout 2015. The deposit-to-loan ratio showed a steady trend throughout 2015, and it was over 61 per cent at the end of the year. The bank attaches great importance to having a balanced funding structure in relation to the different maturities and issuing in different markets. The average remaining maturity for external funding is 2.2 years, a slight reduction from 2.6 years in 2014 as a result of a reduced balance sheet and increased deposit-to-loan ratio.

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

The bank group has established good liquidity buffers and attaches great importance to having a balanced funding structure in relation to the various maturities and issuances in various markets. Storebrand Bank ASA is rated by S&P and Moody's.

MARKET RISK

The bank group's aggregate market risk through interest rate and exchange rate exposure and the maximum risk of loss on its liquidity portfolio are restricted through low exposure limits and there is no active investment strategy for shares.

OPERATIONAL RISK

The bank group manages operational risk by focusing on establishing good work and control routines. It also works systematically to create the right attitude among the bank group's employees. The most important measures to reduce operational risk are systematic risk reviews carried out at least every six months on all of the bank group's activities, and also when starting projects or with special events. The last risk review was performed in autumn 2015.

COMPLIANCE RISK

The risk of incurring public sanctions or financial losses due to failure to comply with external and internal regulations is defined as the bank group's compliance risk. Storebrand Bank ASA is particularly focused on the risk relating to compliance and implementation of changes in the current legislation. The compliance manager has responsibility for preparing, documenting, implementing and maintaining the compliance process in Storebrand Bank ASA.

LEGAL DISPUTES

In 2015, Storebrand Bank reported nine cases to the police. Four involved document forgery and three involved card fraud. The others involved identity theft and invoice fraud.

In 2015 the bank received 373 complaints from customers who had invested in the Storebrand Private Investor product during the period from 2005 to 2008. The complaints referred to both the advice and the product. Union Corporate ASA was the arranger of the product. All of the complaints have been dealt with and dismissed, primarily due to expiry of the limitation period. Sixteen of the complainants appealed to the Financial Complaints Board. All of these appeals have also been dealt with. None of the customers' complaints/claims against the bank were upheld by the Financial Complaints Board's secretariat, primarily due to expiry of the limitation period. No legal proceedings were instituted or threatened against the bank in connection with claims concerning investments in this product in 2015.

CAPITAL MANAGEMENT

CAPITAL ADEQUACY

The bank group had a net capital base of NOK 2.6 billion at the end of 2015. The capital adequacy ratio was 17.1 per cent and the core capital ratio was 15.2 per cent, compared to 15.0 per cent and 13.3 per cent respectively at the end of 2014. The bank group has adapted to the new capital requirements and aims to comply with the applicable buffer capital requirements at any given time. The company has satisfactory financial strength and liquidity based on its operations. The bank group, parent bank and home mortgage company all satisfy the current statutory requirements.

The bank group has satisfactory solvency and good liquidity as at 31 December 2015

PERSONNEL, ORGANISATION, CORPORATE BODIES AND THE ENVIRONMENT

SUSTAINABILITY

The Storebrand Group has worked on sustainability in a systematic and goal-oriented manner for almost 20 years. Our sustainability work originated in asset management, where sustainability is currently part of the fundamental pillar of Storebrand's investment strategy. Sustainability is one of Storebrand's six customer promises and one of the Group's three principal messages. During the course of 2015, Storebrand has further strengthened these efforts.

Storebrand bases its work on sustainability and sustainable investments on global standards for environmental and human rights. We also support UN conventions and guidelines and have signed the UN Principles for Responsible Investment (PRI) and the UN Principles for Sustainable Insurance (PSI).

Sustainability is integrated into Storebrand's assessments, vision, core values and promises to customers, and the company has drawn up clear guidelines as a foundation for this work. Storebrand's minimum standard for sustainable investments applies to all of Storebrand's own funds and pension portfolios. The requirements apply to both equities and bonds, in Norway and internationally. The standard means that we exclude individual companies that are in violation of international norms and conventions or are among the poorest 10 per cent of the companies in high-risk industries. See also the discussion in a separate article in the Storebrand Group's annual report for 2015.

ETHICS AND TRUST

Trust is the lifeblood of Storebrand. The company sets strict requirements concerning high ethical standards for the Group's employees. Storebrand also has ethical rules, which are an important tool in our daily operations, and are followed up every year through training and monitoring. Management teams at all levels of the Group discuss ethical dilemmas and review the rules at least annually. The Group's rules relating to anti-corruption, notification and work against internal fraud are included in the ethical rules and apply to all employees and consultants that work for Storebrand.

THE ENVIRONMENT

The company makes a focused effort to reduce the impact of its business activities on the environment, through their own operations, investments, purchasing and property management. The emissions that we nevertheless have, through travel and the consumption of energy, are compensated for through purchasing verified emission allowances. The Storebrand Group places strict environmental demands on its suppliers and companies in which it invests. The company's head office is a low-emission building that uses renewable energy sources like solar energy and district heating. The building is also Eco-Lighthouse certified..

HUMAN RESOURCES AND ORGANISATION

At the end of the year, the company had 102 full-time equivalent employees, compared with 107 at the start of the year. Gender distribution is 50 per cent men and 50 per cent women. The average age of our employees is 42. The average term of service is 11 years.

DIVERSITY

Storebrand makes a focused effort to strengthen the development and have an even distribution of women and men in all areas and at all levels in the company. In 2015, 60 per cent of the company's Board members were women. At the end of the year, 55 per cent of the employees with managerial responsibility were women.

The company has increased its cultural diversity along the same lines as society in general. The company seeks to ensure equal treatment and opportunities for all the internal and external recruitment and development processes. The head office is a universal design building.

COMPETENCE

A high level of skill is one of Storebrand's most important factors for success, and it forms the foundation for renewed growth. At Storebrand, skills are synonymous with the ability that each individual employee has to perform and manage certain tasks and situations. This ability is based on knowledge and experience, skills, motivation and personality.

At Storebrand, all of the employees should have an opportunity to develop in step with the company's needs. In 2015, the company has focused on the fact that the greatest and most important part of skills development takes place through facilitating development as part of the everyday work. Skills development should take place be assigning challenging tasks to employees in their positions, and that they are allowed to develop themselves for new requirements and tasks.

WORKING ENVIRONMENT AND ABSENCE DUE TO ILLNESS

Storebrand has worked systematically to prevent absence due to illness for several years, and it has placed health and satisfaction high on its agenda. The company had absence due to illness of 5.5 per cent in 2015, which is an increase of 1.7 percentage points over the previous year. The company has been an "inclusive workplace (IA)" company since 2002, and the managers have over the years built up good routines for following up sick employees. All managers must complete a mandatory HSE course, in which part of the training involves following up illnesses. Storebrand has its own health clinic to reduce absence due to illness. Employees can exercise in the spinning room, weights room and in a separate sports hall during working hours. The company sports association is responsible for activities in the hall.

No personal injuries, property damage or accidents were reported in the company in 2015.

CORPORATE GOVERNANCE

The bank group's systems for internal control and risk management linked to the accounting process adhere to Storebrand Group guidelines. The Board decides upon the guidelines annually. In addition, the bank group purchases all bookkeeping and financial reporting services from Storebrand Livsforsikring through service contracts.

The management and Board of Storebrand ASA consider the principles for corporate governance every year. Storebrand ASA established principles for corporate governance in 1998. In accordance with Section 3-3b of the Accounting Act and the Norwegian recommendation for corporate governance (most recently revised on 30 October 2014), Storebrand presents a report on its principles and practices for corporate governance. For a more detailed report on Storebrand's corporate governance in accordance with Section 3-3b of the Accounting Act, see the specific article on this in the Storebrand Group's annual report for 2015.

The bank group publishes four interim financial statements, in addition to the ordinary annual financial statements. The financial statements must satisfy legal and regulatory requirements and be prepared in accordance with the adopted accounting policies and published according to the schedule adopted by the Board of Storebrand ASA. The bank's accounts are prepared by the Group Accounts department of Storebrand Livsforsikring AS, which sorts under the Storebrand group's CFO. Key managers in Group Accounts have a fixed annual remuneration that is not affected by the group's financial results. A series of risk assessment and control measures have been established in connection with the preparation of the financial statements. Internal meetings are held, as well as meetings in which external auditors participate, to identify risk conditions and measures in connection with significant accounting items or other circumstances. Corresponding quarterly meetings are also held with various professional centres in the group that are key to the assessment and valuation of lending and financial instruments, as well as other items for assessment. These meetings have a particular focus on any market changes, specific conditions relating to default trends, individual loans and investments, transactions and operational conditions etc. Assessments relating to significant accounting items and any changes in principles etc. are described in a separate document (assessment item memo). The external auditor participates in board meetings as needed, as well as in meetings of the audit committee of Storebrand ASA. Monthly and quarterly operating reports are prepared in which the results per business area and product area are analysed and assessed against set budgets. The operating reports are reconciled against other financial reporting. Otherwise, continuous reconciliation of specialist systems, etc. takes place against the accounting system.

The work of the Board is regulated by special rules of procedure for the Board. The Board of Storebrand ASA has also adopted an executive "2014 Steering Document for Risk Management and Internal Control at Storebrand" and a set of instructions for the Boards of subsidiary companies. These documents describe how guidelines, plans and strategies adopted by the Group's Board of Directors are expected to be followed, as well as how risk management and control is to be performed in the Group. The Board of Storebrand ASA has three advisory sub-committees that are common to the Storebrand Group: The Compensation Committee, Audit Committee and Risk Committee.

The bank has no provisions in the Articles of Association or authorities that enable the Board to decide that the company may buy back or issue its own shares or capital certificates.

CHANGES IN THE COMPOSITION OF THE BOARD

At the meeting of the Board of Representatives on 9 June 2015, Maria Skotnes was elected as a new employee-elected board member, and Rune Salomonsen was elected as a new employee-elected alternate member. They replaced Ranveig S. Ofstad and Christian Stang, who had transferred to other positions in the Group. There have not been any other changes to the composition of the Board.

CONTROL COMMITTEE AND BOARD OF REPRESENTATIVES DISBANDED

The bank's Control Committee and Board of Representatives were disbanded effective 1 January 2016 pursuant to the new Act on Financial Undertakings and Financial Groups.

SOCIAL RESPONSIBILITY

Refer to the detailed description regarding sustainability, included in the 2015 annual report of the Storebrand group.

GOING CONCERN

The Board confirms that the prerequisites for the going concern assumption exist and accordingly the annual report has been prepared based on the going concern principle.

EVENTS AFTER THE BALANCE SHEET DATE

During the normal course of its business, Storebrand Bank is involved in legal proceedings and disputes. The Board is not aware of any events of material importance to the annual and Group financial statements that have occurred since the balance sheet date.

STOREBRAND BANK ASA

The annual profit for the parent bank Storebrand Bank ASA was NOK 8 million (NOK 149 million) in 2014. Net interest income for Storebrand Bank ASA was NOK 208 million (NOK 227 million) in 2014. NOK 44 million (NOK 75 million) was expensed for write-downs on loans for the year.

The parent bank had total assets of NOK 24.5 billion at year-end. Gross lending in the parent bank amounted to NOK 15.1 billion (NOK 14.2 billion). Equity in the parent bank at the end of the year amounted to NOK 2.3 billion. The net capital base at year-end after giving group contributions amounted to NOK 2.5 billion (NOK 2.5 billion). The company's capital adequacy was 20.0 per cent (17.6 per cent) and core capital adequacy was 17.8 per cent (15.6 per cent).

The bank group's activities, with the exception of activities in Storebrand Boligkreditt AS, are run by the parent bank. Part of the bank group's retail market business area is in Storebrand Boligkreditt AS. Storebrand Bank ASA's corporate market portfolio is being wound up and the increased proportion of retail market loans reduces net interest income as a percentage of average total assets, including for the parent bank. The description of profit and balance sheet trends for the bank group thus also covers the parent bank.

ALLOCATION OF PROFIT

Storebrand Bank ASA (the parent bank) achieved an annual profit for 2015 of NOK 7.8 million.

The Board proposes that a group contribution of NOK 101.5 million with tax effect (NOK 74.1 million without tax effect) be paid to Storebrand ASA. The Board considers the bank group's and Storebrand Bank ASA's capital situation to be good given the risk profile and proposes the following allocation of the profit for the year to the bank's general meeting:

(NOK million)	
Group contribution paid after tax	-74.1
Transferred from other equity	66.3
Total allocations	**-7.8**

Storebrand Bank ASA received a group contribution (tax-exempt) of NOK 74.1 million from Storebrand ASA.

STRATEGY AND OUTLOOK FOR 2016

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

In the retail market, the bank will work towards reducing costs, increasing the degree of automation in customer and work processes, as well as developing better mobile and tablet solutions for customers. Strengthening of competitiveness through continued efficiency improvement is a priority task. In the 4th quarter, Storebrand entered into a strategic cooperation with Cognizant, which included part-ownership of Storebrand Baltic UAB. The aim of this cooperation is to establish a foundation for customer-oriented development of the Group's IT solutions and enhance the efficiency of the operations.

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

Sound management of the bank's credit and liquidity risk, and control of the operational risk in key work processes will also be a vital focus in 2016. The bank will continue to closely monitor developments in non-performing loans and loan losses. Developments in the Norwegian and international capital markets, interest rates, unemployment and the property market are regarded as the key risk factors that can affect the results of the Storebrand Bank Group in 2016.

Lysaker, 16 February 2016
The Board of Directors of Storebrand Bank ASA

Translation - not to be signed

Heidi Skaaret
Chairman of the Board

Geir Holmgren
Deputy Chairman

Leif Helmich Pedersen
Board Member

Inger Roll-Matthiesen
Board Member

Maria Skotnes
Board Member

Bernt Uppstad
CEO

Accounts and notes

Storebrand Bank Group
Profit and loss account
1 January - 31 December

(NOK million)	Note	2015	2014
Interest income		948.8	1 328.3
Interest expense		-571.6	-866.5
Net interest income	10	**377.3**	**461.8**
Fee and commission income from banking services		52.0	71.6
Fee and commission expense for banking services		-11.4	-14.9
Net fee and commission income	11	**40.6**	**56.7**
Net gains on financial instruments	10	-26.0	7.3
Other income		5.6	0.2
Total other operating income		**-20.4**	**7.5**
Staff expenses	13, 14	-117.2	-73.1
General administration expenses	13	-50.7	-54.2
Other operating costs	12, 13, 27, 28	-98.7	-132.7
Total operating costs		**-266.6**	**-260.0**
Operating profit before loan losses		**130.9**	**266.0**
Loan losses for the period	15	-45.4	-74.2
Profit before tax		**85.5**	**191.8**
Tax	16	-26.0	-53.5
Result after tax sold/discontinued operations		-0.5	-1.0
Profit for the year		**59.0**	**137.3**
Profit for the year is attributable to:			
Portion attribuable to shareholders		50.4	137.3
Portion attribuable to additional Tier 1 capital holders		8.6	0.0
Profit for the year		**59.0**	**137.3**

Statement of comprehensive income

(NOK million)	Note	2015	2014
Profit for the year		59.0	137.3
Other result elements not to be classified to profit/loss			
Pension experience adjustments	14	-10.1	-35.1
Tax on pension exeperience adjustments	16	2.9	9.5
Total other result elements not to be classified to profit/loss		**-7.2**	**-25.6**
Other result elements that may be classified to profit/loss			
Unrealised gain/loss financial instruments held for trading		9.0	
Total other result elements that may be classified to profit/loss		**9.0**	**0.0**
Total comprehensive income		**60.7**	**111.7**
Total comprehensive income for the period is attributable to:			
Portion attribuable to shareholders		52.1	111.7
Portion attribuable to additional Tier 1 capital holders		8.6	0.0
Total comprehensive income		**60.7**	**111.7**

Storebrand Bank Group

Statement of financial position - Balance sheet

31 December

ASSETS

(NOK million)	Note	2015	2014
Cash and deposits with central banks	4, 17	188.6	181.0
Loans to and deposits with credit institutions	4, 8, 17, 18, 19	122.9	207.1
Financial assets designated at fair value through the profit and loss account:			
Equity instruments	8, 17	10.6	2.0
Bonds and other fixed-income securities	4, 8, 17, 20, 22	2 653.5	3 247.8
Derivatives	4, 5, 8, 17, 23	423.0	742.1
Bonds at amortised cost	4, 8, 17, 18, 21	780.7	1 006.7
Other current assets	17, 18	48.3	9.7
Gross lending, amortised cost	4, 8, 17, 18, 25	28 135.9	27 529.8
Gross lendnig, FVO	4, 8, 17, 25	1 214.8	988.8
Loan loss provisions	25, 26	-88.6	-53.6
Net lending to customers	4, 17, 25	29 262.1	28 465.0
Tangible assets	28	2.0	6.6
Intangible assets and goodwill	27	88.5	108.7
Deferred tax assets	16	33.3	25.8
Assets sold/discontinued operations		0.0	0.0
Total assets		**33 613.7**	**34 002.4**

Storebrand Bank Group
Statement of financial position - Balance sheet
31 December

LIABILITIES AND EQUITY

(NOK million)	Note	2015	2014
Liabilities to credit institutions	5, 8, 17, 18	415.7	19.2
Deposits from and due to customers	5, 17, 18, 29	17 824.7	19 358.1
Other financial liabilities:			
Derivatives	5, 8, 17, 23	331.3	545.1
Commercial papers and bonds issued	5, 17, 18	12 214.2	10 858.6
Other liabilities	5, 17, 18, 32	113.4	140.0
Liabilities sold/discontinued operations		0.0	0.1
Provision for accrued expenses and liabilities	31	8.2	12.2
Pension liabilities	14	25.3	30.8
Subordinated loan capital	5, 17, 18	277.0	511.6
Total liabilities		**31 209.6**	**31 475.7**
Share capital		960.6	960.6
Share premium		156.0	156.0
Other paid-in share capital		400.3	400.3
Retained earnings		661.3	1 009.9
Additional Tier 1 capital		226.0	0.0
Total equity	**35**	**2 404.2**	**2 526.7**
Total liabilities and equity		**33 613.7**	**34 002.4**

Lysaker, 16 February 2016
The Board of Directors of Storebrand Bank ASA

Translation - not to be signed

Heidi Skaaret
Chairman of the Board

Geir Holmgren
Deputy Chairman

Inger Roll-Matthiesen
Board Member

Leif Helmich Pedersen
Board Member

Maria Skotnes
Board Member

Bernt H. Uppstad
CEO

Storebrand Bank Group
Consolidated 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
	Paid-in equity				Other equity			
Equity at 31.12.2013	960.6	156.0	400.3	1 516.8	1 048.6	1 048.6	0.0	2 565.5
Profit for the period					137.3	137.3		137.3
Pension experience adjustments (see note 15)					-25.6	-25.6		-25.6
Total other result elements not to be classified to profit/loss	**0.0**	**0.0**	**0.0**	**0.0**	**-25.6**	**-25.6**	**0.0**	**-25.6**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**111.7**	**111.7**	**0.0**	**111.7**
Equity transactions with owners:								
Receipts of group contribution					31.4	31.4		31.4
Group contribution paid					-181.4	-181.4		-181.4
Other changes					-0.5	-0.5		-0.5
Equity at 31.12.2014	**960.6**	**156.0**	**400.3**	**1 516.8**	**1 009.9**	**1 009.9**	**0.0**	**2 526.7**
Profit for the period					50.4	50.4	8.6	59.0
Pension experience adjustments (see note 15)					-7.2	-7.2		-7.2
Total other result elements not to be classified to profit/loss	**0.0**	**0.0**	**0.0**	**0.0**	**-7.2**	**-7.2**	**0.0**	**-7.2**
Unrealised gain/loss financial instruments held for trading					9.0	9.0		9.0
Total other result elements that may be classified to profit/loss					**9.0**	**9.0**		**9.0**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**52.1**	**52.1**	**8.6**	**60.7**
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					1.5	1.5	226.0	227.5
Payment to additional Tier 1 holders							-8.6	-8.6
Group contribution paid					-402.2	-402.2		-402.2
Equity at 31.12.2015	**960.6**	**156.0**	**400.3**	**1 516.8**	**661.3**	**661.3**	**226.0**	**2 404.2**

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

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

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

For further information on the group's fulfilment of the capital requirements, see note 35.

Storebrand Bank ASA has two tier 1 capital bonds that were issued in 2013 and 2014 for NOK 150 million and NOK 75 million, respectively. The instruments are perpetual, but the bank can repay the capital at given times, not before 5 years after issuance at the earliest. The interest rate on the loans is adjustable plus a margin of 3.30% and 3.95%, respectively. The instruments are included in the core (tier 1) capital and are hybrid capital instruments in accordance with Section 3a of the Calculation Regulations. Storebrand Bank ASA has the right to not pay interest to the investors. These hybrid tier 1 capital bonds are included as hybrid capital within the Group's equity as of the 2nd quarter 2015.The interest after tax is not included in the income statement, but is presented directly into Other equity. Accrued interest is included in the hybrid capital.

Storebrand Bank Group
Statement of cash flow
1 January - 31 December

(NOK million)	Note	2015	2014
Cash flow from operations			
Receipts of interest, commissions and fees from customers		972.1	1 201.1
Payments of interest, commissions and fees to customers		-314.9	-523.3
Net disbursement/payments on customer loans		-853.6	5 351.4
Net receipts/payments of deposits from banking customers		-1 533.4	-1 370.0
Net receipts/payments - securities		1 544.5	-38.7
Net receipts/payments - real estate at fair value		6.6	
Payments of operating costs		-302.7	-245.5
Net receipts/payments on other operating activities		0.5	-1.9
Net cash flow from operating activities		**-481.0**	**4 373.1**
Cash flow from investment activities			
Net payments on sale of subsidiaries and associated companies			14.5
Net payments on purchase/sale of fixed assets etc.	27, 28	-4.6	-51.1
Net cash flow from investment activities		**-4.6**	**-36.6**
Cash flow from financing activities			
Payments - repayments of loans and issuing of bond debt		-2 091.8	-2 456.5
Receipts - new loans and issuing of bond debt		2 900.0	
Payments - interest on loans		-280.4	-327.6
Receipts - subordinated loan capital			200.0
Payments - repayments of subordinated loan capital		-32.6	-275.8
Payments - interest on subordinated loan capital		-13.9	-31.2
Payments - interest on additional Tier 1 capital		-8.6	
Net receipts/payments of liabilities to credit institutions		396.5	-1 002.3
Receipts - group contribution			31.4
Payments - group contribution / dividends		-460.0	-251.9
Net cash flow from financing activities		**409.0**	**-4 113.9**
Net cash flow in the period		**-76.6**	**222.6**
Net cash flow in the period		-76.6	222.6
Cash and bank deposits at the start of the period for sold companies			-6.7
Cash and bank deposits at the start of the period		388.1	172.3
Cash and bank deposits at the end of the period		**311.5**	**388.1**
Cash and deposits with central banks		188.6	181.0
Loans to and deposits with credit institutions	19	122.9	207.1
Total cash and bank deposits in the balance sheet		**311.5**	**388.1**

The cash flow analysis shows the group's cash flows for operational, investment and financial activities pursuant to the direct method. The cash flows show the overall change in means of payment over the year.

OPERATIONAL ACTIVITIES
A substantial part of the activities in a financial group will be classified as operational.

INVESTMENT ACTIVITIES
Includes cash flows for holdings in group companies and tangible fixed assets.

FINANCING ACTIVITIES
Financing activities include cash flows for equity, subordinated loans and other borrowing that helps fund the group's activities. Payments of interest on borrowing and payments of group contribution are financial activities.

CASH/CASH EQUIVALENTS
Cash/cash equivalents are defined as claims on central banks and lending to and claims on financial institutions.

Notes
Storebrand Bank Group

Note 01 Company information and accounting policiesr

1. COMPANY INFORMATION

Storebrand Bank AS is a Norwegian public limited company with bonds listed on the Oslo Stock Exchange. The consolidated financial statements for 2015 were approved by the Board of Directors on 16 February 2016.

Storebrand Bank ASA is a web-based bank that offers traditional bank products to the Norwegian market. The bank's main target group is persons who have an occupational pension with Storebrand. These customers are also members of the Group's loyalty programme, Storebrand Fordel. The bank's offerings are also integrated with the Group's loyalty programme. Storebrand Bank ASA comprises the business areas of Corporate Market, Retail Market and Treasury. Storebrand Bank ASA is headquartered at Professor Kohts vei 9, Lysaker.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The accounting policies applied in the consolidated financial statements are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances.

Storebrand Bank ASA's consolidated financial statements are presented using EU-approved International Financial Reporting Standards (IFRS) and related interpretations, as well as other Norwegian disclosure requirements laid down in legislation and regulations.

USE OF ESTIMATES IN PREPARING THE ANNUAL FINANCIAL STATEMENTS.
The preparation of the annual financial statements in accordance with IFRS requires the management to make judgements, estimates and assumptions that affect assets, liabilities, revenue, expenses, the notes to the financial statements and information on potential liabilities. Actual amounts may differ from these estimates. See Note 2 for further information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR MATERIAL STATEMENT OF FINANCIAL POSITION ITEMS

The asset side of the Storebrand Bank Group's statement of financial position primarily consists of financial instruments. The majority of the financial instruments fall within the category Loans and Receivables and are stated at amortised cost. Capitalised intangible assets are also included on the statement of financial position. The liabilities side of the Group's statement of financial position comprises, for the most part, financial instruments (liabilities). With the exception of derivatives that are stated at fair value, the majority of the financial liabilities are stated at amortised cost.

The accounting policies are described in more detail below.

4. CHANGES IN ACCOUNTING POLICIES

New accounting standards that have a significant impact on the consolidated financial statements have not been implemented in 2015.

NEW STANDARDS AND CHANGES IN STANDARDS THAT HAVE NOT COME INTO EFFECT
An important standard for Storebrand Bank's consolidated financial statements will be IFRS 9 Financial Instruments. Among other things, the standard deals with classification of financial instruments (use of fair value and amortised cost) and rules for the measurement and write-down of financial instruments. It can be expected that this standard will enter into force as of 2018, but it is also possible that this standard will not apply to the insurance-dominated group until IFRS 4 Phase 2 enters into force, which is not expected until 2020 at the earliest.

No new accounting standards that will have a significant impact on Storebrand's consolidated financial statements are expected to be implemented in 2016.

5. CONSOLIDATION

The consolidated financial statements combine Storebrand Bank ASA and companies where Storebrand ASA has a controlling interest. A controlling influence is normally achieved when the Group owns, either directly or indirectly, more than 50 per cent of the shares in the company and the Group is in a position to exercise actual control over the company. Minority interests are included in the Group's equity.

Storebrand Boligkreditt AS, Ring Eiendom AS, Bjørndalen Panorama AS and MPV 7 Holding AS are subsidiaries that are owned directly by Storebrand Bank ASA.

Elimination of internal transactions
Internal receivables and payables, internal gains and losses, interest, dividends and similar between companies in the Group are eliminated in the consolidated financial statements. This also includes Storebrand Bank ASA's investments in covered bonds issued by Storebrand Boligkreditt AS.

6. BUSINESS COMBINATIONS

The acquisition method is applied when accounting for acquisition of businesses. The consideration is measured at fair value. The direct acquisition expenses are recognised when they arise, when the exception of expenses related to raising debt or equity (new issues).

When making investments, a decision is made as to whether the purchase constitutes acquisition of a business pursuant to IFRS 3. When such acquisitions are not regarded as an acquisition of a business, the acquisition method pursuant to IFRS 3 Business Combinations is not applied, and a provision is not set aside for deferred tax as would have occurred in a business combination.

7. INCOME RECOGNITION

NET INTEREST INCOME – BANKING
Interest income is recognised in the income statement using the effective interest method.

INCOME FROM PROPERTIES AND FINANCIAL ASSETS
Income from properties and financial assets is described in Section 9.

OTHER INCOME
Fees are recognised when the income can be measured reliably and earned, fixed fees are recognised as income in line with delivery of the service, and performance fees are recognised as income once the success criteria have been met.

8. GOODWILL AND INTANGIBLE ASSETS

Excess value when acquiring a business that cannot be directly attributed to assets or liabilities on the date of the acquisition is classified as goodwill on the statement of financial position. Goodwill is valued at acquisition cost on the date of the acquisition. Goodwill arising from the acquisition of subsidiaries is classified as an intangible asset.

Goodwill is not amortised, instead it is tested for impairment. Goodwill is reviewed for impairment if there are indications that its value has become impaired. The review is conducted at least annually and determines the recoverable amount of goodwill.

If the discounted present value of the pertinent future cash flows is less than the carrying value, goodwill will be written down to its fair value. The write-down of goodwill will not be reversed even if information is available in subsequent periods indicating that there is no longer any need for the write-down or the write-down need is no longer so great. For subsequent testing of the need to write down goodwill, this will be allocated to the relevant cash flow generating units that are expected to benefit from the acquisition. Cash flow generating units are identified in accordance with the operating segments.

Goodwill arising from the acquisition of interests in associated companies is included in investments in associated companies, and is tested for impairment as part of the book value of the write-down.

Intangible assets with limited useful economic lives are measured at the acquisition cost less accumulated amortisation and any write-downs. The useful life and amortisation method are measured each year. If new intangible assets are carried, it must be possible to prove that it is likely that future economic benefits that can be attributed to the asset will pass to the group. In addition, the must be possible to estimate the cost price of the asset reliably. The write-down needs will be assessed if there are indications of an impairment in value, and the write-down of intangible assets and reversal of write-downs will otherwise be handled in the same manner as described for tangible fixed assets.

Intangible assets with unlimited useful economic lives are not amortised, but are tested for impairment annually or whenever there are indications that the value has been impaired.

9. FINANCIAL INSTRUMENTS

9-1. GENERAL POLICIES AND DEFINITIONS

Recognition and derecognition

Financial assets and liabilities are included in the statement of financial position from such time Storebrand Bank becomes party to the instrument's contractual terms and conditions. Ordinary purchases and sales of financial assets are booked on the transaction date and financial liabilities are booked on the settlement date. When a financial asset or a financial liability is initially recognised, it is valued at fair value. Initial recognition includes transaction costs directly related to the acquisition or issue of the financial asset or the financial liability if it is not a financial asset or a financial liability at fair value through profit or loss.

Financial assets are derecognised when the contractual right to the cash flows from the financial asset expires, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, the risk and reward associated with ownership of the asset is transferred.

Financial liabilities are derecognised in the statement of financial position when they cease to exist, i.e once the contractual liability has been fulfilled, cancelled or has expired.

Definition of amortised cost

Subsequent to initial recognition, loans and receivables, as well as financial liabilities not at fair value through profit or loss, are measured at amortised cost using the effective interest method. The calculation of the effective interest rate involves estimating all cash flows and all contractual terms of the financial instruments (for example, early repayment, call options and equivalent options). The calculation includes all fees and margins paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Definition of fair value

Fair value is the amount for which an asset could be exchanged between well-informed, willing parties in an arm's length transaction. The fair value of financial assets listed on a stock exchange or on another regulated market in which regular trading takes place is determined as the bid price on the last trading day up to and including the reporting date.

If a market for a financial instrument is not active, fair value is determined by using recognised valuation techniques. Such valuation techniques make use of recent arm's length market transactions between knowledgeable and independent parties, where available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and options pricing models. If a valuation technique is in common use by participants in the market for pricing the instrument and this method has proved to provide reliable estimates of prices actually achieved in market transactions, this method is used.

In calculating the fair value of loans the current market rate on similar loans is used. Changes in credit risk are taken into account.

Impairment of doubtful financial assets

For financial assets carried at amortised cost, an assessment is made on each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that impairment has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not occurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate calculated at initial recognition). The amount of the loss is recognised in profit or loss.

Losses expected as a result of future events, no matter how likely, are not recognised.

9-2. CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Financial assets are classified into one of the following categories:

- Financial assets held for trading
- Financial assets at fair value through profit or loss in accordance with the fair value option
- Financial assets, loans and receivables

Held for trading
A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling or repurchasing it in the near term, is part of a portfolio of identified financial instruments that are managed together and there is evidence of a recent actual pattern of short-term profit-taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

With the exception of derivatives, only a limited proportion of Storebrand's financial assets fall into this category.

Financial assets held for trading are measured at fair value on the reporting date, Changes in the fair value are recognised through profit or loss.

At fair value through profit or loss account in accordance with the fair value option
A significant proportion of Storebrand's financial instruments are classified in the category fair value through profit or loss because:
- such classification reduces the mismatch in the measurement or recognition that would otherwise arise as a result of the different rules for measuring assets and liabilities, or that
- the financial assets form part of a portfolio that is measured and reported at fair value on an ongoing basis

The accounting is the same for the group held for trading (the instruments are assessed at the fair value and changes in value are listed on the income statement).

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of assets that the company intends to sell immediately or in the near term that are classified as held for trading and those that the company upon initial recognition designates at fair value through profit or loss.

Loans and receivables are carried at amortised cost using the effective interest method.

Loans and receivables that are designated as hedged items are subject to measurement under the hedge accounting requirements.

9-3. DERIVATIVES
Definition of a derivative
A derivative is a financial instrument or other contract within the scope of IAS 39, with all three of the following characteristics:
- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (sometimes called the 'underlying')
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors
- it is settled at a future date.

Accounting treatment of derivatives that are not hedging
Derivatives that do not meet the criteria for hedge accounting are treated as financial instruments held for trading. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

The majority of the derivatives used routinely for asset management fall into this category.

9-4. HEDGE ACCOUNTING
Fair value hedging
Storebrand Bank uses fair value hedging, where the items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value through profit or loss. Changes in the value of the hedged item that are attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised through profit or loss.

9-5. FINANCIAL LIABILITIES
Subsequent to initial recognition, all financial liabilities are measured at amortised cost using an effective interest method, or at fair value in accordance with the fair value option.

10. PENSION LIABILITIES FOR OWN EMPLOYEES

In Storebrand Bank, the pension scheme from 1 January 2015 changed from a defined benefit to a defined contribution scheme. The scheme is recognised in accordance with IAS 19. The effect of this change was recognised in the accounts as at 31 December 2014. Storebrand participates in the Norwegian AFP scheme (collective agreement pension). The Norwegian AFP scheme is regarded as a defined-benefit scheme, but there is insufficient quantitative information to be able to estimate reliable liabilities and costs for accounting purposes.

10-1. DEFINED BENEFIT SCHEME

Pension costs and pension liabilities for defined benefit pension schemes are determined using a linear accrual formula and expected final salary as the basis for the entitlements, based on assumptions about the discount rate, future salary increases, pensions and National Insurance benefits, future returns on pension plan assets as well as actuarial estimates of mortality, disability and voluntary early leavers. The net pension cost for the period comprises the total of the accrued future pension entitlements during the period, the interest cost on the calculated pension liability and the expected return on pension plan assets.

Actuarial gains and losses and the effects of changes in assumptions are recognised in total comprehensive income in the income statement for the period in which they occur. The effects of changes in the pension scheme are recognised on an ongoing basis, unless the changes are conditional upon accrued future pension entitlements. The effects are apportioned on a straight line basis until the entitlement has been fully earned. The employer's National Insurance contributions are included as part of the pension liability and are included in the actuarial gains/losses shown in total comprehensive income.

Storebrand Bank has both an insured and an uninsured pension scheme. The insured scheme in Norway is managed by Storebrand Livsforsikring AS. Employees who resign before reaching retirement age or leave the scheme will be issued ordinary paid-up policies.

10-2. DEFINED-CONTRIBUTION SCHEME

The defined contribution pension scheme involves the Group in paying an annual contribution to the employees' collective pension savings. The future pension will depend on the size of the contribution and the annual return on the pension savings. The Group does not have any further obligation related to work performed after the annual contribution has been paid. There are no provisions for accrued pension liabilities in such schemes. Defined-contribution pension schemes are recognised directly in the financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

The Group's tangible fixed assets consist of equipment and fittings. Equipment and fittings are valued at acquisition cost less accumulated depreciation and any write-downs.

The depreciation period and method are reviewed annually to ensure that the method and period being used both correspond to the useful economic life of the asset. This applies correspondingly to the disposal value. Properties are split into components if different parts have different useful economic lives. The depreciation period and method of depreciation are evaluated separately for each component.

The value of a tangible fixed asset is tested when there are indications that its value has been impaired. Any write-down is recognised in the income statement as the difference between the book value and the recoverable amount. The recoverable amount is the greater of the fair value less costs of sale and the value in use. On each reporting date a determination is made as to whether to reverse previous impairment losses on non-financial assets.

12. TAX

The tax expense in the income statement comprises current tax and changes to deferred tax and is based on the accounting standard IAS 12 Income Taxes. Tax is recognised in the income statement, except to the extent that it relates to items recognised in the statement of total comprehensive income. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities.

Deferred tax is calculated on the basis of the Group's tax loss carryforwards, deductible temporary differences and taxable temporary differences.

13. PROVISION FOR GROUP CONTRIBUTIONS AND DIVIDENDS

Pursuant to IAS 10, which deals with events after the balance sheet date, proposed dividends/group contributions are classified as equity until approved by the general meeting.

14. LEASING

A lease is classified as a finance lease if it essentially transfers the risk and rewards incident to ownership. Other leases are classified as operating leases. Storebrand Bank has no finance leases.

15. STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the direct method and shows cash flows grouped by sources and uses. Cash is defined as cash, receivables from central banks and receivables from credit institutions with no agreed period of notice.
The statement of cash flows is classified according to operating, investing and financing activities.

16. SHARE-BASED REMUNERATION

The Storebrand Bank Group has share-based remuneration for key personnel. The fair value of the share options is determined on the date of the allocation. Valuation is made on the basis of recognised valuation models adapted to the characteristics of the options in question. The value determined on the date of the allocation is accrued in the income statement over the option's vesting period with a corresponding increase in equity. The amount is recognised as an expense and is adjusted to reflect the actual number of share options earned. The vesting period is the period of time from when the scheme is established until the options are fully vested.

Note 02 Key accounting estimates and judgements

In preparing the Group's 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 they are based on historical experience and expectations of future events and represent the management's best judgement at the time the financial statements were prepared. Actual results may differ from these estimates.

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

LOAN WRITE-DOWNS

Loans valued at amortised cost are assessed on the reporting date to see whether there is any objective evidence that a loan or group of loans is impaired. A certain degree of judgement must be used in assessing whether impairment has occurred and the amount of the impairment loss. Uncertainty grows when there is turmoil in the financial markets. The assessments include credit, market and liquidity risk. Changes in assumptions for these factors will affect an assessment of whether impairment is indicated. There will thus be uncertainty concerning the recognised amounts of individual and group write-downs.

INDIVIDUAL WRITE-DOWNS

When write-downs for individual customers are estimated, both their current and expected future financial positions and relevant security must be assessed. When it comes to the corporate market, one must also assess the market situation of the customer and the security, market conditions within the relevant industry, and general market conditions of significance for the commitment. Opportunities for restructuring, refinancing and recapitalisation also have to be assessed. The overall assessment of these factors provides a basis for estimating future cash flows and repayment capacity. The discounting period is estimated individually or based on historical data about the period up to a solution to the circumstances that caused the commitment to be exposed to impairment.

GROUP WRITE-DOWNS

On the statement of financial position date, one estimates the impairment of commitments not identified by the individual assessments. The bank differentiates between the corporate market and retail customers, and further categorisation is carried out to ensure as similar risk characteristics as possible within the various categories. Group write-downs are carried out when objective impairment criteria have been met. These criteria are i) change in risk class and ii) change in macroeconomic conditions.

i. If the risk classification significantly changes in a negative direction, then a group write-down has to be made based on the portfolio's probable future cash flow. Such assessments are made at an account level and the customer's current classification is assessed in relation to the classification when the individual commitment was granted. It is the negative changes in classification from the date the commitments were established to the current classification that determine whether or not a commitment falls into a group that is the subject of write-downs. These write-downs are based on the write-down rates that are set on the basis of the bank's best judgement and the assumption that there will be a delay between when the loss incident occurs and when it is discovered.

ii. Groups write-downs based on macro factors are made in light of objective macroeconomic events. Examples of such events include higher unemployment, higher interest rates, poorer economic cycle forecasts, falling house prices, etc. Groups write-downs are calculated by multiplying the total commitment amount for a group of commitments that are assumed to be affected by such macroeconomic incidents by a write-down rate for macro factors.

BONDS AT AMORTISED COST

See the description above concerning loans at amortised cost. The same assessments must be made to value bonds at amortised cost.

FINANCIAL INSTRUMENTS AT FAIR VALUE

There will be some uncertainty associated with the pricing of financial instruments not priced in an active market. This is particularly true of the types of securities priced on the basis of non-observable assumptions. Various valuation techniques are applied to these investments in order to determine the fair value. They include fixed-rate loans and other financial instruments where theoretical models are used for pricing Any changes to the assumptions could affect recognised amounts.

There will be uncertainty regarding the pricing of fixed-rate loans recognised at fair value, as there is a great variation in the interest rate terms offered by banks, while the demand for fixed-rate loans has declined. As a result, it has been more difficult to find observable conditions.

Reference is also made to Note 8 in which the valuation of financial instruments at fair value is described in more detail.

INTANGIBLE ASSETS

Intangible assets with undefined useful lives are tested annually for impairment. The test's valuation method requires estimating the cash flows that arise in the relevant cash flow generating unit, as well as applying the relevant discount rate. Tangible fixed assets and other intangible assets are measured annually to ensure that the method and time period used correspond with economic realities.

PENSIONS FOR OWN EMPLOYEES

The present value of pension liabilities depends upon the financial and demographic assumptions used in the calculation. The calculation assumptions must be realistic, mutually consistent and up to date, in the sense that they should be based on a cohesive set of estimates about future financial performance. The Group has both insured and uninsured pension schemes (direct pensions). There will be uncertainty associated with these estimates.

CONTINGENT LIABILITIES

Companies in the Storebrand Bank Group can be a party in legal disputes. Contingent liabilities are assessed in each case and will be based on legal considerations.

Note 03 Risk management

Continuous monitoring and active risk management are core areas of the bank's activities and organisation. The basis of risk management follows from the board's annual discussion of the strategy and planning process and determination of general risk ceilings for the activities. At the Storebrand group, responsibility for risk management and internal control is an integral part of management responsibility.

ORGANISATION OF RISK MANAGEMENT

The Storebrand group's organisation of risk management responsibility follows a model based on 3 lines of defence. The objective of the model is to safeguard the responsibility for risk management at both company and Group level.

The board of Storebrand Bank ASA has ultimate responsibility for limiting and monitoring the organisation's risks. The board annually determines ceilings and guidelines for the risks taken by the operation, receives reports of actual risk levels and gives a forward assessment of risks.

Managers at all levels in the company are responsible for risk management within their own area of responsibility. Good risk management requires targeted work on objectives, strategies and action plans, identification and assessment of risks, documentation of processes and routines, prioritisation and implementation of improvement measures, and good communication, information and reporting.

All employees must be familiar with the concept that awareness of risks and risk management are vital elements of the company's culture.

Level 2 managers with personnel responsibility and the CEO of Storebrand Boligkreditt AS, must submit an annual confirmation that documents how risk management has functioned during the period.

INDEPENDENT CONTROL FUNCTIONS

Storebrand Bank ASA has independent control functions for the company's risk management (Chief Risk Officer) and for compliance who are responsible directly to the CEO and report to the bank's board. In terms of function the independent control functions are affiliated with the Group CRO, who is responsible to the group CEO and reports to the board of Storebrand ASA.

Internal auditing is under the direct authority of the board and is intended to give the board a confirmation of the appropriateness and effectiveness of the organisation's risk management, including how the lines of defence are functioning.

Note 04 Credit risk

Credit risk is the risk of loss if a counterparty does not fulfil its debt obligations. This risk includes losses on lending and losses related to bank deposits or failure of counterparties to perform under reinsurance agreements or financial derivatives.

RISK MANAGEMENT

The risk strategy reflects how much credit risk the bank group is willing to accept. The willingness to accept risk is adjusted to the bank's risk appetite and goals regarding risk profile, capital adequacy and growth. Credit policies establish general principles for granting credit. The bank group's procedures for credit management are set out in credit manuals for the Corporate and Retail Markets. The credit manuals are primarily designed for account managers and others who are involved in case management processes. The credit manuals contain common guidelines (or regulations) for the bank group's credit activities, and are intended to safeguard uniform and consistent credit management practices.

The credit manuals and adopted routines provide specific criteria for monitoring non-performance, loan covenants, loss assessments and the annual loan review. Furthermore, the models ensure uniform portfolio risk assessment classifications and reporting on risk development. Specialised functions have been established for deposits, loan establishment and administration of the customer portfolio. Credit is granted in accordance with an authorisation structure determined by the board.

Treasury has the credit risk for its counterparties in the investment portfolio. Permitted counterparties and the composition of the portfolio are set out in the bank's counterparty risk policy.

Counterparty risk in connection with the trading of financial derivatives with customers as the counterparty is included in credit risk, and is governed following a dedicated policy, based on the rating and size of the management portfolio. Customer derivatives trades are hedged using derivatives. Financial derivatives permitted by the bank are outlined in the interest rate risk policy.

RISK CONTROL

The most important control of credit risk is carried out and administered by the credit manager, who has ongoing responsibility for making sure that established procedures in the credit areas comply with the adopted risk profile and that they are adhered to on a day-to-day basis.

Exposure relating to trade in financial derivatives for customers is monitored by Back Office. Price development is monitored in respect of the customer's situation, cleared lines and breach clauses. The Middle Office conducts running spot checks with regard to this. Trades with counterparties made by Treasury are checked by the Middle Office in accordance with dedicated procedures and work descriptions.

The CRO reports to the board on credit risk trends on an ongoing basis.

ANALYSIS OF CREDIT RISK BY TYPE OF FINANCIAL INSTRUMENT

The maximum credit exposure is the sum of gross loans, guarantees, amounts drawn from credit lines and undrawn amounts of credit lines. Maximum credit exposure has been reduced from the end of 2014 mainy due to a reduction in the liquidity portfolio, loans to and deposits with credit institution and central bank, derivatives and an increase in commitments with customers.

	Maximum credit exposure	
(NOK million)	2015	2014
Liquidity portfolio	3 435.2	4 261.2
Loans to and deposits with credit institutions and central bank	311.5	388.1
Total commitments customers *)	33 128.3	32 399.8
Interest rate swaps	423.0	742.1
Forward foreign exchange contracts	0.2	
Total	**37 298.2**	**37 791.3**
*) Of which net loans to and amounts due from customers measured at fair value:	1 214.8	988.8

The amounts stated for the various financial instruments constitute the value recognised in the balance shett, with the exception of net lending to and receivables from customers, which also includes unused drawing facility and guarantees. (See "Credit exposure for lending activities" below).

CREDIT RISK LIQUIDITY PORTFOLIO

INTEREST-BEARING SECURITIES AT FAIR VALUE
CREDIT RISK PER COUNTERPARTY

Short-term holdings of interest-bearing securities
Issuer category

(NOK million)	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total 2015 Fair value	Total 2014 Fair value
Sovereign and Government Guaranteed bonds	219.2					219.2	100.4
Credit bonds		196.5				196.5	900.3
Mortgage and asset backed bonds	2 237.8					2 237.8	2 247.1
Total	**2 457.0**	**196.5**				**2 653.5**	**3 247.8**

Rating classes are based on Standard & Poors.

Change in value:							
Total change in value on the balance sheet	-18.1	-0.2				-18.3	17.8
Change in vaule recognised in the profit and loss during period	-34.8	-1.3				-36.1	11.6

INTEREST-BEARING SECURITIES AT AMORTISED COST
CREDIT RISK PER COUNTERPARTY

Short-term holdings of interest-bearing securities
Issuer category

(NOK million)	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total 2015 Fair value	Total 2014 Fair value
Public issuers and/or Government Guaranteed bonds	401.4					401.4	628.4
Credit bonds							
Mortgage and asset backed bonds	300.2	30.1			50.0	380.2	385.1
Total	**701.6**	**30.1**			**50.0**	**781.7**	**1 013.5**

Rating classes are based on Standard & Poors.

CREDIT RISK ON LOANS TO AND DEPOSITS WITH CREDIT INSTITUTIONS AND CENTRAL BANK

CREDIT RISK PER COUNTERPARTY

(NOK million)	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total 2015 Fair value	Total 2014 Fair value
Norway	188.6					188.6	181.0
Total deposits with central bank	**188.6**					**188.6**	**181.0**
Norway	0.0	71.6		0.0		71.6	152.8
Denmark			51.2			51.2	54.3
Total loans to and deposits with credit institutions	**0.0**	**71.6**	**51.2**	**0.0**		**122.9**	**207.1**
Total loans to and deposits with credit institutions and central bank	**188.6**	**71.6**	**51.2**	**0.0**		**311.5**	**388.1**

CREDIT EXPOSURE FOR LENDING ACTIVITIES

CORPORATE MARKET

Gross lending in the Corporate Market represents approximately NOK 2.4 billion. In addition, there are guarantees of approximately NOK 49 million. In addition, loans of nearly NOK 2.1 billion are under management, which are syndicated to Storebrand Livsforsikring AS.

As a result of group prioritizations regarding use of capital at Storebrand and a strategic assessment of the future direction of the Group, the Corporate Market segment at the bank is no longer prioritised as a core activity, and will be dismantled and eventually wound up.

With effect from 2013, Storebrand Bank ASA adopted an internal model for classification of the bank's Corporate Market loans. The model estimates the probability of default (PD) of the loans. The portfolio of income-generating properties (IGE) and development properties consists of few customers and few defaults, and there is comprehensive and complex risk assessment of debtors. The PD model for the Corporate Market has accordingly been developed as an expert model, unlike the statistical model for the Retail Market.

The PD is set in two steps. First a PD score is calculated based on a risk assessment of the debtor and affiliated project that Storebrand Bank finances for each debtor. The PD score is a number between 0 and 100. The PD score is then mapped over to the risk class and associated PD, where the bank's master scale is applied. The master scale consists of 11 risk classes from A to K, with A indicating the lowest default probability and K containing non-performing loans.

A scorecard has been drawn up for projects in both income-generating properties (IGE) and development properties. Development properties are further split into three scorecards to identify different characteristics in this type of project. The scorecard for IGE and construction loans for rental includes the property's location, tenant risk, development and zoning risk in the property assessment, at the same time that the downside risk is assessed, as well as the strength of the cash flow. The scorecard for construction loans for rental assesses cost risk, conversion risk and execution risk in the risk dimension project risk, but tenant risk and location are part of the property assessment. Downside risk and the strength of the cash flow are also assessed. The scorecard for construction loans for sale assesses cost risk and execution risk in the risk dimension project risk and the sales buffer residual risk, quality of advance sales and location in the risk dimension sales risk. The scorecard for loans for plots assesses liquidity risk, loan-to-value ratio and sensitivity of construction costs in the risk dimension financial risk, and the project complexity and the builder's experience/competence in the risk dimension execution risk. Political risk is another dimension that is assessed. A simple debtor scorecard has also been developed, where qualitative assessments are made in the risk dimensions business risk, financial risk, and ownership. The cash flow assessment is given greatest emphasis for IGE. The most important risk dimension for construction loans is project risk. Accordingly, financial risk is the most important risk dimension for loans for plots.

When assessing the quality of the security of the loans, numerical grades of 1 to 5 are applied, with 1 being the best.

Based on the Corporate Market expert model, about 92 per cent of loans are for IGE. The remaining load are loans for different purposes or loans outside the area of validity of the model. The Corporate Market portfolio is generally secured on commercial property.

About 50 per cent of the portfolio relates to Group debtors with total loans of over NOK 200 million. The definition of a Group debtor is given in the regulations relating to large loans. 29 per cent of the portfolio relates to Group debtors with total loans under NOK 50 million. 21 per cent of the loans have been made to customers with consolidated exposure of between NOK 50 million and NOK 200 million. The bank has 5 group debtors (with 6 debtors in total) with total loans exceeding NOK 200 million, and 7 Group debtors (with 11 debtors in total) with total borrowings of between NOK 50 million and NOK 200 million.

The bank's exposure is secured by pledged assets in Oslo, equivalent to almost 35 per cent. A further 40 per cent of the bank's exposure is secured by assets pledged in the area surrounding Oslo and the rest of Eastern Norway. The bank's exposure amounts to 6 per cent in Oppland and 12 per cent in Rogaland. Assets pledged are valued at their realisable values in addition to separate assessments based on return considerations.

At the end of 2015, approximately 64 per cent of the amount granted was linked to loans in risk classes A to D, while approximately 15 per cent was in risk classes G to J. The loans must be classified both on establishment and when there are changes in the loans. In addition, corporate market customers are to be reclassified annually or as necessary. The classifications thereby provide an overview of the risk exposure in the portfolio at all times. The bank measures the Corporate Market portfolio's distribution into risk classes on a quarterly basis.

Of loans that are not non-performing or in arrears, about 85 per cent of the loans have a loan to value ratio of under 80 per cent. Approximately 89 per cent of the loans have a loan to value ratio within 90 per cent. The remaining healthy loans have a loan to value ratio of under 100 per cent for the most part.

There are no loans/customers in default without impairment in value at the end of 2015.

For impaired non-performing loans, the write downs that have been made have taken into account that the pledged assets do not cover the value of the loans and other costs related to the non-performance. The losses that have been recorded are considered to be sufficient. The bank does not believe that new losses will be forthcoming from these customers at this time.

In the event of non-performance the bank will sell the securities or take over the assets if that is most appropriate. In the current portfolio, no properties have been taken over.

RETAIL MARKET

Retail customers are evaluated according to their capacity and intent to repay the loan. In addition to their capacity to service debt, the customers are checked regarding policy regulations and the customers are scored using a scoring model. For other retail market customers the overall loan to value ratio and debt servicing capability (as determined by the bank's credit policy for the segment) that apply to the portfolio is used as a basis. The securities for the portfolio are principally in properties for the retail market portfolio.

Storebrand Bank ASA has developed internal models for classifying home loans. The models estimate a loan's Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). PD estimates are based on a logistical regression model where late payment notices, reminders, overdrafts and information about assets are key explanatory variables when predicting defaults. When estimating the LGD, the loan-to-value ratio is the most important explanatory variable. Mortgage loans are classified according to the bank's master scale, consisting of 11 risk classes from A to K, with A indicating the lowest default probability and K containing non-performing loans. The classification of home loans is automatically updated on a monthly basis. At the end of 2015, about 59 per cent of the EAD was linked to home loans in risk class A, while less than 2 per cent of the EAD was in risk classes G to J. The models must be validated at least once a year, with the models' accuracy compared to actual outcomes.

When arranging home loans Storebrand Bank ASA gathers information of significance to the value of the property. Each quarter the bank obtains an updated, independent valuation of residential properties from Eiendomsverdi. For homes where Eiendomsverdi does not have an up-to-date valuation (such as housing cooperative apartments, owner-tenant apartments and some leisure properties) the most recent updated market value is used until further notice. Where Eiendomsverdi cannot determine the market value of a property with a high degree of certainty, a "haircut" is used so as to reduce the risk of giving an inflated estimate of market value. If Eiendomsverdi has never received information regarding the property's market value, the value recorded at the time of entering into the contract (the deposit value) will be used. Loans like those mentioned here constitute just less than 1 per cent of the total portfolio exposure.

In the retail market, most of the loans are secured by way of home mortgages. Approximately NOK 26.6 billion has been lent in home loans, with a further NOK 2.6 billion in undrawn credit facilities. Total loans and credit facilities in housing are therefore about NOK 29.2 billion.

The weighted average loan-to-value ratio is approximately 58 per cent for home mortgage loans. More than 84 per cent of loans have a loan-to-value ratio lower than 80 per cent and approximately 97 per cent are lower than 90 per cent. Approximately 49 per cent of the home mortgage loans have a loan-to-value ratio within 60 per cent.

The loan-to-value ratio of the portfolio increased towards the end of the year. Undrawn credit facilities are not taken into account when calculating the loan-to-value ratio. The portfolio is regarded as having a low to moderate credit risk in accordance with the bank's risk appetite.

There is largely good security on non-performing loans that are not impaired for retail market customers. The average loan to value ratio for these loans is 59 per cent. Housing loans that are part of the volume of non-performing loans total NOK 75 million. Approximately NOK 62 million of these loans have a loan-to-value ratio within 80 per cent. All home loans in default have a loan-to-value ratio lower than 90 per cent. The security is also good on home mortgages which are between 1 and 90 days past due. Assets pledged as collateral are sold in the retail market. They are not taken over by the bank.

In the credit card portfolio about NOK 198 million has been drawn, and approximately NOK 862 million is available as unused credit facilities. For credit accounts about NOK 75 million has been drawn, and approximately NOK 285 million is available as unused credit facilities.

COMMITMENTS PER CUSTOMER GROUP

	2015			
(NOK million)	Loans to and due from customers	Guarantees [1)]	Undrawn credit limits	Total commitments
Development of building projects	29.6	2.1		31.7
Sale and operation of real estate	1 650.8	46.3	0.1	1 697.2
Service providers	696.5		1.6	698.1
Wage-earners	26 808.2	0.8	3 702.2	30 511.1
Other	165.7		24.5	190.2
Total	29 350.8	49.2	3 728.3	33 128.3
Loan loss provisions on individual loans	-57.9			-57.9
Loan loss provisions on groups of loans	-30.7	-0.5		-31.3
Total loans to and due from customers	**29 262.1**	**48.7**	**3 728.3**	**33 039.1**

1) Loan loss provsions on groups of guarantees are recognised in the item "Provision for accrued expenses and liabilities" under liabilites in the balance sheet.

	2014			
(NOK million)	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments
Development of building projects	250.3	2.9	13.2	266.5
Sale and operation of real estate	2 760.2	85.6	35.5	2 881.3
Service providers	1 155.0		24.5	1 179.5
Wage-earners	24 185.9	0.6	3 739.7	27 926.1
Other	167.2	0.5	31.4	199.1
Total	28 518.6	89.6	3 844.3	32 452.5
Loan loss provisions on individual loans	-32.9			-32.9
Loan loss provisions on groups of loans	-20.7			-20.7
Total loans to and due from customers	**28 465.0**	**89.6**	**3 844.3**	**32 398.9**

The classification into customer groups is based on Statistics Norway's standard for sector and business classification. The individual customer's classification is determined by the customer's primary activity.

AVERAGE VOLUME ENGAGEMENT PER CUSTOMER GROUP

(NOK million)	2015 Average volume loans to and deposits from customers	Average volume guarantees	Average volume undrawn credit limits	Total average engagement
Development of building projects	139.7	2.5	6.6	148.8
Sale and operation of real estate	2 202.9	66.0	17.8	2 286.7
Service providers	924.7		13.0	937.8
Wage-earners	25 474.7	0.7	3 720.9	29 196.3
Other	166.3	0.3	28.0	194.5
Total	**28 908.4**	**69.4**	**3 786.3**	**32 764.1**

(NOK million)	2014 Average volume loans to and deposits from customers	Average volume guarantees	Average volume undrawn credit limits	Total average engagement
Development of building projects	814.3	17.8	37.5	869.7
Sale and operation of real estate	4 286.5	133.3	136.3	4 556.1
Service providers	1 584.9	16.0	57.2	1 658.1
Wage-earners	24 166.8	0.3	3 690.8	27 857.9
Other	253.8	16.0	31.1	300.9
Total	**31 106.4**	**183.5**	**3 952.7**	**35 242.6**

COMMITMENTS PER GEOGRAPHICAL AREA

2015

(NOK million)	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments	Non-performing loans without evidence of impairment	Non-performing and loss-exposed loans with evidence of impairment	Gross defaulted and loss-exposed loans	Provisions for individual loan losses	Net defaulted and loss-exposed loans
Eastern Norway	23 043.1	49.1	2 857.1	25 949.3	55.2	90.4	145.6	55.9	89.7
Western Norway	4 365.4	0.1	614.5	4 980.0	19.8	5.4	25.2	1.2	24.1
Southern Norway	423.0		66.6	489.6	3.1	1.9	5.1		5.0
Mid-Norway	759.6		99.2	858.9	3.1	1.3	4.4	0.4	4.0
Northern Norway	608.4		66.1	674.5	1.9	0.4	2.3	0.4	1.9
Rest of world	151.3		24.7	176.0	4.3		4.3		4.3
Total	**29 350.8**	**49.2**	**3 728.3**	**33 128.3**	**87.4**	**99.5**	**186.9**	**57.9**	**129.0**

2014

(NOK million)	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments	Non-performing loans without evidence of impairment	Non-performing and loss-exposed loans with evidence of impairment	Gross defaulted and loss-exposed loans	Provisions for individual loan losses	Net defaulted and loss-exposed loans
Eastern Norway	23 167.4	88.8	2 995.5	26 251.6	52.0	70.2	122.2	30.5	91.7
Western Norway	3 605.5	0.8	590.3	4 196.6	16.3	2.1	18.4	1.2	17.2
Southern Norway	373.0		70.4	443.5	1.9	1.9	3.9		3.8
Mid-Norway	755.2		94.1	849.3	1.8	1.8	3.6	0.9	2.7
Northern Norway	490.0		69.4	559.4	4.1	0.4	4.5	0.3	4.2
Rest of world	127.5		24.6	152.1	0.3	0.1	0.4		0.4
Total	**28 518.6**	**89.6**	**3 844.3**	**32 452.5**	**76.4**	**76.5**	**152.9**	**32.9**	**120.1**

TOTAL ENGAGEMENT AMOUNT BY REMAINING TERM TO MATURITY

	2015			
(NOK million)	Average volume loans to and deposits from customers	Average volume guarantees	Average volume undrawn credit limits	Total average engagement
Up to 1 month	17.6			17.6
1 - 3 months	140.1		1.1	141.2
3 months - 1 year	495.9	3.5	62.3	561.6
1 - 5 years	2 823.1	45.8	993.8	3 862.7
More than 5 years	25 874.1		2 671.1	28 545.2
Total	**29 350.8**	**49.2**	**3 728.3**	**33 128.3**

	2014			
(NOK million)	Average volume loans to and deposits from customers	Average volume guarantees	Average volume undrawn credit limits	Total average engagement
Up to 1 month	13.6			13.6
1 - 3 months	269.9	1.4	34.2	305.5
3 months - 1 year	1 272.7	38.7	23.4	1 334.7
1 - 5 years	3 567.5	47.3	1 013.3	4 628.1
More than 5 years	23 394.8	2.2	2 773.4	26 170.5
Total	**28 518.6**	**89.6**	**3 844.3**	**32 452.5**

AGE DISTRIBUTION OF OVERDUE ENGAGEMENTS WITHOUT IMPAIRMENT

	2015			
(NOK million)	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments
Overdue 1 - 30 days	464.9	17.8	5.4	488.1
Overdue 31 - 60 days	89.3		0.2	89.5
Ovedue 61- 90 days	30.3		0.2	30.5
Overdue more than 90 days	87.4		0.6	87.9
Total	**672.0**	**17.8**	**6.4**	**696.1**
Engagements overdue more than 90 days by geographical area:				
Eastern Norway	55.2		0.4	55.7
Western Norway	19.8		0.1	19.9
Southern Norway	3.1			3.1
Mid-Norway	3.1			3.1
Northern Norway	1.9			1.9
Rest of world	4.3			4.3
Total	**87.4**		**0.6**	**87.9**

	2014			
(NOK million)	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments
Overdue 1 - 30 days	870.8		3.7	874.6
Overdue 31 - 60 days	109.6		0.4	110.0
Ovedue 61- 90 days	60.0		1.2	61.2
Overdue more than 90 days	76.4		1.1	77.5
Total	**1 116.8**		**6.4**	**1 123.2**
Engagements overdue more than 90 days by geographical area:				
Eastern Norway	52.0		0.7	52.7
Western Norway	16.3		0.2	16.4
Southern Norway	1.9		0.1	2.0
Mid-Norway	1.8			1.8
Northern Norway	4.1		0.1	4.2
Rest of world	0.3			0.3
Total	**76.4**		**1.1**	**77.5**

Only non-performing and loss-exposed loans are classified by geographical area in this overview. The same definition is used for due commitments as the one in the capital requirements regulations, however the number of days in the definition equals the age distribution.

Commitments are regarded as non-performing and loss-exposed:
- when a credit facility has been overdrawn for more than 90 days
- when an ordinary mortgage has arrears older than 90 days
- when a credit card has arrears older than 90 days and the credit limit has been overdrawn. If

a repayment plan has been agreed with the customer and is being adhered to, the overdraft is not regarded as a non-performing loan. When one of the three situations described above occurs, the commitment and the rest of the customer's commitments are regarded as non-performing. The number of days is counted from when the arrears exceed NOK 2,000.

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

CREDIT RISK PER CUSTOMER GROUP

2015

(NOK million)	Non-performing and loss-exposed loans with evidence of impairment	Non-performing loans without evidence of impairment	Gross defaulted and loss-exposed loans	Total provisions for individual loan losses	Net defaulted and loss-exposed loans	Total value changes	Total value change recognised in the profit and loss account during period
Development of building projects							
Sale and operation of real estate	32.2		32.2	33.5	-1.3		24.0
Service providers							
Wage-earners	64.9	82.8	147.7	23.6	124.1		1.1
Other	2.4	4.6	7.0	0.8	6.2		0.0
Total	**99.5**	**87.4**	**186.9**	**57.9**	**129.0**		**25.0**

2014

(NOK million)	Non-performing and loss-exposed loans with evidence of impairment	Non-performing loans without evidence of impairment	Gross defaulted and loss-exposed loans	Total provisions for individual loan losses	Net defaulted and loss-exposed loans	Total value changes	Total value change recognised in the profit and loss account during period
Development of building projects							
Sale and operation of real estate	9.6		9.6	9.5	0.1		-41.5
Service providers							
Wage-earners	64.4	75.8	140.2	22.5	117.7		-7.6
Other	2.5	0.6	3.1	0.8	2.3		-0.7
Total	**76.5**	**76.4**	**152.9**	**32.9**	**120.1**		**-49.8**

REPOSSESSED ASSETS

In the event of non-performing loans Storebrand Bank ASA will sell the collateral or repossessed assets if this is most appropriate.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (FVO)

	Lending to customers		Liquidity portfolio	
(NOK million)	2015	2014	2015	2014
Book value maximum exposure for credit risk	1 214.8	988.8	2 653.5	3 247.8
Book value of related credit derivatives that reduce credit risk				
Collateral				
Net credit risk	**1 214.8**	**988.8**	**2 653.5**	**3 247.8**
This year's change in fair value of financial assets due to change in credi risk	-0.7		-26.1	5.0
Accumulated change in fair value of financial assets due to change in credit risk	-15.6	-14.9	-18.3	7.9
This year's change in value of related credit derivatives				
Accumulated change in value of related credit derivatives				

Lending to customers is measured at fair value based on valuation techniques. The valuation techniques use interest rate curves from Reuters and credit spreads for equivalent new loans as per the end of December.

Financial assets are designated at fair value through the profit and loss account (FVO) the first time they are recognised where another measurement would result in an inconsistency in the profit and loss account. Objective market prices are used for papers where these exist. Valuation techniques involving the use of interest rate curves from Reuters and credit spreads from external providers are used for the remaining papers.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS (FVO)

(NOK million)	2015	2014
The year's change in fair value of liabilities due to changes in credit risk		0.4
Difference between book value of liabilities and contractual amount due at maturity		
Accumulated change in fair value of liabilities due to changes in credit risk		
Difference between book value of liabilities and contractual amount due at maturity		

CREDIT RISK DERIVATIVES

The purpose of the use of financial derivatives is to identify and reduce currency and interest rate risk. Counterparty risk in connection with the trading of financial derivatives is included in credit risk. The bank's risk strategies and policies establish limits for how much credit risk the bank group is willing to accept. Storebrand Bank ASA hedges all customer derivative trades by opposite derivatives to minimise foreign exchange and interest rate exposure. The overview shows gross credit exposure, the bank has only collateral for credit risk against non-financial companies. Net credit exposure for 2015 is NOK 81.6 million, see note 23.

CREDIT RISK PER COUNTERPARTY

(NOK million)	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total 2015 Fair value	Total 2014 Fair value
Norway		27.1	180.5	215.3		422.9	734.7
Sweden							6.7
Denmark			0.2			0.2	0.7
Total		**27.1**	**180.6**	**215.3**		**423.0**	**742.1**
Change in value:							
Total change in value on the balance sheet		27.1	180.6	215.3		423.0	742.1
Change in value recognised in the profit and loss during period		-23.3	-76.0	-219.8		-319.1	49.0

EQUITY OPTIONS, INTEREST RATE SWAPS, BASIS SWAPS AND FORWARD FOREIGN EXCHANGE CONTRACTS
Derivatives are entered into for hedging purposes. Derivative transactions are entered into with counterparties that are ”investment grade” rated.

Note 05 Liquidity risk

Liquidity risk is the risk that the company is unable to fulfil its obligations without incurring substantial additional expenses in the form of reduced prices for assets that must be realised, or in the form of especially expensive financing.

RISK MANAGEMENT

The risk strategy establishes overall limits for how much liquidity risk the bank group is willing to accept. The policy for liquidity risk describes principles for liquidity management and specifies stress testing, minimum liquidity holdings and indicators for measuring liquidity risk. In addition, the Treasury department draws up an annual funding strategy and funding plan that set out the overall limits for the bank group’s funding activities.

Stress tests are used to illustrate the expected effects of various scenarios on the statement of financial position and cash flows. Results of the stress tests are applied when assessing the framework for liquidity risk. A contingency plan is drawn up annually to safeguard proper management of the liquidity situation during stressful periods.

The Treasury function is responsible for the bank’s liquidity management, and the Middle Office monitors and reports on the utilisation of limits pursuant to the liquidity policy.

RISK CONTROL

The means of controlling liquidity risk include monthly reports of the liquidity indicators and monitoring developments in the bank’s maturity profile. Both are included in the CRO’s ongoing reporting to the board. The liquidity policy specifies which liquidity indicators are followed. The Middle Office performs checks on trades undertaken by Treasury to ensure conformance with the applicable policy rules.

NON-DISCOUNTED CASH FLOWS - FINANCIAL LIABILITIES

(NOK million)	0 - 6 months	6 months - 12 months	1 - 3 years	3 - 5 years	More than 5 years	Total	Book value
Liabilities to credit institutions	415.7					415.7	415.7
Deposits from and due to customers	17 824.7					17 824.7	17 824.7
Commercial papers and bonds issued	3 549.2	161.9	6 909.3	4 803.1		15 423.3	12 214.2
Other liabilities	113.4					113.4	113.4
Subordinated loan capital	5.5	5.4	159.4	127.7		298.0	277.0
Undrawn credit limits	3 728.3					3 728.3	
Lending commitments	1 981.3					1 981.3	
Total financial liabilities 2015	**27 618.0**	**167.2**	**7 068.7**	**4 930.7**	**0.0**	**39 784.6**	**30 844.9**
Derivatives related to funding 31.12.2015	**10.0**	**-52.6**	**-91.9**	**-45.9**	**0.3**	**-180.0**	**91.8**
Total financial liabilities 2014	25 230.2	269.4	6 803.8	3 162.4	11.7	35 477.5	30 887.5

The amounts includes accrued interest.

The overview of non-discounted cash flows includes interest. Implicit forward interest rates based on the yield curve on 31 December 2015 are used to calculate interest costs for lending with FRN conditions. The call date is used as the maturity date on borrowing which has a call date. Deposits from and liabilities to customers are on call deposits or deposits locked in for less than 6 months.

SPECIFICATION OF SUBORDINATED LOAN CAPITAL *)

(NOK million) ISIN nummer	Issuer	Net nominal value	Currency	Interest	Call-date	Book value
Dated subordinated loan capital						
NO0010641657	Storebrand Bank ASA	150.0	NOK	Floating	12.04.2017	151.2
NO0010714314	Storebrand Bank ASA	125.0	NOK	Floating	09.07.2019	125.8
Total subordinated loan capital 2015						**277.0**
Total subordinated loan capital 2014						511.6

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

SPECIFICATION OF LIABILITES TO CREDIT INSTITUTIONS

(NOK million)	2015	2014
Total liabilites to credit institutions without fixed maturity at amortised cost	**11.6**	**19.2**
Repurchase agreements, maturity 2016	404.1	
Total liabilities to credit institutions with fixed maturity at fair value (FVO)	**404.1**	**0.0**
Total liabilities to credit institutions	**415.7**	**19.2**

SPECIFICATION OF COMMERCIAL PAPERS AND BONDS ISSUED

(NOK million) ISIN code	Issuer	Net nominal value	Currency	Interest	Maturity	Book value
Bond loans						
NO0010513237	Storebrand Bank ASA	265.0	NOK	Fixed	25.05.2016	278.1
NO0010660806	Storebrand Bank ASA	300.0	NOK	Fixed	08.10.2019	321.9
NO0010670979	Storebrand Bank ASA	100.0	NOK	Floating	29.01.2016	100.3
NO0010641079	Storebrand Bank ASA	800.0	NOK	Floating	27.03.2017	800.8
NO0010662752	Storebrand Bank ASA	300.0	NOK	Floating	13.11.2017	300.9
NO0010751316	Storebrand Bank ASA	300.0	NOK	Floating	09.11.2018	300.5
NO0010729387	Storebrand Bank ASA	600.0	NOK	Floating	14.01.2020	601.7
Total bond loans						**2 704.3**
Covered bonds						
NO0010575913	Storebrand Boligkreditt AS	45.0	NOK	Floating	03.06.2016	44.2
NO0010612294	Storebrand Boligkreditt AS	943.0	NOK	Floating	15.06.2016	941.3
NO0010635071	Storebrand Boligkreditt AS	2 575.0	NOK	Floating	21.06.2017	2 582.5
NO0010660822	Storebrand Boligkreditt AS	2 500.0	NOK	Floating	20.06.2018	2 517.2
NO0010548373	Storebrand Boligkreditt AS	1 250.0	NOK	Fixed	28.10.2019	1 425.4
NO0010736903	Storebrand Boligkreditt AS	2 000.0	NOK	Floating	17.06.2020	1 999.4
Total covered bonds						**9 509.9**
Total commercial papers and bonds issued 2015						**12 214.2**
Total commercial papers and bonds issued 2014						10 858.6

The loan agreements contain standard covenants. Storebrand Bank ASA and Storebrand Boligkreditt AS were in compliance with all relevants covenants in 2015. Under the loan programme in Storebrand Boligkreditt AS the company's overcollateralisation requirement was 109.5 percent fulfilled.

Note 06 Market risk

Market risk is risk of a change in value due to financial market prices or volatility differing from what was expected.

RISK MANAGEMENT

The risk strategy sets general limits for market risk which primarily relate to the bank group's long term investments in equity instruments and fixed income securities. The bank group is also exposed to currency risk to a lesser degree.

Market risk policies specify limits for market risk that the bank group is willing to accept. The bank group's market risk is primarily managed and controlled through daily monitoring of risk exposure pursuant to the policy and continuous analyses of outstanding positions.

The exposure limits are reviewed and renewed by the Board at least once a year. The size of these limits is set on the basis of stress tests and analyses of market movements.

RISK CONTROL

The Middle Office is responsible for the ongoing, independent monitoring of market risk. The means of controlling market risk include monthly reports of the market risk indicators. Market risk indicators that are followed are described in the interest rate risk policy and currency risk policy and are included in the CRO's ongoing reporting to the board.

For changes in market risk that occur during the first year, the effect on the result and equity will be as shown below based on the balance sheet as at 31 December 2015:

Effect on accounting income

(NOK million)	Amount
Interest rate -1,0%	-10.4
Interest rate +1,0%	10.4

Financial interest rate risk [1)]

(NOK million)	Amount
Interest rate -1,0%	-10.4
Interest rate +1,0%	10.4

1) Before taxes.

Financial interest rate risk

(NOK million)	Amount
Interest rate -1,0%	6.5
Interest rate +1,0%	-6.5

The note presents the accounting effect over a 12 month period and the immediate financial effect of an immediate parallel change in interest rates of +1.0 percentage points and -1.0 percentage points respectively. When the accounting risk is calculated, account is taken of the non-recurring effect that such an immediate change in interest rates would have on the items recognised at fair value and the value of hedging, and the effect that the change in interest rates would have on the net profit for the remaining duration of the interest rate before the change in interest rates has an effect on income and expenses. Items that would be affected by the non-recurring effect and are recorded at fair value are the investment portfolio, fixed interest rate loans repurchase agreements and derivatives. Items that would be affected by the one-time effects and which are recorded using hedging accounting are borrowings with fixed interest rate. The change in market value that such an immediate change in interest rates would have is looked at for all items on the statement of financial position when calculating the financial effect.

See also note 24 regarding foreign exchange risk.

Note 07 Operational risk

OPERATIONAL RISK

Operational risk is the risk of financial loss, a damaged reputation or sanctions related to a breach of internal or external regulations as a result of ineffective, insufficient or defective internal processes or systems, human error, external events or rules or guidelines not being followed.

RISK MANAGEMENT
In the Storebrand group, management of operational risk and compliance with laws, regulations and internal rules are an integral part of the management responsibility of all managers. Risk assessment is continuously recorded and documented in Easy Risk Manager (ERM, a risk management system provided by Det Norske Veritas).

RISK CONTROL
The CRO supports the management group in the process and is responsible for compiling and reporting the area's risk scenario, following up on improvement measures and checking that risk registration is up to date in ERM. The results of the risk assessment process are reported to the board.

In order to be able to identify problem areas internally, the bank has implemented routines for ongoing reporting of events to the CRO, who is responsible for logging and follow-up of reported events. The CRO reviews significant events with the board.

In connection with monthly, quarterly and annual accounts, the Middle Office in Risk and Administration performs various checks and reconciliations so as to control and reduce operational risk. In addition to this, the compliance function and internal auditor carry out spot checks in a number of the bank's most important work processes. The results are reported to the bank's management and the Board.

COMPLIANCE RISK

Compliance risk is the risk of the company incurring public sanctions or financial loss as a result of non compliance with external or internal rules.

RISK MANAGEMENT
The compliance risk in Storebrand Bank is managed through instructions for compliance. The compliance function's main responsibility is to support the company's board and management in complying with relevant laws and regulations by independently identifying, evaluating, monitoring and reporting compliance risk. The function must perform preventive work by advising and ensuring that effective processes have been established for information and the implementation of current and future rules. The compliance function must have a risk-based approach.

RISK CONTROL
The compliance function performs control activities in order to ensure actual compliance.

Note 08 Valuation of financial instruments

SPECIFICATION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

The fair value of lending to customers subject to variable interest rates is stated as book value. However, the fair value of lending to corporate customers with margin loans is slightly lower than book value since some loans have lower margins than they would have had had they been taken out at 31 December 2015. The shortfall is calculated using a discounted difference between the agreed margin and the current market price over the remaining term to maturity. Fair value is also adjusted for individual loan loss provisions. The fair values of lending, liabilities to financial institutions and securities issued are based on valuation techniques. The valuation techniques use interest rate curves and credit spreads from external providers with exception of lending which are assessed to spreads on new loans correspondingly

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Fair value 31.12.2015	Fair value 31.12.2014	Book value 31.12.2015	Book value 31.12.2014
Financial assets							
Bonds classified as Loans and receivables		781.7		781.7	1 013.5	780.7	1 006.7
Loans to and deposits with credit institutions, amortised cost		122.9		122.9	207.1	122.9	207.1
Lending to customers, amortised cost		25 701.8	2 314.2	28 016.0	27 436.2	28 047.4	27 476.2
Total fair value 31.12.2015		**26 603.3**	**2 314. 2**	**28 920.6**			
Total fair value 31.12.2014		28 656.7			28 656.7		
Financial liabilities							
Deposits from and due to credit institutions, amortised cost		11.6		11.6	19.2	11.6	19.2
Deposits from and due to customers, amortised cost		17 824.7		17 824.7	19 358.1	17 824.7	19 358.1
Commercial papers and bonds issued, amortised cost		12 183.9		12 183.9	11 024.7	12 214.2	10 858.6
Subordinated loan capital, amortised cost		277.0		277.0	523.0	277.0	511.6
Total fair value 31.12.2015		**30 297.1**		**30 297.1**			
Total fair value 31.12.2014		30 925.0			30 925.0		

VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

Storebrand Bank Group conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Bonds are generally valued based on prices collected from Reuters and Bloomberg. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by well recognised brokerage houses.

Unlisted derivatives, including primarily interest rate and foreign exchange instruments, are also valued theoretically. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Reuters, Bloomberg and Norges Bank.

Storebrand Bank Group carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

The Storebrand Group categorises financial instruments that are valued at fair value into three different levels which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models that gather information from a wide range of well-informed sources with reference to minimize uncertainty related to the valuation.
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.

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

SENSITIVITY ANALYSIS:

	Fixed-rate loans to customers		Equities	
	Change in market spread		Change in value	
Increase/reduction in fair value	+ 10 bp	- 10 bp	+ 25 BP	- 25 BP
Increase/reduction in fair value 31.12.2015 (MNOK)	-3.9	3.9	0.2	-0.2
Increase/reduction in fair value 31.12.2014 (MNOK)	-2.7	2.7		

Level 1: Financial instruments valued on the basis of quoted prices in active markets for identical assets Bonds, certificates or equivalent instruments issued by nation states are generally classified as level 1. When it comes to derivatives, standardised stock index futures and interest rate futures they will also be included at this level.

Level 2: Financial instruments valued on the basis of observable market information not covered by level 1This category encompasses financial instruments that are valued based on market information that in directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level. Moreover, interest rate and foreign exchange swaps, non-standardised interest rate and foreign exchange derivatives are classified in level 2.

Level 3: Financial instruments valued on the basis of information that is not observable according to the definition for level 2 financial instruments Investments classified as level 3 primarily includes fixed-rate loans.

SPECIFICATION OF FINANCIAL ASSETS AT FAIR VALUE

(NOK million)	Quoted prices	Observable assumptions	Non-observable assumptions	Book value 31.12.2015	Book value 31.12.2014
Equities and units		**1.6**	**9.0**	**10.6**	**2.0**
Total Equities and units 31.12.2014		2.0			
Lending to customers			**1 214.8**	**1 214.8**	**988.8**
Total lending to customes 31.12.2014			988.8		
Sovereign and Government Guaranteed bonds	0.0	219.2		219.2	1 000.7
Credit bonds		196.5		196.5	0.0
Mortage and asset backed bonds		2 237.8		2 237.8	2 247.1
Total bonds	**0.0**	**2 653.5**	**0.0**	**2 653.5**	
Total bonds 31.12.2014		3 247.8			3 247.8
Interest rate derivatives		91.6		91.6	197.0
Currency derivatives		0.2		0.2	
Total derivatives	**0.0**	**91.8**	**0.0**	**91.8**	
Derivatives with a positive fair value		423.0		423.0	742.1
Derivatives with a negative fair value		-331.3		-331.3	-545.1
Total derivatives 31.12.2014		197.0			197.0
Specification of financial liabilities at fair value					
Liabilities to credit institutions		**404.1**		**404.1**	
Total liabilities to credit institutions 31.12.2014		0.0			

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

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

(NOK million)	Equities	Lending to customers
Book value 01.01.2015		988.8
Net gains/losses on financial instruments	9.0	-6.7
Supply / disposal		553.2
Sales / due settlements		-320.4
Transferred from observable assumptions to non-observable assumptions		
Translation differences		
Other		
Book value 31.12.2015	**9.0**	**1 214.8**

Note 09 Segment

ANALYSIS OF PROFIT AND LOSS ACCOUNT BY SEGMENT:

	Corporate		Retail		Treasury/other		Total	
(NOK million)	2015	2014	2015	2014	2015	2014	2015	2014
Profit and loss items:								
Net interest income	37.7	81.2	365.9	393.4	-26.3	-12.8	377.3	461.8
Net fee and commission income	7.8	7.4	39.6	53.2	-6.8	-3.9	40.6	56.7
Other income	1.8	2.9	-6.8	2.4	-15.4	2.3	-20.4	7.5
Total operating costs	-42.1	-54.2	-217.8	-185.9	-6.6	-19.9	-266.6	-260.0
Total operating costs	5.2	37.3	180.8	263.0	-55.1	-34.3	130.9	266.0
Loan losses	-40.3	-75.5	-5.2	1.3	0.2		-45.4	-74.2
Ordinary profit from continuing operations	**-35.1**	**-38.2**	**175.6**	**264.3**	**-54.9**	**-34.3**	**85.5**	**191.8**
Ordinary profit from discontinued businesses	**0.0**	**0.0**	**0.0**	**0.0**	**-0.5**	**-1.0**	**-0.5**	**-1.0**
Balance sheet items:								
Gross lending	2 371.8	3 968.4	26 860.8	24 440.9	118.2	109.3	29 350.8	28 518.6
Loan loss provisions	-57.6	-27.5	-31.6	-26.1	0.5		-88.6	-53.6
Net customer lending	2 314.2	3 940.9	26 829.2	24 414.8	118.7	109.3	29 262.1	28 465.0
Deposits from and due to customers	400.0	775.2	17 434.9	18 590.9	-10.3	-8.0	17 824.7	19 358.1
Key figures:								
Net interest income as % of total assets	1.05 %	1.04 %	1.24 %	1.39 %			1.13 %	1.26 %
Cost/income ratio	89 %	59 %	55 %	41 %			67 %	49 %
Deposits from customers as % of gross lending	17 %	20 %	65 %	76 %			61 %	68 %
Total level of provisioning	132 %	104 %	22 %	21 %			48 %	35 %

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

DESCRIPTION OF THE SEGMENTS:

Corporate market: The segment includes corporate customers' deposits and loans, mainly property owners and developers. All capital market business for customers within the bank's corporate market segment is presented under the corporate market segment.

Retail market: Deposits from and loans to retail market customers, including credit cards. Loans comprise primarily home mortgages. The segment includes loans in Storebrand Boligkreditt AS. All capital market business for customers within the bank's retail market segment is presented under the retail market segment. In the second quarter 2015 a deposit portfolio linked to small SME and retail customers that was reported earlier as part of the corporate market segment was moved to the retail market segment. The portfolio amounted to NOK 4.5 billion at the end of the first quarter 2015. This change is also reflected in the comparative figures.

The allocation of income and expenses that are not directly attributable has been made on the basis of the assumed resource use. The elimination of double entries refers primarily to customer transactions that are carried out across the segments. The effects of financial risk management and the liquidity portfolio have not been allocated to the business areas and are reported under treasury/other.

Note 10 Net income from financial instruments

NET INTEREST INCOME

(NOK million)	2015	2014
Interest and other income on loans to and deposits with credit institutions	9.8	5.8
Interest and other income on loans to and due from customers	870.2	1 232.7
Interest on commercial paper, bonds and other interest-bearing securities	63.1	82.4
Other interest income and related income	5.7	7.3
Total interest income *)	**948.8**	**1 328.3**
Interest and other expenses on debt to credit institutions	-3.2	-7.8
Interest and other expenses on deposits from and due to customers	-303.3	-508.1
Interest and other expenses on securities issued	-234.2	-301.8
Interest and expenses on subordinated loan capital	-14.7	-31.2
Other interest expenses and related expenses	-16.2	-17.6
Total interest expenses **)	**-571.6**	**-866.5**
Net interest income	**377.3**	**461.8**
*) Of which total interest income on financial assets that are not at fair value through the profit and loss account	801.7	1 147.5
**) Of which total interest expenses on financial liabilities that are not at fair value through the profit and loss account	-571.7	-861.9

INTEREST EXPENSE AND CHANGES IN VALUE OF ISSUED FUNDING AT FVO:

(NOK million)	2015	2014
Interest expense issued funding at FVO	-0.9	-4.3
Changes in value of issued funding at FVO		0.4
Net expense issued funding at FVO	**-0.9**	**-3.9**

NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE:

(NOK million)	2015	2014
Equity instruments		
Dividends received from equity investments	0.3	
Net gains/losses on realisation of equity investments		0.1
Net change in fair value of equity investments	-0.3	0.2
Total equity instruments, FVO	0.1	0.2
Commercial papers and bonds		
Realised gain/loss on commercial papers and bonds, FVO	-8.9	9.7
Unrealised gain/loss on commercial papers and bonds, FVO	-26.1	1.6
Total gain/loss on commercial papers and bonds, FVO	-35.0	11.3
Lending to customers		
Unrealised gain/loss on lending to customers, FVO	-7.0	19.6
Total gain/loss on lending to customers, FVO	-7.0	19.6
Liabilities to credit institutions and other funding		
Realised gain/loss on liabilities to credit institutions and other funding, FVO		
Unrealised gain/loss on liabilities to credit institutions and other funding, FVO	-0.4	0.4
Total gain/loss on liabilities to credit institutions and other funding, FVO	-0.4	0.4
Financial derivatives and foreign exchange		
Realised gain/loss on financial derivatives, held for trading	66.9	23.3
Unrealised gain/loss on financial derivatives, held for trading	-25.2	-71.5
Total financial derivatives and foreigh exchange, held for trading	41.8	-48.2
Net income and gains from financial assets and liabilities at fair value	**-0.5**	**-16.7**
Fair value hedging		
Realised gain/loss on derivatives and bonds issued, fair value hedging	-0.1	24.9
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	-1.2	1.5
Net gain/loss on fair value hedging	**-1.3**	**26.4**
Commercial papers and bonds		
Realised gain/loss on commercial papers and bonds at amortised cost		5.8
Total gain/loss on commercial papers and bonds at amortised cost	0.0	5.8
Bonds issued		
Realised gain/loss on bonds issued at amortised cost	-24.2	-8.2
Total gain/loss on bonds issued at amortised cost	-24.2	-8.2
Net income and gains from financial assets and liabilities at amortised cost	**-24.2**	**-2.4**
Net income and gains from financial assets and liabilities	**-26.0**	**7.3**
Net gain/loss on financial assets at fair value through the profit and loss account:		
Financial assets designated at fair value upon initial recognition	-43.5	38.2
Financial assets classified as held for trading	32.6	-15.0
Changes in fair value of assets due to changes in credit risk	-33.9	-7.0
Net gain/loss on financial liabilities at fair value through the profit and loss account:		
Financial liabilities designated at fair value upon initial recognition		0.4
Financial liabilities classified as held for trading		

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

Note 11 Net commission income

(NOK million)	2015	2014
Fees related to banking operations	36.5	43.3
Commissions from saving products	10.2	21.9
Commissions from stockbroking	5.3	6.4
Total fees and commissions receivable *)	**52.0**	**71.6**
Fees and commssisions payable relating to banking operations	-8.9	-10.4
Commissions payable on saving products	-1.6	-4.1
Other fees and commissions payable	-0.9	-0.4
Total fees and commissions payable **)	**-11.4**	**-14.9**
Net commission income	**40.6**	**56.7**
*) Of which total fees and commission income on book value of financial assets and liabilities that are not at fair value through the profit and loss account	41.8	49.8
**) Of which total fees and commission expense on book value of financial assets and liabilities that are not at fair value through the profit and loss account	-8.9	-10.4

Note 12 Remuneration paid to auditors

REMUNERATION EXCLUDING VALUE ADDED TAX:

(NOK 1000)	2015	2014
Statutory audit	1 580	986
Other reporting duties	84	297
Other non-audit services	62	30
Total	**1 726**	**1 314**
Of which remuneration to Deloitte AS (excl. VAT):		
Statutory audit	1 580	986
Other reporting duties	84	297
Other non-audit services	62	30
Total	**1 726**	**1 314**

Note 13 Operating expenses

(NOK million)	2015	2014
Ordinary wages and salaries	-89.5	-98.0
Employer's social security contributions	-11.5	-11.1
Other staff expenses	-4.7	-6.6
Pension cost (see note 14) [1)]	-11.4	42.6
Total staff expenses	**-117.2**	**-73.1**
IT costs	-45.9	-49.4
Printing, postage etc.	-1.3	-2.0
Travel, entertainment, courses, meetings	-2.1	-1.3
Other sales and marketing costs	-1.5	-1.4
Total general administration expenses	**-50.7**	**-54.2**
Depreciation fixed assets and intangible assets (see note 28 and 29)	-26.4	-38.7
Contract personnel (see note 12)	-8.3	-10.3
Operating expenses on rented premises	-9.8	-10.1
Inter-company charges for services [2)]	-42.9	-56.1
Other operating expenses	-11.2	-17.6
Total other operating expenses	**-98.7**	**-132.7**
Total operating expenses	**-266.6**	**-260.0**

1) Pension cost in 2014 is positive due to recognition of an income of 44.5 million NOK related to the derecognition of pension scheme for employees after a descesion has been made to discontiune the defined-benefit scheme (see note 14).

2) Services purchased from the group contain costs relating to bank production, IT services, joint administrative functions, financial and legal services, marketing activities, HR and skills development, purchasing, information services and savings advice.

Note 14 Pensions

The Storebrand Group has country-specific pension schemes. The employees of Storebrand in Norway have a defined contribution pension scheme for their retirement pension effective 1 January 2015. Until the end of 2014, Storebrand in Norway had both defined contribution and defined benefit pension schemes dependent on when the employees of the Group were hired. The effect of this change in the pension scheme was recognised in the annual financial statements for 2014.

The premium rates and content of the defined contribution pension scheme is as follows:
– Savings starts from the first krone of salary
– Savings rate is 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" is NOK 90,068 as at 31 December 2015)
– In addition, 13 per cent of salary between 7.1 and 12 G is saved
– Savings rate for salary over 12 G is 20 per cent

All members of the pension schemes have associated survivor's and disability cover that is accounted for as a defined benefit pension scheme. There are also defined benefit liabilities in the statement of financial position related to direct pensions for certain former employees and former board members. Employees and former employees who had had a salary in excess of 12G (G = National Insurance Scheme basic amount) until 31 December 2014 were offered a cash redemption option for their accrued rights with payment at the start of 2015. For employees who were a part of the executive management team, these payments were distributed over 5 years.

The Norwegian companies participate in the Joint Scheme for Collective Agreement Pensions (AFP). The private AFP scheme provides a lifelong supplement to an ordinary pension and is a multi-employer pension scheme, but there is no reliable information available for inclusion of this liability on the statement of financial position. The scheme is financed by means of an annual premium that is defined as a percentage of salaries from 1 G to 7.1 G, and the premium rate was 2.4 per cent in 2015. Storebrand employees in Norway who were born before 1 January 1956 can choose between drawing an AFP scheme pension or retiring at the age of 65 and receiving a direct pension from the company until they reach the age of 67. Employees can choose to receive benefits from the AFP scheme from the age of 62 and still continue to work.

RECONCILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

(NOK million)	2015	2014
Present value of insured pension liabilities	40.2	35.4
Fair value of pension assets	-32.1	-33.5
Net pension liabilities/assets insured scheme	8.1	1.9
Present value of unsecured liabilities	17.1	28.9
Net pension liabilities recognised in statement of financial position	**25.3**	**30.8**

Includes employer contributions on net under-financed liabilities in the gross liabilities

BOOKED IN STATEMENT OF FINANCIAL POSITION

(NOK million)	2015	2014
Pension assets		
Pension liabilities	25.3	30.8

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

(NOK million)	2015	2014
Net pension liabilities 01.01	64.3	167.1
Pensions earned in the period	2.8	8.8
Pension cost recognised in period	1.7	7.0
Estimate deviations	3.9	29.2
Pensions paid	-14.6	-6.8
Payroll tax of employer contribution, assets	-0.7	-1.6
Changes to pension scheme		-139.3
Net pension liabilities 31.12	**57.4**	**64.3**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

(NOK million)	2015	2014
Pension assets at fair value 01.01	33.5	109.3
Expected return	0.9	3.6
Estimate deviation	-6.3	-5.9
Premiums paid	4.9	11.5
Pensions paid	-1.0	-2.4
Changes to pension scheme		-82.6
Net pension assets 31.12	**32.1**	**33.5**
Expected premium payments (pension assets) in 2016:	0.5	
Expected premium payments (contributions) in 2016:	7.2	
Expected AFP early retirement scheme payments in 2016:	1.8	
Expected payments from operations (uninsured scheme) in 2016:	2.0	

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE COMPOSED AT 31.12:

(NOK million)	2015	2014
Real estate	12 %	10 %
Bondes at amortised cost	45 %	40 %
Equities and units	11 %	15 %
Bonds	27 %	28 %
Certificates	4 %	8 %
Total	**100 %**	**100 %**

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Life Insurance.

Realised return on assets	5.4 %	5.4 %

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNT, SPECIFIED AS FOLLOWS:

(NOK million)	2015	2014
Current service cost	2.8	8.8
Net interest cost/expected return	0.8	3.4
Changes to pension scheme		-56.7
Total for defined benefit schemes	**3.6**	**-44.5**
The period's payment to contribution scheme	6.6	1.0
The period's payment to contractual pension	1.1	0.9
Net pension cost recognised in profit and loss account in the period	**11.4**	**-42.6**

Net pension cost includes payroll tax of employer contribution and is included in operating expenses. See note 14.

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

(NOK million)	2015
Actuarial loss (gain) - change in discount rate	
Actuarial loss (gain) - change in other financial assumptions	
Actuarial loss (gain) - change in mortality table	
Actuarial loss (gain) - change in other demographic assumptions	
Actuarial loss (gain) - experience DBO	8.3
Loss (gain) - experience Assets	6.0
Investment management cost	0.3
Asset ceiling - asset adjustment	
Remeasurements loss (gain) in the period	**14.6**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY 31.12

	31.12.2015	31.12.2014
Discount rate	2.7 %	3.0 %
Expected return	3.0 %	3.0 %
Expected earnings growth	2.25 %	3.0 %
Expected annual increase in social security pensions	2.25 %	3.0 %
Expected annual increase in pensions payment	0.0 %	0.1 %
Disability table	KU	KU
Mortality table	K2013BE	K2013BE

Financial assumptions:

The financial assumptions have been determined on the basis of the rules in IAS 19. Long term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are particularly subject to a high degree of uncertainty. In Norway, a discount rate based on covered bonds is used. Based on the market and volume trends observed, the Norwegian covered bond market must be perceived as a deep market.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

Actuarial assumptions:

In Norway, there are standardised assumptions for mortality/disability trends, and other demographic factors, that have been prepared by Finance Norway. A new mortality basis K2013 for group pension insurance in life insurance companies and pension funds was introduced effective from 2014. Storebrand has used the mortality table K2013BE (best estimate) for the actuarial calculations as at 31 December 2015. The average employee turnover rate is 2-3 per cent for the entire work force as a whole, and falling turnover with increasing age is assumed.

Note 15 Loan losses

(NOK million)	2015	2014
Loan losses for the period		
Change in loan loss provisions on individual loans for the period	-23.9	49.8
Change in loan loss provisions on groups of loans for the period	-10.6	9.5
Other corrections to loan loss provisions		4.5
Change in loan loss provisions on individual guarantees	0.1	
Realised losses in period on commitments specifically provided for previously		-137.9
Realised losses on commitments not specifically provided for previously	-12.4	-1.2
Recoveries on previously realised losses	1.4	1.0
Loan losses for the period	**-45.4**	**-74.2**

Note 16 Tax

TAX CHARGE FOR THE YEAR

(NOK million)	2015	2014
Tax payable in profit/loss	-27.4	-56.8
Tax payable in equity	-3.3	
Changes in deferred tax/deferred tax asset	4.6	3.3
Total tax cost	**-26.0**	**-53.5**

TAX PAYABLE IN THE BALANCE SHEET

(NOK million)	2015	2014
Tax payable	-27.4	-57.1
- tax effect of group contribution paid		
Tax payable in the balance sheet (note 32)	**-27.4**	**-57.1**

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

(NOK million)	2015	2014
Ordinary pre-tax profit	85.5	191.8
Expected tax on income at nominal rate	-23.1	-51.8
Tax effect of:		
Realised shares	-0.1	0.1
Permanent differences	-0.2	-1.6
Change in deferred tax assets not recognised in the balance sheet	0.3	-0.2
Change in tax rules	-2.5	
Changes earlier years	-0.5	
Tax charge	**-26.0**	**-53.5**

The tax charge also reflects tax effects related to earlier years.

ANALYSIS OF THE TAX EFFECT OF TEMPORARY DIFFERENCES AND TAX LOSSES CARRIED FORWARD

(NOK million)	2015	2014
Tax-increasing temporary differences		
Gains/losses account		0.1
Other	0.6	0.4
Total-tax increasing temporary differences	**0.6**	**0.5**
Tax-reducing temporary differences		
Pensions	-25.3	-30.8
Financial instruments	-72.7	-20.5
Fixed assets	-15.4	-18.2
Provisions	-18.3	-26.8
Gains/losses account	-1.0	
Total-tax reducing temporary differences	**-132.6**	**-96.3**
Losses/allowances carried forward	-1.2	-0.5
Net base for deferred tax/tax assets	**-133.2**	**-96.3**
Write-down of deferred tax asset		0.9
Net base for deferred tax and deferred tax asset	-133.2	-95.4
Net deferred asset/liability in the balance sheet	**33.3**	**25.8**

In December 2015, the Storting agreed to reduce the company tax rate from 27 to 25 percent with effect from 1 January 2016. When deferred tax / tax assets are recognised on the balance sheet, 25 per cent is therefore used.

ANALYSIS OF TAX PAYABLE AND DEFERRED TAX APPLIED DIRECTLY TO EQUITY:

(NOK million)	2015	2014
Pension experience adjustments	-2.9	-9.5
Total	**-2.9**	**-9.5**

Deferred tax assets principally relate to tax reducing temporary differences on fixed assets, pension liabilities and financial instruments. The bank produces an annual profit, and is expected to continue to produce a profit in future years. Deferred tax assets in respect of Storebrand Bank ASA are capitalised to the extent that it is considered likely that it will be possible to make use of the assets.

Note 17 Classification of financial assets and liabilites

(NOK million)	Loans and receivables	Fair value, trading	Fair value, FVO	Available for sale	Liabilities at amortised cost	Total book value
Financial assets						
Cash and deposits with central banks	188.6					188.6
Loans to and deposits with credit institutions	122.9					122.9
Equity instruments			1.6	9.0		10.6
Bonds and other fixed-income securities	780.7		2 653.5			3 434.2
Derivatives		423.0				423.0
Lending to customers [1]	28 047.3		1 214.8			29 262.1
Other current assets	48.3					48.3
Total financial assets 2015	**29 187.8**	**423.0**	**3 870.0**	**9.0**	**0.0**	**33 489.8**
Total financial assets 2014	28 880.7	742.1	4 238.6	0.0	0.0	33 861.3
Financial liabilities						
Deposits from and due to credit institutions			404.1		11.6	415.7
Deposits from and due to customers					17 824.7	17 824.7
Commercial papers and bonds issued					12 214.2	12 214.2
Derivatives		331.3				331.3
Other liabilities					113.4	113.4
Subordinated loan capital					277.0	277.0
Total financial assets 2015	**0.0**	**331.3**	**404.1**	**0.0**	**30 440.8**	**31 176.2**
Total financial assets 2014	0.0	545.1	0.0	0.0	30 887.5	31 432.6

1) Loan loss provisions are included in the portfolio classified as "Loan and Receivables".

Note 18 Fair value of financial assets and liabilities at amortised cost

The fair value of lending to customers subject to variable interest rates is stated as amortised cost. However, the fair value of lending to corporate customers with margin loans is slightly lower than amortised cost since some loans have lower margins than they would have had had they been taken out at year-end 2015. The shortfall is calculated using a discounted difference between the agreed margin and the current market price over the remaining term to maturity. Fair value is also adjusted for loan loss provisions. The fair values of lending, liabilities to financial institutions and securities issued are based on valuation techniques. The valuation techniques use interest rate curves and credit spreads from external providers with exception of lending which are assessed to spreads on new loans correspondingly.

	2015		2014	
(NOK million)	Book value	Fair value	Book value	Fair value
Assets				
Loans and receivables:				
Bonds	780.7	781.7	1 006.7	1 013.5
Loans to and deposits with credit institutions	122.9	122.9	207.1	207.1
Lending to customers, amortised cost, net	28 047.3	28 016.0	27 476.2	27 436.2
Other current assets	48.3	48.3	9.7	9.7
Liabilities				
Deposits from and due to credit institutions, amortised cost	11.6	11.6	19.2	19.2
Deposits from and due to customers	17 824.7	17 824.7	19 358.1	19 358.1
Commercial papers and bonds issued	12 214.2	12 183.9	10 858.6	11 024.7
Other liabilities	113.4	113.4	140.0	140.0
Subordinated loan capital	277.0	277.0	511.6	523.0

Note 19 Loans to and deposits with credit institutions

(NOK million)	2015 Book value	2014 Book value
Total loans to and deposits with credit institutions without fixed maturity at amortised cost	122.9	207.1
Total loans to and deposits with credit institutions at amortised cost	**122.9**	**207.1**

Note 20 Bonds and other fixed-income securities at fair value through the profit and loss account

(NOK million)	2015 Fair value	2014 Fair value
Sovereign and Government Guaranteed bonds	219.2	100.4
Credit bonds	196.5	900.3
Mortgage and asset backed bonds	2 237.8	2 247.1
Total bonds and other fixed-income securities at fair value through the profit and loss account	**2 653.5**	**3 247.8**
Modified duration	0.31	0.19
Average effective yield per 31.12.	1.55 %	1.53 %

The portfolio is mainly denominated in NOK.The effective yield for each asset is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 21 Bonds at amortised cost - Loans and receivables

	2015		2014	
(NOK million)	Book value	Fair value	Book value	Fair value
Public issuers and Government Guaranteed Bonds	400.6	401.4	626.7	628.4
Mortgage and asset backed bonds	380.1	380.2	380.0	385.1
Total bonds at amortised cost	**780.7**	**781.7**	**1 006.7**	**1 013.5**
Modified duration		0.17		0.13
Average effective yield per 31.12.		1.37 %		1.50 %

All securities are denominated in NOK. The effective yield for each asset is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 22 Buyback agreements (repo agreements)

(NOK million)	2015 Book value	2014 Book value
Transferred bonds still recognised on the statement of financial position	402.5	
Liabilities related to the assets 1) (see Note 18)	404.1	

1) Reported on the Debt to Credit Institutions line in the statement of financial position.

Transferred bonds that are included in buyback agreements are not derecognised, since all the risk and return on the securities is retained by Storebrand Bank ASA.

Note 23 Financial derivatives

Financial derivatives are linked to underlying amounts which are not carried on the balance sheet. In order to quantify the volume of derivatives, reference is made to such underlying amounts as underlying principal, nominal volume and the like. Different calculation methods are applied to nominal volume for different types of financial derivatives, and this figure expresses the scope of risk and positions of financial derivatives.

Gross nominal volume primarily provides information on scope, while net nominal volume provides a certain expression of risk positions. However, the nominal volume for different instruments is not necessarily comparable, considering the risk exposure. As opposed to gross nominal volume, the calculation of net nominal volume also takes into account the sign for the instrument's market risk exposure, by differing between so-called asset positions and liability positions.

An asset position in a share derivative implies a positive change in value if share prices rise. For interest derivatives, an asset position implies a positive change in value if interest rates are reduced – as is the case with bonds. An asset position in a currency derivative generates a positive change in value if the exchange rate against the NOK sees an increase. The average gross nominal volume is based on daily calculations of gross nominal volume.

(NOK million)	Gross nom. volume [1)]	Gross recognised financial assets	Gross recognised debt	Net financial assets / debt in the balance sheet	Amounts that can be, but are not presented net in the balance sheet		Net amount
					Fin. assets	Fin. debt	
Interest derivatives [2)]	9 567.6	422.9	331.3				91.6
Currency derivatives	41.3	0.2					0.2
Total derivatives 31.12.2015	**9 608.9**	**423.0**	**331.3**	**0.0**	**0.0**	**0.0**	**91.8**
Total derivatives 31.12.2014	15 689.4	742.1	545.1				197.0

1) Values as at 31.12:

2) Interest derivatives include accrued, not due, interest.

INVESTMENTS SUBJECT TO NETTING AGREEMENTS /CSA

				Collateral		
(NOK million)	Recognised assets	Recognised liabilities	Net assets	Cash (+/-)	Securities (+/-)	Net exposure
Investments subject to netting agreements	199.7	331.3	-131.6		400.0	-531.6
Investments not subject to netting agreements	223.3					
Total 2015	**423.0**	**331.3**				

Note 24 Foreign exchange risk

FINANCIAL ASSETS AND LIABILITIES IN FOREIGN CURRENCY

	Statement of financial position items		Currency forwards	Net position	
(NOK million)	Assets	Liabilities	Net sale	in currency	in NOK
CHF	1.7	1.8		0.0	-0.1
DKK	0.6	0.6		0.0	0.0
EUR	3.4	22.8	19.2	0.0	-0.2
GBP	1.7	2.0		0.0	-0.2
SEK	1.7	1.9		0.0	-0.2
USD	2.3	24.1	22.0	0.0	0.2
Other	0.1	0.1		0.0	0.0
Total net currency positions 2015					**-0.4**
Total net currency positions 2014					-0.7

Storebrand Bank ASA hedges the net currency position on its balance sheet with forward contracts, accordingly forward sales and forward purchases are not shown separately in respect of assets and liabilities.

Note 25 Loan portfolio and guarantees

(NOK million)	2015 Book value	2014 Book value
Lending to customers at amortised cost	28 135.9	27 529.8
Lending to customers at fair value	1 214.8	988.8
Total gross lending to customers	**29 350.8**	**28 518.6**
Loan loss provisions on individual loans (see note 26)	-57.9	-32.9
Loan loss provisions on groups of loans (see note 26)	-30.7	-20.7
Net lending to customers	**29 262.1**	**28 465.0**

See note 4 for analysis of loan portfolio and guarantees per customer group.

Note 26 Loan loss provisions

(NOK million)	2015 Book value	2014 Book value
Loan loss provisions on individual loans 01.01	32.8	82.7
Losses realised in the period on individual loans previously written down	-1.1	-137.9
Loan loss provisions on individual loans for the period	27.9	93.6
Reversals of loan loss provisions on individual loans for the period	-1.8	-4.7
Other corrections to loan loss provisions		-0.8
Loan loss provisions on individual loans at 31.12	**57.9**	**32.9**
Loan loss provisions on groups of loans and guarantees 01.01	20.7	30.2
Grouped loan loss provisions for the period	10.0	-9.5
Loan loss provisions on groups of loans and guarantees etc. 31.12	**30.7**	**20.7**
Total loan loss provisions (see note 25)	**88.6**	**53.6**

The bank has NOK 0.5 million in individual loss provision for guarantees as of 31.12.2015. Loss provision for guarantees was NOK 0.1 million as of 31.12.2014. See also note 33.

Note 27 Intangible assets and goodwill

(NOK million)	IT-systems	Book value 2015	Book value 2014
Acquistion cost at 01.01	173.1	173.1	247.0
Additions in the period:			
Purchased separately	5.3	5.3	53.3
Disposals in the period		0.0	-126.1
Acquisition cost at 31.12	**178.4**	**178.4**	**174.2**
Accumulated depreciation and write-downs at 01.01	64.4	64.4	147.9
Depreciation in the period (see note 13)	19.4	19.4	24.6
Disposals in the period		0,0	-119,5
Write-downs in the period (see note 13)	6.0	6,0	12,5
Accumulated depreciation and write-downs at 31.12	**89.8**	**89.8**	**65.5**
Book value at 31.12	**88.5**	**88.5**	**108.7**

Intangible assets are depreciated on a linear basis over periods from two to ten years.

IT systems in this note refers to the development of systems, data warehouses, user licenses to systems, etc. All capitalised expenses in respect of systems development relate to work carried out by external resources. The estimate of economic liftetime are reviewed annually.

Note 28 Fixed assets

(NOK million)	Fixtures & fittings	Real estate[1]	2015 Book value	2014 Book value
Book value at 01.01	3.0	3.6	6.6	9.5
Disposals		-3.6	-3.6	-1.4
Depreciation (see note 13)	-1.0		-1.0	-1.5
Book value at 31.12	**2.0**	**0.0**	**2.0**	**6.6**
Opening acquisition cost	10.2	5.9	16.0	24.3
Closing acquisition cost	10.2	0.0	10.2	22.8
Opening accumulated depreciation and write-downs	7.2	2.3	9.4	17.8
Closing accumulated depreciation and write-downs	8.2	0.0	8.2	16.2

Method for measuring cost price	Acquisition cost	Acquisition cost
Depreciation method	linear	linear
Depreciation period and economic life	2 - 10 years	15 years

1) Holiday cabins valued using the cost method.

Depreciation of fixed assets is included in the line "Other operating costs" in the profit and loss account.
There are no restrictions on rights to fixed assets. No fixed assets have been pledged as collateral for liabilities.

Note 29 Deposits from and due to customers

(NOK million)	2015 Book value	2014 Book value
Deposits from customers without agreed maturity	17 623.8	19 158.0
Term loans and deposits from customers with agreed maturity	200.9	200.1
Total deposits from customers	**17 824.7**	**19 358.1**

Deposits with agreed maturity relate to deposits for a contractually agreed period. Deposits without agreed maturity relates to deposits with no fixed period where the customer has unrestricted access to the deposit.

DEPOSITS FROM CUSTOMERS PER SECTOR AND INDUSTRY CLASSIFICATION AND GEOGRAPHICAL DISTRIBUTION:

(NOK million)	2015 Book value	2014 Book value
Sector and industry classification		
Development of building projects	160.0	166.0
Sale and operation of real estate	1 646.4	1 878.6
Service providers	1 513.7	1 879.4
Wage-earners	12 876.7	13 391.8
Other	1 627.9	2 042.3
Total	**17 824.7**	**19 358.1**
Geographic distribution		
Eastern Norway	13 446.5	14 807.0
Western Norway	2 317.8	2 440.5
Southern Norway	377.9	381.4
Mid-Norway	578.9	563.8
Northern Norway	687.6	750.8
Rest of world	415.9	414.6
Total	**17 824.7**	**19 358.1**

Note 30 Hedge accounting

Storebrand uses fair value hedging for interest risk.The hedging items are financial liabilities measured at amortised cost. Derivatives are recognised at fair value through the profit or loss (FVO). Changes in the value of the hedged item that relate to the hedged risk are applied to the book value on the item and are recognised in the profit and loss account. Hedging effectiveness is monitored at the individual item level. Hedging effectiveness when the hedge is created measures the relationship between changes in the hedged value of the interest rate hedging instrument and the item hedged in the event of a 2-percentage point interest rate shock. Subsequently, hedging effectiveness is measured on the basis of the simple Dollar Offset method for both prospective and retrospective calculations. Hedging is expected to be highly efficient in the period.

(NOK million)	2015 Contract/ nominal value	2015 Fair value 1) Assets	2015 Fair value 1) Liabilities	2014 Contract/ nominal value	2014 Fair value 1) Assets	2014 Fair value 1) Liabilities
Interest rate swaps	1 815.0	207.3		2 906.5	288.0	
Total interest rate derivatives	1 815.0	207.3		2 906.5	288.0	
Total derivatives	**1 815.0**	**207.3**		**2 906.5**	**288.0**	

(NOK million)	Contract/ nominal value	Fair value 1) Assets	Fair value 1) Liabilities	Contract/ nominal value	Fair value 1) Assets	Fair value 1) Liabilities
Total underlying items	1 815.0		2 025.4	2 906.5	0.0	3 203.8
Hedging effectiveness - prospective			87 %			89 %
Hedging effectiveness - retrospective			102 %			99 %

Gain/loss on fair value hedging: 2)

(NOK million)	2015 Gain / loss	2014 Gain / loss
On hedging instruments	-31.9	29.2
On items hedged	29.3	-27.8

1) Book value at 31.12.

2) Amounts included in the line "Net gains on financial instruments ".

Note 31 Provisions

(NOK million)	Provisions for restructuring 2015	2014
Provisions 01.01	12.1	18.3
Provisions used during the period	-4.5	-6.2
Total provisions 31.12	**7.6**	**12.1**
Classified as:		
Provision for accrued expenses and liabilities	7.6	12.1

Provision for accrued expenses and liabilities The line "Provisions for Accrued Expenses and Liabilities" in the statement of financial position for 2015 also includes a group write-down of guarantees in the amount of NOK 0.5 million. The corresponding figure for 2014 is NOK 0.1 million (see also Note 26).

This provision is related to the cost reduction program in Storebrand and mainly concerns costs related to headcount reductions. The provision has been considered in accordance with IAS 37, and the restructuring plan has been announced to all parties affected by the changes.

Note 32 Other liabilities

(NOK million)	2015 Book value	2014 Book value
Money transfers	29.8	20.6
Accrued expenses and prepaid income	41.3	47.7
Accounts payable	3.4	2.7
Tax payable (see note 16)	27.4	57.1
Other debt	11.5	12.0
Total other liabilities	**113.4**	**140.0**

Note 33 Off balance sheet liabilities and contingent liabilities

(NOK million)	2015	2014
Guarantees	49.2	89.6
Undrawn credit limits	3 763.2	3 783.7
Lending commitments corporate market		30.5
Total contingent liabilities	**3 812.4**	**3 903.8**

The bank also has NOK 2 billion in loan commitments to the retail market as at 31 December 2015.

Guarantees are mainly payment guarantees and contract guarantees. See also note 4. 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.

Note 34 Collateral

RECIEVED AND PLEDGED COLLATERAL

The banking group has not received any collateral except securities pledged as collateral for F-loans in Norges Bank.

COLLATERAL AND SECURITY PLEDGED

(NOK million)	2015	2014
Booked value of bonds pledged as collateral for the bank's lending from Norges Bank	650.5	650.6
Booked value of securities pledged as collateral in other financial institutions		
Total	**650.5**	**650.6**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank’s deposits in Norges bank. Storebrand Bank ASA has not any F-loan in Norges Bank as per 31.12.2015.

LOAN SECURITY AT STOREBRAND BOLIGKREDITT AS

Of total loans of NOK 29.3 billion in the Bank Group, NOK 14.3 billion has been mortgaged in connection with the issuing of covered bonds (covered bond rate) in Storebrand Boligkreditt AS. Loans in Storebrand Boligkreditt AS are security for covered bonds (covered bond rate) issued in the company and these assets are therefore mortgaged through the bondholder's preferential right to the security holding in the company. Storebrand Boligkreditt AS has over-collateralisation (OC) of 25 per cent, however committed OC is 9.5 per cent. Storebrand Boligkreditt AS therefore has security that is NOK 1.9 billion more than what is committed in the loan programme. Storebrand Bank ASA considers that the risk linked to the transfer level of home loans to Storebrand Boligkreditt AS is low.

Note 35 Capital adequacy

NET PRIMARY CAPITAL

(NOK million)	2015	2014
Share capital	960.6	960.6
Other equity	1 443.6	1 566.1
Total equity	**2 404.2**	**2 526.7**
Additional Tier 1 capital included in total equity	-225.0	
Accrued interest on capital instruments included in total equity	-1.0	
Total equity exc. Hybrid Tier 1 capital	**2 178.1**	**2 526.7**
Deductions:		
Intangible assets	-88.5	-108.7
Deferred tax asset	-0.3	-25.8
Provision for group contribution	-74.1	-400.0
Addition:		
Group contribution received	74.1	
Core capital exc. Hybrid Tier 1 capital	**2 089.3**	**1 992.3**
Additional Tier 1 capital:		
Capital instruments eligible as AT1 capital	225.0	225.0
Addition		
Core capital	**2 314.3**	**2 217.3**
Supplementary capital	274.8	283.9
Tier 2 capital		
Tier 2 capital deductions		
Net primary capital	**2 589.1**	**2 501.2**

MINIMUM CAPITAL REQUIREMENT

(NOK million)	2015	2014
Credit risk	1 110.6	1 209.5
Of which:		
Local and regional authorities	9.8	14.4
Institutions	10.0	12.7
Corporates	2.5	2.7
Loans secured in residential real estate	951.3	1 050.9
Retail market	88.0	88.6
Loans past-due	12.4	10.7
Covered bonds	20.9	21.0
Other	15.7	8.6
Total minimum requirement for credit risk	**1 110.6**	**1 209.5**
Settlement risk		
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk	88.4	89.5
CVA risk *)	17.8	38.6
Deductions		
Loan loss provisions on groups of loans	-2.5	-1.7
Minimum requirement for net primary capital	**1 214.4**	**1 336.0**

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

CAPITAL ADEQUACY

	2015	2014
Capital ratio	17.1 %	15.0 %
Core (tier 1) capital ratio	15.2 %	13.3 %
Core capital ratio excl. Hybrid Tier 1 capital	13.8 %	11.9 %

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

BASIS OF CALCULATION (RISK-WEIGHTED VOLUME)

(NOK million)	2015	2014
Credit risk	13 882.5	15 119.2
Of which:		
Local and regional authorities	122.6	180.1
Institutions	124.6	158.7
Corporates	30.6	33.5
Loans secured in residential real estate	11 891.8	13 136.4
Retail market	1 100.4	1 107.1
Loans past-due	154.8	133.2
Covered bonds	261.8	262.7
Other	195.8	107.5
Total minimum requirement for credit risk	**13 882.5**	**15 119.2**
Settlement risk		
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk	1 105.1	1 118.8
CVA risk	222.6	482.2
Deductions		
Loan loss provisions on groups of loans	-30.7	-20.7
Minimum requirement for net primary capital	**15 179.4**	**16 699.4**

Note 36

Changes in the Group's composition

Storebrand Bank ASA decided to wind up ownership of Ring Eiendomsmegling AS and subsidiaries in December 2011. The result, assets and liabilities for Ring Eiendomsmegling AS have been classified as sold / wound up business in the bank's consolidated financial statements.

Storebrand Bank ASA acquired the company Start Up 338 AS in the autumn of 2015. The company has subsequently changed its name to MPV7 Holding AS. The company does not have any activity.

Note 37 Related parties

TRANSACTIONS WITH GROUP COMPANIES

(NOK million)	2015 Other group companies [1]	2014 Other group companies [1]
Interest income		
Interest expense		
Services sold	3.1	4.2
Services purchased	43.6	55.4
Due from	13.7	0.7
Liabilities to	9.8	1.9

1) Other group companies are companies in other sub-groups within the Storebrand group.

Transactions with group companies are based on the principle of transactions at arm's length.

TRANSACTIONS WITH OTHER RELATED PARTIES

Storebrand Bank ASA defines Storebrand Optimér ASA as a related party as the company's objective is to offer alternative savings products to the bank's customers. Storebrand Optimér ASA has no employees and the company has entered into an agreement with Storeband Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Optimér ASA. The bank has booked NOK 7.9 million as revenue in the accounts for 2015 and the bank has a receivable due from the company of NOK 1.4 million as of 31.12.2015. The fees paid to the bank are based on the arm's length principle.

Storebrand Bank ASA also defines Storebrand Infrastruktur ASA as a related party based on the company's objective is to offer alternative savings products to the bank's customers. Storebrand Infrastruktur ASA has no employees and the company has entered into an agreement with Storeband Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Infrastruktur ASA. The bank has booked NOK 0.3 million as revenue in the accounts for 2015. The fees paid to the bank are based on the arm's length principle.

Storebrand Bank ASA conducts transactions with crelated 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 note 39 for Storebrand Bank ASA.

LOANS TO EMPLOYEES

(NOK million)	2015	2014
Loans to employees of Storebradn Bank ASA	181.5	186.9
Loans to employees of Storebrand group excl. Storebrand Bank ASA	2 285.7	2 339.9

Loans to employees are granted in part on the normal terms and conditions for loans to employees, i.e. loan to and individual of up to NOK 3.5 million at an interest rate equal to the norm interest rate (for tax purposes) defined by the Norwegian Ministry of Finance. Loans in excess of NOK 3.5 million are granted on normal commercial terms and conditions. The bank has not provided guarantees or security for borrowing by employees.

NUMBER OF EMPLOYEES

	2015	2014
Number of employees at 31 December	103	110
Number of employees expressed as full-time equivalent positions	102	109

Storebrand Bank ASA

Profit and loss account
1 January - 31 December

(NOK million)	NOTE	2015	2014
Interest income		622.3	899.2
Interest expense		-414.2	-671.8
Net interest income	10	**208.1**	**227.4**
Fee and commission income from banking services		74.4	83.8
Fee and commission expense for banking services		-11.4	-14.9
Net fee and commission income	11	**63.0**	**68.9**
Net gains on financial instruments	10	-35.9	12.7
Other income	12	103.2	214.1
Total other operating income		**67.3**	**226.7**
Staff expenses	14, 15	-117.0	-73.0
General administration expenses	14	-50.5	-53.7
Other operating costs	13, 14, 29, 30	-95.9	-113.7
Total operating costs		**-263.3**	**-240.3**
Operating profit before loan losses		75.0	282.6
Loan losses for the period	16	-43.5	-74.6
Profit before tax		**31.5**	**208.0**
Tax	17	-23.7	-59.3
Profit for the year		**7.8**	**148.8**
Profit for the year is attributable to:			
Portion attribuable to shareholders		-0.8	148.8
Portion attribuable to additional Tier 1 capital holders		8.6	
Profit for the year		**7.8**	**148.8**
Transfers and allocations:			
Transferred to/from other equity		66.3	251.2
Provision for group contribution		-74.1	-400.0
Total transfers and allocations		**-7.8**	**-148.8**

Statement of comprehensive income

(NOK million)	NOTE	2015	2014
Profit for the year		7.8	148.8
Other result elements not to be classified to profit/loss			
Pension experience adjustments	15	-10.1	-35.1
Tax on pension exeperience adjustments	17	2.9	9.5
Total other result elements not to be classified to profit/loss		**-7.2**	**-25.6**
Unrealised gain/loss financial intruments held for trading		9.0	
Total other result elements that may be classified to profit/loss		**9.0**	**0.0**
Total comprehensive income		**9.5**	**123.2**
Total comprehensive income for the period is attributable to:			
Portion attribuable to shareholders		0.9	123.2
Portion attribuable to additional Tier 1 capital holders		8.6	
Total comprehensive income		**9.5**	**123.2**

Storebrand Bank ASA
Statement of financial position - Balance sheet
31 December

ASSETS

(NOK million)	Note	2015	2014
Cash and deposits with central banks	4, 18	188.6	181.0
Loans to and deposits with credit institutions	4, 8, 18, 19, 20	2 094.8	2 848.2
Financial assets designated at fair value through the profit and loss account:			
Equity instruments	8, 18	10.6	2.0
Bonds and other fixed-income securities	4, 8, 18, 22, 24	4 922.6	6 181.7
Derivatives	4, 5, 8, 18, 25, 33	249.8	511.7
Bonds at amortised cost	4, 18, 19, 23	780.7	1 006.7
Other current assets	18, 19, 31	1 176.1	1 120.2
Gross lending, amortised cost	4, 8, 18, 19, 27	13 844.3	13 204.4
Gross lendnig, FVO	4, 8, 27	1 214.8	988.8
Loan loss provisions	4, 18, 19	-84.6	-51.0
Net lending to customers	4, 18, 27	14 974.5	14 142.2
Tangible assets	30	2.0	3.6
Intangible assets and goodwill	29	88.5	108.7
Deferred tax assets	17	34.2	25.2
Total assets		**24 522.5**	**26 131.3**

Storebrand Bank ASA
Statement of financial position - Balance sheet
31 December

LIABILITIES AND EQUITY

(NOK million)	Note	2015	2014
Liabilities to credit institutions	5, 8, 18, 19, 24	726.3	325.9
Deposits from and due to customers	5, 18, 19, 32	17 835.0	19 366.1
Other financial liabilities:			
Derivatives	8, 18, 25	331.3	545.1
Commercial paper and bonds issued	5, 18, 19, 33	2 704.3	2 677.2
Other liabilities	5, 18, 19, 35	292.8	568.2
Provision for accrued expenses and liabilities	34	8.2	12.2
Pension liabilities	15	25.3	30.8
Subordinated loan capital	5, 18, 19	277.0	511.6
Total liabilities		**22 200.0**	**24 037.1**
Share capital		960.6	960.6
Share premium		156.0	156.0
Other paid-in share capital		645.9	571.8
Retained earnings		334.1	405.7
Additional Tier 1 capital		226.0	
Total equity	**38**	**2 322.5**	**2 094.1**
Total liabilities and equity		**24 522.5**	**26 131.3**

Lysaker, 16 February 2016
The Board of Directors of Storebrand Bank ASA

Translation - not to be signed

Heidi Skaaret
Chairman of the Board

Geir Holmgren
Deputy Chairman

Leif Helmich Pedersen
Board Member

Inger Roll-Matthiesen
Board Member

Maria Skotnes
Board Member

Bernt H. Uppstad
CEO

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
	Paid-in equity				Other equity			
Equity at 31.12.2013	960.6	156.0	571.8	1 688.3	682.8	682.8		2 371.2
Profit for the period					148.8	148.8		148.8
Pension experience adjustments (see note 15)					-25.6	-25.6		-25.6
Total other result elements not to be classified to profit/loss	**0.0**	**0.0**	**0.0**	**0.0**	**-25.6**	**-25.6**	**0.0**	**-25.6**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**123.2**	**123.2**	**0.0**	**123.2**
Equity transactions with owners:								
Group contribution paid (see note 17)					-400.0	-400.0		-400.0
Change in group contribution paid for 2013					0.7	0.7		0.7
Change in group contribution received for 2013					-0.9	-0.9		-0.9
Equity at 31.12.2014	**960.6**	**156.0**	**571.8**	**1 688.3**	**405.8**	**405.8**	**0.0**	**2 094.1**
Profit for the period					-0.8	-0.8	8.6	7.8
Pension experience adjustments (see note 15)					-7.2	-7.2		-7.2
Total other result elements not to be classified to profit/loss	**0.0**	**0.0**	**0.0**	**0.0**	**-7.2**	**-7.2**	**0.0**	**-7.2**
Unrealised gain/loss financial instruments held for trading					9.0	9.0		9.0
Total other result elements that may be classified to profit/loss					**9.0**	**9.0**		**9.0**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**0.9**	**0.9**	**8.6**	**9.5**
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					1.5	1.5	226.0	227.5
Payment to additional Tier 1 holders							-8.6	-8.6
Group contribution received			74.1	74.1				74.1
Provision for group contribution					-74.1	-74.1		-74.1
Equity at 31.12.2015	**960.6**	**156.0**	**645.9**	**1 762.4**	**334.1**	**334.1**	**226.0**	**2 322.5**

The entire share capital of NOK 960.6 million made up of 64,037,183 shares (of nominal value NOK 15) is owned by Storebrand ASA.

The equity changes with the result for the individual period, equity transactions with the owners and items that are entered directly on the balance sheet. Share capital, the share premium reserve and other equity is evaluated and managed together. The share premium and other equity may be used in accordance with the provisions of the Public Limited Liabilities Company Act. Storebrand Bank actively manages the level of equity in the company and the group. The capital level is tailored to the economic risk and capital requirements in which the composition of its business areas and their growth will be an important driver. The goal of the capital management is to ensure an effective capital structure and secure an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. If there is a need for new capital, this must be issued by the holding company Storebrand ASA.

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

For further information on the group's fulfilment of the capital requirements, see note 38.

Storebrand Bank ASA has two tier 1 capital bonds that were issued in 2013 and 2014 for NOK 150 million and NOK 75 million, respectively. The instruments are perpetual, but the bank can repay the capital at given times, not before 5 years after issuance at the earliest. The interest rate on the loans is adjustable plus a margin of 3.30% and 3.95%, respectively. The instruments are included in the core (tier 1) capital and are hybrid capital instruments in accordance with Section 3a of the Calculation Regulations. Storebrand Bank ASA has the right to not pay interest to the investors. These hybrid tier 1 capital bonds are included as hybrid capital within the Group's equity as of the 2nd quarter 2015. The interest after tax is not included in the income statement, but is presented directly into Other equity. Accrued interest is included in the hybrid capital.

Storebrand Bank ASA
Cash flow statement
1 January - 31 December

(NOK million)	Note	2015	2014
Cash flow from operations			
Receipts of interest, commissions and fees from customers		592.1	730.5
Payments of interest, commissions and fees to customers		-314.9	-523.3
Net disbursement/payments on customer loans		-885.0	4 797.0
Net receipts/payments of deposits from banking customers		-1 531.2	-1 382.9
Net receipts/payments - securities at fair value		1 592.5	36.8
Payments of operating costs		-261.7	-228.9
Net cash flow from operating activities		**-808.2**	**3 429.1**
Cash flow from investment activities			
Net receipts on sale of subsidiaries and assoiated companies	21		14.5
Net payments on purchase/capitalisation of subsidiaries	21	-0.1	0.0
Net payments on purchase/sale of fixed assets etc.	29, 30	-4.6	-51.1
Net cash flow from investment activities		**-4.7**	**-36.6**
Cash flow from financing activities			
Payments - repayments of loans and issuing of bond debt		-848.4	-1 371.9
Receipts - new loans and issuing of bond debt		900.0	
Payments - interest on loans		-97.1	-124.2
Receipts - subordinated loan capital			200.0
Payments - repayments of subordinated loan capital		-32.6	-275.8
Payments - interest on subordinated loan capital		-14.0	-31.2
Payments - interest on additional Tier 1 capital		-8.6	
Net receipts/payments of liabilities to credit institutions		400.4	-997.4
Receipts - group contribution		224.4	279.1
Payments - group contribution / dividends		-457.1	-260.6
Net cash flow from financing activities		**67.1**	**-2 582.0**
Net cash flow in the period		**-745.9**	**810.5**
Net cash flow in the period		-745.9	810.5
Cash and bank deposits at the start of the period		3 029.2	2 218.7
Cash and bank deposits at the end of the period		**2 283.4**	**3 029.2**
Cash and deposits with central banks		188.6	181.0
Loans to and deposits with credit institutions	20	2 094.8	2 848.2
Total cash and bank deposits in the balance sheet		**2 283.4**	**3 029.2**

The cash flow analysis shows the company's cash flows for operational, investment and financial activities pursuant to the direct method. The cash flows show the overall change in means of payment over the year.

OPERATIONAL ACTIVITIES
A substantial part of the activities in a financial company will be classified as operational.

INVESTMENT ACTIVITIES
Includes cash flows for holdings in group companies and tangible fixed assets.

FINANCING ACTIVITIES
Financing activities include cash flows for equity, subordinated loans and other borrowing that helps fund the company's activities. Payments of interest on borrowing and payments of group contribution are financial activities.

CASH/CASH EQUIVALENTS
Cash/cash equivalents are defined as claims on central banks and lending to and claims on financial institutions.

Notes
Storebrand Bank ASA

Note 01 Company information and accounting policies

1. COMPANY INFORMATION

Storebrand Bank AS is a Norwegian public limited company with bonds listed on the Oslo Stock Exchange. The consolidated financial statements for 2015 were approved by the Board of Directors on 16 February 2016.

Storebrand Bank ASA is a web-based bank that offers traditional bank products to the Norwegian market. The bank's main target group is persons who have an occupational pension with Storebrand. These customers are also members of the Group's loyalty programme, Storebrand Fordel. The bank's offerings are also integrated with the Group's loyalty programme. Storebrand Bank ASA comprises the business areas of Corporate Market, Retail Market and Treasury. Storebrand Bank ASA is headquartered at Professor Kohts vei 9, Lysaker.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The accounting policies applied in the financial statements are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances.

Storebrand Bank ASA's financial statements are presented using EU-approved International Financial Reporting Standards (IFRS) and related interpretations, as well as other Norwegian disclosure requirements laid down in legislation and regulations.

USE OF ESTIMATES IN PREPARING THE ANNUAL FINANCIAL STATEMENTS.
The preparation of the annual financial statements in accordance with IFRS requires the management to make judgements, estimates and assumptions that affect assets, liabilities, revenue, expenses, the notes to the financial statements and information on potential liabilities. Actual amounts may differ from these estimates. See Note 2 for further information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR MATERIAL STATEMENT OF FINANCIAL POSITION ITEMS

The asset side of the Storebrand Bank ASA's statement of financial position primarily consists of financial instruments. The majority of the financial instruments fall within the category Loans and Receivables and are stated at amortised cost. Capitalised intangible assets are also included on the statement of financial position. The liabilities side of the Group's statement of financial position comprises, for the most part, financial instruments (liabilities). With the exception of derivatives that are stated at fair value, the majority of the financial liabilities are stated at amortised cost.

The accounting policies are described in more detail below.

4. CHANGES IN ACCOUNTING POLICIES

New accounting standards that have a significant impact on the financial statements have not been implemented in 2015.

NEW STANDARDS AND CHANGES IN STANDARDS THAT HAVE NOT COME INTO EFFECT
An important standard for Storebrand Bank's consolidated financial statements will be IFRS 9 Financial Instruments. Among other things, the standard deals with classification of financial instruments (use of fair value and amortised cost) and rules for the measurement and write-down of financial instruments. It can be expected that this standard will enter into force as of 2018, but it is also possible that this standard will not apply to the insurance-dominated group until IFRS 4 Phase 2 enters into force, which is not expected until 2020 at the earliest.

No new accounting standards that will have a significant impact on Storebrand Bank's financial statements are expected to be implemented in 2016.

5. INCOME RECOGNITION

NET INTEREST INCOME – BANKING
Interest income is recognised in the income statement using the effective interest method.

INCOME FROM PROPERTIES AND FINANCIAL ASSETS
Income from properties and financial assets is described in Section 7.

OTHER INCOME
Fees are recognised when the income can be measured reliably and earned, fixed fees are recognised as income in line with delivery of the service, and performance fees are recognised as income once the success criteria have been met.

6. INTANGIBLE ASSETS

Intangible assets with limited useful economic lives are measured at the acquisition cost less accumulated amortisation and any write-downs. The useful life and amortisation method are measured each year. If new intangible assets are carried, it must be possible to prove that it is likely that future economic benefits that can be attributed to the asset will pass to the group. In addition, the must be possible to estimate the cost price of the asset reliably. The write-down needs will be assessed if there are indications of an impairment in value, and the write-down of intangible assets and reversal of write-downs will otherwise be handled in the same manner as described for tangible fixed assets.

Intangible assets with unlimited useful economic lives are not amortised, but are tested for impairment annually or whenever there are indications that the value has been impaired.

7. FINANCIAL INSTRUMENTS

7-1. GENERAL POLICIES AND DEFINITIONS

Recognition and derecognition

Financial assets and liabilities are included in the statement of financial position from such time Storebrand Bank becomes party to the instrument's contractual terms and conditions. Ordinary purchases and sales of financial assets are booked on the transaction date and financial liabilities are booked on the settlement date. When a financial asset or a financial liability is initially recognised, it is valued at fair value. Initial recognition includes transaction costs directly related to the acquisition or issue of the financial asset or the financial liability if it is not a financial asset or a financial liability at fair value through profit or loss.

Financial assets are derecognised when the contractual right to the cash flows from the financial asset expires, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, the risk and reward associated with ownership of the asset is transferred.

Financial liabilities are derecognised in the statement of financial position when they cease to exist, i.e once the contractual liability has been fulfilled, cancelled or has expired.

Definition of amortised cost

Subsequent to initial recognition, loans and receivables, as well as financial liabilities not at fair value through profit or loss, are measured at amortised cost using the effective interest method. The calculation of the effective interest rate involves estimating all cash flows and all contractual terms of the financial instruments (for example, early repayment, call options and equivalent options). The calculation includes all fees and margins paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Definition of fair value

Fair value is the amount for which an asset could be exchanged between well-informed, willing parties in an arm's length transaction. The fair value of financial assets listed on a stock exchange or on another regulated market in which regular trading takes place is determined as the bid price on the last trading day up to and including the reporting date.

If a market for a financial instrument is not active, fair value is determined by using recognised valuation techniques. Such valuation techniques make use of recent arm's length market transactions between knowledgeable and independent parties, where available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and options pricing models. If a valuation technique is in common use by participants in the market for pricing the instrument and this method has proved to provide reliable estimates of prices actually achieved in market transactions, this method is used.

In calculating the fair value of loans the current market rate on similar loans is used. Changes in credit risk are taken into account.

Impairment of doubtful financial assets

For financial assets carried at amortised cost, an assessment is made on each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that impairment has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not occurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate calculated at initial recognition). The amount of the loss is recognised in profit or loss.

Losses expected as a result of future events, no matter how likely, are not recognised.

7-2. CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Financial assets are classified into one of the following categories:

- Financial assets held for trading
- Financial assets at fair value through profit or loss in accordance with the fair value option
- Financial assets, loans and receivables

Held for trading

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling or repurchasing it in the near term, is part of a portfolio of identified financial instruments that are managed together and there is evidence of a recent actual pattern of short-term profit-taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

With the exception of derivatives, only a limited proportion of Storebrand's financial assets fall into this category.

Financial assets held for trading are measured at fair value on the reporting date, Changes in the fair value are recognised through profit or loss.

At fair value through profit or loss account in accordance with the fair value option

A significant proportion of Storebrand's financial instruments are classified in the category fair value through profit or loss because:

- such classification reduces the mismatch in the measurement or recognition that would otherwise arise as a result of the different rules for measuring assets and liabilities, or that
- the financial assets form part of a portfolio that is measured and reported at fair value on an ongoing basis

The accounting is the same for the group held for trading (the instruments are assessed at the fair value and changes in value are listed on the income statement).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of assets that the company intends to sell immediately or in the near term that are classified as held for trading and those that the company upon initial recognition designates at fair value through profit or loss.

Loans and receivables are carried at amortised cost using the effective interest method.

Loans and receivables that are designated as hedged items are subject to measurement under the hedge accounting requirements.

7-3. DERIVATIVES

Definition of a derivative

A derivative is a financial instrument or other contract within the scope of IAS 39, with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (sometimes called the 'underlying')
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors
- it is settled at a future date.

Accounting treatment of derivatives that are not hedging

Derivatives that do not meet the criteria for hedge accounting are treated as financial instruments held for trading. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

The majority of the derivatives used routinely for asset management fall into this category.

7-4. HEDGE ACCOUNTING

Fair value hedging

Storebrand Bank uses fair value hedging, where the items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value through profit or loss. Changes in the value of the hedged item that are attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised through profit or loss.

7-5. FINANCIAL LIABILITIES

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using an effective interest method, or at fair value in accordance with the fair value option.

8. PENSION LIABILITIES FOR OWN EMPLOYEES

In Storebrand Bank, the pension scheme from 1 January 2015 changed from a defined benefit to a defined contribution scheme. The scheme is recognised in accordance with IAS 19. The effect of this change was recognised in the accounts as at 31 December 2014. Storebrand participates in the Norwegian AFP scheme (collective agreement pension). The Norwegian AFP scheme is regarded as a defined-benefit scheme, but there is insufficient quantitative information to be able to estimate reliable liabilities and costs for accounting purposes.

8-1. DEFINED BENEFIT SCHEME

Pension costs and pension liabilities for defined benefit pension schemes are determined using a linear accrual formula and expected final salary as the basis for the entitlements, based on assumptions about the discount rate, future salary increases, pensions and National Insurance benefits, future returns on pension plan assets as well as actuarial estimates of mortality, disability and voluntary early leavers. The net pension cost for the period comprises the total of the accrued future pension entitlements during the period, the interest cost on the calculated pension liability and the expected return on pension plan assets.

Actuarial gains and losses and the effects of changes in assumptions are recognised in total comprehensive income in the income statement for the period in which they occur. The effects of changes in the pension scheme are recognised on an ongoing basis, unless the changes are conditional upon accrued future pension entitlements. The effects are apportioned on a straight line basis until the entitlement has been fully earned. The employer's National Insurance contributions are included as part of the pension liability and are included in the actuarial gains/losses shown in total comprehensive income.

Storebrand has both an insured and an uninsured pension scheme. The insured scheme in Norway is managed by Storebrand Livsforsikring AS. Employees who resign before reaching retirement age or leave the scheme will be issued ordinary paid-up policies.

8-2. DEFINED-CONTRIBUTION SCHEME

The defined contribution pension scheme involves the Group in paying an annual contribution to the employees' collective pension savings. The future pension will depend on the size of the contribution and the annual return on the pension savings. The Group does not have any further obligation related to work performed after the annual contribution has been paid. There are no provisions for accrued pension liabilities in such schemes. Defined-contribution pension schemes are recognised directly in the financial statements.

9. PROPERTY, PLANT AND EQUIPMENT

The company's tangible fixed assets consist of equipment and fittings. Equipment and fittings are valued at acquisition cost less accumulated depreciation and any write-downs.

The depreciation period and method are reviewed annually to ensure that the method and period being used both correspond to the useful economic life of the asset. This applies correspondingly to the disposal value. Properties are split into components if different parts have different useful economic lives. The depreciation period and method of depreciation are evaluated separately for each component.

The value of a tangible fixed asset is tested when there are indications that its value has been impaired. Any write-down is recognised in the income statement as the difference between the book value and the recoverable amount. The recoverable amount is the greater of the fair value less costs of sale and the value in use. On each reporting date a determination is made as to whether to reverse previous impairment losses on non-financial assets.

10. TAX

The tax expense in the income statement comprises current tax and changes to deferred tax and is based on the accounting standard IAS 12 Income Taxes. Tax is recognised in the income statement, except to the extent that it relates to items recognised in the statement of total comprehensive income. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities.

Deferred tax is calculated on the basis of the Group's tax loss carryforwards, deductible temporary differences and taxable temporary differences.

11. PROVISION FOR GROUP CONTRIBUTIONS AND DIVIDENDS

Simplified IFRS permits the company to recognise provisions for group contributions as income, and the Board of Directors' proposal concerning the group contribution to be recognised as a liability on the reporting date.

12. LEASING

A lease is classified as a finance lease if it essentially transfers the risk and rewards incident to ownership. Other leases are classified as operating leases. Storebrand Bank has no finance leases.

13. STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the direct method and shows cash flows grouped by sources and uses. Cash is defined as cash, receivables from central banks and receivables from credit institutions with no agreed period of notice.
The statement of cash flows is classified according to operating, investing and financing activities.

14. SHARE-BASED REMUNERATION

Storebrand Bank ASA has share-based remuneration for key personnel. The fair value of the share options is determined on the date of the allocation. Valuation is made on the basis of recognised valuation models adapted to the characteristics of the options in question. The value determined on the date of the allocation is accrued in the income statement over the option's vesting period with a corresponding increase in equity. The amount is recognised as an expense and is adjusted to reflect the actual number of share options earned. The vesting period is the period of time from when the scheme is established until the options are fully vested.

Note 02 Key accounting estimates and judgements

In preparing the company's 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 they are based on historical experience and expectations of future events and represent the management's best judgement at the time the financial statements were prepared.
Actual results may differ from these estimates.

The company's critical estimates and judgements that could result in material adjustment of recognised amounts are discussed below.

LOAN WRITE-DOWNS

Loans valued at amortised cost are assessed on the reporting date to see whether there is any objective evidence that a loan or group of loans is impaired. A certain degree of judgement must be used in assessing whether impairment has occurred and the amount of the impairment loss. Uncertainty grows when there is turmoil in the financial markets. The assessments include credit, market and liquidity risk. Changes in assumptions for these factors will affect an assessment of whether impairment is indicated. There will thus be uncertainty concerning the recognised amounts of individual and group write-downs.

INDIVIDUAL WRITE-DOWNS
When write-downs for individual customers are estimated, both their current and expected future financial positions and relevant security must be assessed. When it comes to the corporate market, one must also assess the market situation of the customer and the security, market conditions within the relevant industry, and general market conditions of significance for the commitment. Opportunities for restructuring, refinancing and recapitalisation also have to be assessed. The overall assessment of these factors provides a basis for estimating future cash flows and repayment capacity. The discounting period is estimated individually or based on historical data about the period up to a solution to the circumstances that caused the commitment to be exposed to impairment.

GROUP WRITE-DOWNS
On the statement of financial position date, one estimates the impairment of commitments not identified by the individual assessments. The bank differentiates between the corporate market and retail customers, and further categorisation is carried out to ensure as similar risk characteristics as possible within the various categories. Group write-downs are carried out when objective impairment criteria have been met. These criteria are i) change in risk class and ii) change in macroeconomic conditions.

i. If the risk classification significantly changes in a negative direction, then a group write-down has to be made based on the portfolio's probable future cash flow. Such assessments are made at an account level and the customer's current classification is assessed in relation to the classification when the individual commitment was granted. It is the negative changes in classification from the date the commitments were established to the current classification that determine whether or not a commitment falls into a group that is the subject of write-downs. These write-downs are based on the write-down rates that are set on the basis of the bank's best judgement and the assumption that there will be a delay between when the loss incident occurs and when it is discovered.

ii. Groups write-downs based on macro factors are made in light of objective macroeconomic events. Examples of such events include higher unemployment, higher interest rates, poorer economic cycle forecasts, falling house prices, etc. Groups write-downs are calculated by multiplying the total commitment amount for a group of commitments that are assumed to be affected by such macroeconomic incidents by a write-down rate for macro factors.

BONDS AT AMORTISED COST

See the description above concerning loans at amortised cost. The same assessments must be made to value bonds at amortised cost.

FINANCIAL INSTRUMENTS AT FAIR VALUE

There will be some uncertainty associated with the pricing of financial instruments not priced in an active market. This is particularly true of the types of securities priced on the basis of non-observable assumptions. Various valuation techniques are applied to these investments in order to determine the fair value. They include fixed-rate loans and other financial instruments where theoretical models are used for pricing Any changes to the assumptions could affect recognised amounts.

There will be uncertainty regarding the pricing of fixed-rate loans recognised at fair value, as there is a great variation in the interest rate terms offered by banks, while the demand for fixed-rate loans has declined. As a result, it has been more difficult to find observable conditions.

Reference is also made to Note 8 in which the valuation of financial instruments at fair value is described in more detail.

INTANGIBLE ASSETS

Intangible assets with undefined useful lives are tested annually for impairment. The test's valuation method requires estimating the cash flows that arise in the relevant cash flow generating unit, as well as applying the relevant discount rate. Tangible fixed assets and other intangible assets are measured annually to ensure that the method and time period used correspond with economic realities.

PENSIONS FOR OWN EMPLOYEES

The present value of pension liabilities depends upon the financial and demographic assumptions used in the calculation. The calculation assumptions must be realistic, mutually consistent and up to date, in the sense that they should be based on a cohesive set of estimates about future financial performance. The Group has both insured and uninsured pension schemes (direct pensions). There will be uncertainty associated with these estimates.

CONTINGENT LIABILITIES

Companies in the Storebrand Bank ASA can be a party in legal disputes. Contingent liabilities are assessed in each case and will be based on legal considerations.

Note 03 Risk management

Continuous monitoring and active risk management are core areas of the bank's activities and organisation. The basis of risk management follows from the board's annual discussion of the strategy and planning process and determination of general risk ceilings for the activities. At the Storebrand group, responsibility for risk management and internal control is an integral part of management responsibility.

ORGANISATION OF RISK MANAGEMENT

The Storebrand group's organisation of risk management responsibility follows a model based on 3 lines of defence. The objective of the model is to safeguard the responsibility for risk management at both company and Group level.

The board of Storebrand Bank ASA has ultimate responsibility for limiting and monitoring the organisation's risks. The board annually determines ceilings and guidelines for the risks taken by the operation, receives reports of actual risk levels and gives a forward assessment of risks.

Managers at all levels in the company are responsible for risk management within their own area of responsibility. Good risk management requires targeted work on objectives, strategies and action plans, identification and assessment of risks, documentation of processes and routines, prioritisation and implementation of improvement measures, and good communication, information and reporting.

All employees must be familiar with the concept that awareness of risks and risk management are vital elements of the company's culture.

Level 2 managers with personnel responsibility must submit an annual confirmation that documents how risk management has functioned during the period.

INDEPENDENT CONTROL FUNCTIONS

Storebrand Bank ASA has independent control functions for the company's risk management (Chief Risk Officer) and for compliance who are responsible directly to the CEO and report to the bank's board. In terms of function the independent control functions are affiliated with the Group CRO, who is responsible to the group CEO and reports to the board of Storebrand ASA.

Internal auditing is under the direct authority of the board and is intended to give the board a confirmation of the appropriateness and effectiveness of the organisation's risk management, including how the lines of defence are functioning.

Note 04 Credit risk

Credit risk is the risk of loss if a counterparty does not fulfil its debt obligations. This risk includes losses on lending in the bank, but also losses related to bank deposits or failure of counterparties to perform under reinsurance agreements or financial derivatives.

RISK MANAGEMENT

The risk strategy reflects how much credit risk the bank group is willing to accept. The willingness to accept risk is adjusted to the bank's risk appetite and goals regarding risk profile, capital adequacy, profitability, liquidity and growth. Credit policies establish general principles for granting credit. The bank's procedures for credit management are set out in credit manuals for the Corporate and Retail Markets. The credit manuals are primarily designed for account managers and others who are involved in case management processes. The credit manuals contain common guidelines (or regulations) for the bank group's credit activities, and are intended to safeguard uniform and consistent credit management practices.

The credit manuals and adopted routines provide specific criteria for monitoring non-performance, loan covenants, loss assessments and the annual loan review. Furthermore, the models ensure uniform portfolio risk assessment classifications and reporting on risk development. Specialised functions have been established for deposits, loan establishment and administration of the customer portfolio. Credit is granted in accordance with an authorisation structure determined by the board.

Treasury has the credit risk for its counterparties in the investment portfolio. Permitted counterparties and the composition of the portfolio are set out in the bank's counterparty risk policy.

Counterparty risk in connection with trade in financial derivatives with customers as the counterparty is included under credit risk and is managed according to a specific policy on the basis of rating and amount under management. Customer derivatives trades are hedged using derivatives. Financial derivatives permitted by the bank are outlined in the interest rate risk policy.

RISK CONTROL

The most important control of credit risk is carried out and administered by the credit manager, who has ongoing responsibility for making sure that established procedures in the credit areas comply with the adopted risk profile and that they are adhered to on a day-to-day basis.

Exposure relating to trade in financial derivatives for customers is monitored by Back Officet. Price development is monitored in respect of the customer's situation, cleared lines and breach clauses. The Middle Office conducts running spot checks with regard to this.

Trades with counterparties made by Treasury are checked by the Middle Office in accordance with dedicated procedures and work descriptions.

The CRO reports to the board on credit risk trends on an ongoing basis.

ANALYSIS OF CREDIT RISK BY TYPE OF FINANCIAL INSTRUMENT

The maximum credit exposure is the sum of gross loans, guarantees, amounts drawn from credit lines and undrawn amounts of credit lines. Net decrease in maximum credit exposure from the end of 2014 is mainly related to a decrease in liquidity portfolio and deposits from and due to credit institutions including the central bank, and an increase in the amount of loans to customers.

	Maximum credit exposure	
(NOK million)	2015	2014
Liquidity portfolio	5 704.2	7 195.2
Total loans to and deposits with credit institutions and central bank	2 283.4	3 029.2
Total commitments customers 1)	17 052.1	16 279.9
Interest rate swaps	249.6	511.7
Forward foreign exchange contracts	0.2	
Total	**25 289.7**	**27 016.0**
1) Of which net loans to and amounts due from customers measured at fair value:	1 214.8	988.8

The amounts stated for the various financial instruments constitute the value recognised in the balance shett, with the exception of net lending to and receivables from customers, which also includes unused drawing facility and guarantees.

CREDIT RISK LIQUIDITY PORTFOLIO

Interest-bearing securities at fair value
Credit risk per counterparty
Short-term holdings of interest-bearing securities
Issuer category

	AAA	AA	A	BBB	NIG	Total 2015	Total 2014
(NOK million)	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Sovereign and Government Guaranteed bonds	219.2					219.2	100.4
Credit bonds		196.5				196.5	900.3
Mortgage and asset backed bonds	4 506.8					4 506.8	5 181.1
Total	**4 726.0**	**196.5**	**0.0**	**0.0**	**0.0**	**4 922.6**	**6 181.7**
Rating classes are based on Standard & Poors.							
Change in value:							
Total change in value on the balance sheet	-21.1	-0.2				-21.3	17.2
Change in value recognised in the profit and loss during period	-37.2	-1.3				-38.5	6.6

Interest-bearing securities at amortised cost
Credit risk per counterparty

Short-term holdings of interest-bearing securities
Issuer category

(NOK million)	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total 2015 Fair value	Total 2014 Fair value
Public issuers and Government Guaranteed Bonds	401.4					401.4	628.4
Total	300.2	30.1			50.0	380.2	385.1
Sum	**701.6**	**30.1**	**0.0**	**0.0**	**50.0**	**781.7**	**1 013.5**

Rating classes are based on Standard & Poors.

CREDIT RISK ON LOANS TO AND DEPOSITS WITH CREDIT INSTITUTIONS AND CENTRAL BANK

(NOK million)	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total 2015 Fair value	Total 2014 Fair value
Norway	188.6					188.6	181.0
Total deposits with central bank	**188.6**	**0.0**	**0.0**	**0.0**	**0.0**	**188.6**	**181.0**
Norway	2 043.6					2 043.6	2 793.9
Denmark			51.2			51.2	54.3
Total loans to and deposits with credit institutions	**2 043.6**	**0.0**	**51.2**	**0.0**	**0.0**	**2 094.8**	**2 848.2**
Total loans to and deposits with credit institutions and central bank	**2 232.2**	**0.0**	**51.2**	**0.0**	**0.0**	**2 283.4**	**3 029.2**

CREDIT EXPOSURE FOR LENDING ACTIVITIES

CORPORATE MARKET

Gross lending in the Corporate Market represents approximately NOK 2.4 billion. In addition, there are guarantees of approximately NOK 49 million. In addition, loans of nearly NOK 2.1 billion are under management, which are syndicated to Storebrand Livsforsikring AS.

As a result of group prioritizations regarding use of capital at Storebrand and a strategic assessment of the future direction of the Group, the Corporate Market segment at the bank is no longer prioritised as a core activity, and will be dismantled and eventually wound up.

With effect from 2013, Storebrand Bank ASA adopted an internal model for classification of the bank's Corporate Market loans. The model estimates the probability of default (PD) of the loans. The portfolio of income-generating properties (IGE) and development properties consists of few customers and few defaults, and there is comprehensive and complex risk assessment of debtors. The PD model for the Corporate Market has accordingly been developed as an expert model, unlike the statistical model for the Retail Market.

The PD is set in two steps. First a PD score is calculated based on a risk assessment of the debtor and affiliated project that Storebrand Bank finances for each debtor. The PD score is a number between 0 and 100. The PD score is then mapped over to the risk class and associated PD, where the bank's master scale is applied. The master scale consists of 11 risk classes from A to K, with A indicating the lowest default probability and K containing non-performing loans.

A scorecard has been drawn up for projects in both income-generating properties (IGE) and development properties. Development properties are further split into three scorecards to identify different characteristics in this type of project. The scorecard for IGE and construction loans for rental includes the property's location, tenant risk, development and zoning risk in the property assessment, at the same time that the downside risk is assessed, as well as the strength of the cash flow. The scorecard for construction loans for rental assesses cost risk, conversion risk and execution risk in the risk dimension project risk, but tenant risk and location are part of the property assessment. Downside risk and the strength of the cash flow are also assessed. The scorecard for construction loans for sale assesses cost risk and execution risk in the risk dimension project risk and the sales buffer residual risk, quality of advance sales and location in the risk dimension sales risk. The scorecard for loans for plots assesses liquidity risk, loan-to-value ratio and sensitivity of construction costs in the risk dimension financial risk, and the project complexity and the builder's experience/competence in the risk dimension execution risk. Political risk is another dimension that is assessed. A simple debtor scorecard has also been developed, where qualitative assessments are made in the risk dimensions business risk, financial risk, and ownership. The cash flow assessment is given greatest emphasis for IGE. The most important risk dimension for construction loans is project risk. Accordingly, financial risk is the most important risk dimension for loans for plots.

When assessing the quality of the security of the loans, numerical grades of 1 to 5 are applied, with 1 being the best.

Based on the Corporate Market expert model, about 92 per cent of loans are for IGE. The remaining load are loans for different purposes or loans outside the area of validity of the model. The Corporate Market portfolio is generally secured on commercial property.

About 50 per cent of the portfolio relates to Group debtors with total loans of over NOK 200 million. The definition of a Group debtor is given in the regulations relating to large loans. 29 per cent of the portfolio relates to Group debtors with total loans under NOK 50 million. 21 per cent of the loans have been made to customers with consolidated exposure of between NOK 50 million and NOK 200 million. The bank has 5 group debtors (with 6 debtors in total) with total loans exceeding NOK 200 million, and 7 Group debtors (with 11 debtors in total) with total borrowings of between NOK 50 million and NOK 200 million.

The bank's exposure is secured by pledged assets in Oslo, equivalent to almost 35 per cent. A further 40 per cent of the bank's exposure is secured by assets pledged in the area surrounding Oslo and the rest of Eastern Norway. Rest of the bank's exposure are primarily secured by pledged assets in Oppland and Rogaland counties and the exposure amounts to 6 per cent in Oppland and 12 per cent in Rogaland. Assets pledged are valued at their realisable values in addition to separate assessments based on return considerations.

At the end of 2015, approximately 64 per cent of the amount granted was linked to loans in risk classes A to D, while approximately 15 per cent was in risk classes G to J. The loans must be classified both on establishment and when there are changes in the loans. In addition, corporate market customers are to be reclassified annually or as necessary. The classifications thereby provide an overview of the risk exposure in the portfolio at all times. The bank measures the Corporate Market portfolio's distribution into risk classes on a quarterly basis.

Of loans that are not non-performing or in arrears, about 85 per cent of the loans have a loan to value ratio of under 80 per cent. Approximately 89 per cent of the loans have a loan to value ratio within 90 per cent. The remaining healthy loans have a loan to value ratio of under 100 per cent for the most part.

There are no loans/customers in default without impairment in value at the end of 2015.

For impaired non-performing loans, the write downs that have been made have taken into account that the pledged assets do not cover the value of the loans and other costs related to the non-performance. The losses that have been recorded are considered to be sufficient. The bank does not believe that new losses will be forthcoming from these customers at this time.

In the event of non-performance the bank will sell the securities or take over the assets if that is most appropriate. In the current portfolio, no properties have been taken over.

RETAIL MARKET

Retail customers are evaluated according to their capacity and intent to repay the loan. In addition to their capacity to service debt, the customers are checked regarding policy regulations and the customers are scored using a scoring model. For other retail market customers the overall loan to value ratio and debt servicing capability (as determined by the bank's credit policy for the segment) that apply to the portfolio is used as a basis. The securities for the portfolio are principally in properties for the retail market portfolio.

Storebrand Bank ASA has developed internal models for classifying home loans. The models estimate a loan's Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). PD estimates are based on a logistical regression model where late payment notices, reminders, overdrafts and information about assets are key explanatory variables when predicting defaults. When estimating the LGD, the loan-to-value ratio is the most important explanatory variable. Mortgage loans are classified according to the bank's master scale, consisting of 11 risk classes from A to K, with A indicating the lowest default probability and K containing non-performing loans. The classification of home loans is automatically updated on a monthly basis. At the end of 2015, about 52 per cent of the EAD was linked to home loans in risk class A, while less than 2 per cent of the EAD was in risk classes G to J. The models must be validated at least once a year, with the models' accuracy compared to actual outcomes.

When arranging home loans Storebrand Bank ASA gathers information of significance to the value of the property. Each quarter the bank obtains an updated, independent valuation of residential properties from Eiendomsverdi. For homes where Eiendomsverdi does not have an up-to-date valuation (such as housing cooperative apartments, owner-tenant apartments and some leisure properties) the most recent updated market value is used until further notice. Where Eiendomsverdi cannot determine the market value of a property with a high degree of certainty, a "haircut" is used so as to reduce the risk of giving an inflated estimate of market value. If Eiendomsverdi has never received information regarding the property's market value, the value recorded at the time of entering into the contract (the deposit value) will be used. Loans like those mentioned here constitute just less than 1 per cent of the total portfolio exposure.

In the retail market, most of the loans are secured by way of home mortgages. Approximately NOK 12.4 billion has been lent in home loans, with a further NOK 0.9 billion in undrawn credit facilities. Total loans and credit facilities in housing are therefore about NOK 13.3 billion. The weighted average loan-to-value ratio is approximately 66 per cent for home mortgage loans. Approximately 74 per cent of loans have a loan-to-value ratio lower than 80 per cent and approximately 95 per cent are lower than 90 per cent. Approximately 34 per cent of the home mortgage loans have a loan-to-value ratio within 60 per cent. The loan-to-value ratio of the portfolio increased towards the end of the year. Undrawn credit facilities are not taken into account when calculating the loan-to-value ratio. The portfolio is regarded as having a low to moderate credit risk in accordance with the bank's risk appetite.

There is largely good security on non-performing loans that are not impaired for retail market customers. The average loan to value ratio for these loans is 65 per cent. Housing loans that are part of the volume of non-performing loans total NOK 36 million. Approximately NOK 27 million of these loans have a loan-to-value ratio within 80 per cent. All home loans in default have a loan-to-value ratio lower than 90 per cent. The security is also good on home mortgages which are between 1 and 90 days past due. Assets pledged as collateral are sold in the retail market. They are not taken over by the bank.

In the credit card portfolio about NOK 198 million has been drawn, and approximately NOK 862 million is available as unused credit facilities. For credit accounts about NOK 75 million has been drawn, and approximately NOK 285 million is available as unused credit facilities.

COMMITMENTS PER CUSTOMER GROUP

	2015			
(NOK million)	Loans to and due from customers	Guarantees [1]	Undrawn credit limits	Total commitments
Development of building projects	29.6	2.1		31.7
Sale and operation of real estate	1 650.8	46.3	0.1	1 697.2
Service providers	692.0		1.4	693.4
Wage-earners	12 597.6	0.8	2 015.8	14 614.2
Other	89.1		11.6	100.7
Total	15 059.2	49.2	2 028.9	17 137.2
Loan loss provisions on individual loans	-55.7			-55.7
Loan loss provisions on groups of loans	-28.9	-0.5		-29.5
Total loans to and due from customers	**14 974.5**	**48.7**	**2 028.9**	**17 052.1**

1) Loan loss provsions on groups of guarantees are recognised in the item "Provision for accrued expenses and liabilities" under liabilites in the balance sheet.

	2014			
(NOK million)	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments
Development of building projects	250.5	2.9	13.2	266.6
Sale and operation of real estate	2 761.9	85.6	35.5	2 883.0
Service providers	1 149.0		24.2	1 173.2
Wage-earners	9 953.3	0.6	1 999.2	11 953.0
Other	78.6	0.5	10.8	89.9
Total	14 193.2	89.6	2 082.9	16 365.7
Loan loss provisions on individual loans	-31.9			-31.9
Loan loss provisions on groups of loans	-19.1			-19.1
Total loans to and due from customers	**14 142.2**	**89.6**	**2 082.9**	**16 314.7**

The classification into customer groups is based on Statistics Norway's standard for sector and business classification. The individual customer's classification is determined by the customer's primary activity.

AVERAGE VOLUME ENGAGEMENT PER CUSTOMER GROUP

(NOK million)	2015 Average volume loans to and deposits from customers	Average volume guarantees	Average volume undrawn credit limits	Total average engagement
Development of building projects	139.7	2.5	6.6	148.8
Sale and operation of real estate	2 202.9	66.0	17.8	2 286.7
Service providers	919.1		12.8	931.9
Wage-earners	11 263.3	0.7	2 007.5	13 271.4
Other	83.8	0.3	11.2	95.2
Total	**14 608.8**	**69.4**	**2 055.9**	**16 734.1**

(NOK million)	2014 Average volume loans to and deposits from customers	Average volume guarantees	Average volume undrawn credit limits	Total average engagement
Development of building projects	814.3	17.8	37.5	869.7
Sale and operation of real estate	4 286.5	133.3	136.3	4 556.1
Service providers	1 576.4	16.0	56.7	1 649.1
Wage-earners	9 694.5	0.3	1 961.6	11 656.5
Other	173.6	16.0	13.8	203.3
Total	**16 545.4**	**183.5**	**2 205.8**	**18 934.7**

COMMITMENTS PER GEOGRAPHICAL AREA

(NOK million)	2015 Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments	Non-performing loans without evidence of impairment	Non-performing and loss-exposed loans with evidence of impair-ment	Gross defaulted and loss-exposed loans	Provisions for individual loan losses	Net defaulted and loss-exposed loans
Eastern Norway	11 882.7	49.1	1 552.6	13 484.4	31.0	74.8	105.8	53.9	51.9
Western Norway	2 217.7	0.1	333.4	2 551.2	11.5	4.2	15.7	1.0	14.8
Southern Norway	200.1		35.3	235.4	3.1	1.9	5.1		5.0
Mid-Norway	375.0		55.1	430.1	0.5	1.3	1.8	0.4	1.5
Northern Norway	298.8		43.3	342.1	0.6	0.4	1.1	0.4	0.6
Rest of world	84.8		9.1	94.0	4.0		4.1		4.1
Total	**15 059.2**	**49.2**	**2 028.9**	**17 137.2**	**50.7**	**82.8**	**133.5**	**55.7**	**77.9**

COMMITMENTS PER GEOGRAPHICAL AREA

2014

(NOK million)	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments	Non-performing loans without evidence of impairment	Non-performing and loss-exposed loans with evidence of impairment	Gross defaulted and loss-exposed loans	Provisions for individual loan losses	Net defaulted and loss-exposed loans
Eastern Norway	11 820.9	88.8	1 621.6	13 531.3	25.3	58.1	83.4	29.5	53.8
Western Norway	1 563.1	0.8	322.1	1 886.1	7.5	1.7	9.2	1.1	8.1
Southern Norway	143.5		32.3	175.8	1.9	1.9	3.9		3.8
Mid-Norway	392.4		54.2	446.6	1.8	1.8	3.6	0.9	2.7
Northern Norway	206.6		44.3	250.9	4.1	0.4	4.5	0.3	4.2
Rest of world	66.7		8.4	75.0	0.2	0.1	0.3		0.3
Total	**14 193.2**	**89.6**	**2 082.9**	**16 365.7**	**40.8**	**64.0**	**104.8**	**31.9**	**73.0**

TOTAL ENGAGEMENT AMOUNT BY REMAINING TERM TO MATURITY

2015

(NOK million)	Average volume loans to and deposits from customers	Average volume guarantees	Average volume undrawn credit limits	Total average engagement
Up to 1 month	17.2			17.2
1 - 3 months	138.1		1.1	139.2
3 months - 1 year	459.9	3.5	41.8	505.1
1 - 5 years	1 471.3	45.8	305.3	1 822.4
More than 5 years	12 972.7		1 680.7	14 653.4
Total	**15 059.2**	**49.2**	**2 028.9**	**17 137.2**

2014

(NOK million)	Average volume loans to and deposits from customers	Average volume guarantees	Average volume undrawn credit limits	Total average engagement
Up to 1 month	13.6			13.6
1 - 3 months	269.3	1.4	34.2	304.9
3 months - 1 year	1 260.3	38.7	23.0	1 322.0
1 - 5 years	2 084.3	47.3	302.5	2 434.1
More than 5 years	10 565.7	2.2	1 723.3	12 291.2
Total	**14 193.2**	**89.6**	**2 082.9**	**16 365.7**

AGE DISTRIBUTION OF OVERDUE ENGAGEMENTS WITHOUT IMPAIRMENT

	2015			
(NOK million)	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments
Overdue 1 - 30 days	373.9	17.8	1.6	393.3
Overdue 31 - 60 days	29.8		0.1	29.9
Ovedue 61- 90 days	15.9		0.1	16.0
Overdue more than 90 days	50.7		0.4	51.1
Total	**470.4**	**17.8**	**2.2**	**490.3**
Engagements overdue more than 90 days by geographical area:				
Eastern Norway	31.0		0.3	31.3
Western Norway	11.5		0.1	11.6
Southern Norway	3.1			3.1
Mid-Norway	0.5			0.5
Northern Norway	0.6			0.6
Rest of world	4.0			4.0
Total	**50.7**	**0.0**	**0.4**	**51.1**

	2014			
(NOK million)	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments
Overdue 1 - 30 days	735.3		1.4	736.7
Overdue 31 - 60 days	88.5		0.4	88.9
Ovedue 61- 90 days	30.7		0.2	31.0
Overdue more than 90 days	40.8		0.9	41.7
Total	**895.5**	**0.0**	**2.9**	**898.3**
Engagements overdue more than 90 days by geographical area:				
Eastern Norway	25.3		0.6	25.9
Western Norway	7.5		0.1	7.6
Southern Norway	1.9		0.1	2.0
Mid-Norway	1.8			1.8
Northern Norway	4.1		0.1	4.2
Rest of world	0.2			0.2
Total	**40.8**	**0.0**	**0.9**	**41.7**

Only non-performing and loss-exposed loans are classified by geographical area in this overview.
The same definition is used for due commitments as the one in the capital requirements regulations, however the number of days in the definition equals the age distribution.

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

When one of the three situations described above occurs, the commitment and the rest of the customer's commitments are regarded as non-performing. The number of days is counted from when the arrears exceed NOK 2,000. The account is given a clean bill of health when there are no longer any arrears. The amount in arrears at the time of reporting can be less than NOK 2,000.

CREDIT RISK PER CUSTOMER GROUP

	2015						
(NOK million)	Non-performing and loss-exposed loans with evidence of impairment	Non-performing loans without evidence of impairment	Gross defaulted and loss-exposed loans	Total provisions for individual loan losses	Net defaulted and loss-exposed loans	Total value changes	Total value change recognised in the profit and loss account during period
Development of building projects							
Sale and operation of real estate	32.2		32.2	33.5	-1.3		24.0
Service providers							
Wage-earners	48.2	46.4	94.6	21.4	73.2		-0.2
Other	2.4	4.3	6.7	0.8	5.9		0.0
Total	**82.8**	**50.7**	**133.5**	**55.7**	**77.9**	**0.0**	**23.8**

	2014						
(NOK million)	Non-performing and loss-exposed loans with evidence of impairment	Non-performing loans without evidence of impairment	Gross defaulted and loss-exposed loans	Total provisions for individual loan losses	Net defaulted and loss-exposed loans	Total value changes	Total value change recognised in the profit and loss account during period
Development of building projects							
Sale and operation of real estate	9.6		9.6	9.5	0.1		-41.5
Service providers							
Wage-earners	51.9	40.3	92.2	21.5	70.7		-6.2
Other	2.5	0.5	3.0	0.8	2.2		-0.7
Total	**64.0**	**40.8**	**104.8**	**31.9**	**73.0**	**0.0**	**-48.5**

REPOSSESSED ASSETS

In the event of non-performing loans Storebrand Bank ASA will sell the collateral or repossessed assets if this is most appropriate. The bank has not any repossessed assets at the end of 2015.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (FVO)

	Lending to customers		Liquidity portfolio	
(NOK million)	2015	2014	2015	2014
Book value maximum exposure for credit risk	1 214.8	988.8	4 922.6	6 181.7
Book value of related credit derivatives that reduce credit risk				
Collateral				
Net credit risk	**1 214.8**	**988.8**	**4 922.6**	**6 181.7**
This year's change in fair value of financial assets due to change in credi risk	-0.7		-38.5	-3.4
Accumulated change in fair value of financial assets due to change in credit risk	-15.6	-14.9	-21.3	17.2
This year's change in value of related credit derivatives				
Accumulated change in value of related credit derivatives				

Lending to customers is measured at fair value based on valuation techniques. The valuation techniques use interest rate curves from Reuters and credit spreads for equivalent new loans as per the end of December.

Financial assets are designated at fair value through the profit and loss account (FVO) the first time they are recognised where another measurement would result in an inconsistency in the profit and loss account. Objective market prices are used for papers where these exist. Valuation techniques involving the use of interest rate curves from Reuters and credit spreads from external providers are used for the remaining papers.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS (FVO)

(NOK million)	2015	2014
The year's change in fair value of liabilities due to changes in credit risk		0.4
Difference between book value of liabilities and contractual amount due at maturity		
Accumulated change in fair value of liabilities due to changes in credit risk		
Difference between book value of liabilities and contractual amount due at maturity		

CREDIT RISK DERIVATIVES

The purpose of the use of financial derivatives is to identify and reduce currency and interest rate risk. Counterparty risk in connection with the trading of financial derivatives is included in credit risk. The bank's risk strategies and policies establish limits for how much credit risk the bank group is willing to accept. Storebrand Bank hedges all customer derivative trades by opposite derivatives to minimise foreign exchange and interest rate exposure.

The overview shows gross credit exposure, the bank has only collateral for credit risk against non-financial companies. Net credit exposure for 2015 is NOK 81.6 million, see note 25.

CREDIT RISK PER COUNTERPARTY

(NOK million)	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total 2015 Fair value	Total 2014 Fair value
Norway		27.1	7.2	215.3		249.6	504.4
Sweden						0.0	6.7
Denmark			0.2			0.2	0.7
Total	**0.0**	**27.1**	**7.4**	**215.3**	**0.0**	**249.8**	**511.7**

Rating classes are based on Standard & Poors.

Change in value:							
Total change in value on the balance sheet		27.1	7.4	215.3		249.8	511.7
Change in value recognised in the profit and loss during period		-23.3	-18.8	-219.8		-262.0	66.3

EQUITY OPTIONS, INTEREST RATE SWAPS, BASIS SWAPS AND FORWARD FOREIGN EXCHANGE CONTRACTS

Derivatives are entered into for hedging purposes. Derivative transactions are entered into with counterparties that are "investment grade" rated.

Note 05

Liquidity risk

Liquidity risk is the risk that the company is unable to fulfil its obligations without incurring substantial additional expenses in the form of reduced prices for assets that must be realised, or in the form of especially expensive financing.

RISK MANAGEMENT

The risk strategy establishes overall limits for how much liquidity risk the bank is willing to accept. The policy for liquidity risk describes principles for liquidity management and specifies stress testing, minimum liquidity holdings and indicators for measuring liquidity risk. In addition, the Treasury department draws up an annual funding strategy and funding plan that set out the overall limits for the bank's funding activities.

Stress tests are used to illustrate the expected effects of various scenarios on the statement of financial position and cash flows. The results of the stress tests are applied when assessing the frames for liquidity risk. A contingency plan is drawn up annually to safeguard proper management of the liquidity situation during stressful periods.

The Treasury function is responsible for the bank's liquidity management, and the Middle Office monitors and reports on the utilisation of limits pursuant to the liquidity policy.

RISK CONTROL

The means of controlling liquidity risk include monthly reports of the liquidity indicators and monitoring developments in the bank's maturity profile. Both are included in the CRO's ongoing reporting to the board. The liquidity policy specifies which liquidity indicators are followed. The Middle Office performs checks on trades undertaken by Treasury to ensure conformance with the applicable policy rules.

NON-DISCOUNTED CASH FLOWS - FINANCIAL LIABILTIES

(NOK million)	0 - 6 months	6 months - 12 months	1 - 3 years	3 - 5 years	More than 5 years	Total	Book value
Liabilities to credit institutions	726.3					726.3	726.3
Deposits from and due to customers	17 835.0					17 835.0	17 835.0
Commercial papers and bonds issued	811.8	35.8	1 465.7	930.1		3 243.4	2 704.3
Other liabilities	292.8					292.8	292.8
Subordinated loan capital	5.5	5.4	159.4	127.7		298.0	277.0
Undrawn credit limits	3 728.3					3 728.3	
Lending commitments	1 981.3					1 981.3	
Total financial liabilities 2015	**25 380.9**	**41.2**	**1 625.1**	**1 057.8**	**0.0**	**28 105.0**	**21 835.3**
Derivatives related to funding 31.12.2015	**-0.4**	**0.3**	**-0.9**	**-1.1**	**0.3**	**-1.8**	**-81.5**
Total financial liabilities 2014	24 818.7	149.3	1 989.7	695.6	11.7	27 665.0	23 449.1

The amounts includes accrued interest.

The overview of non-discounted cash flows includes interest. Implicit forward interest rates based on the yield curve on 31 December 2015 are used to calculate interest costs for lending with FRN conditions. The call date is used as the maturity date on borrowing which has a call date. Undrawn credit limits includes NOK 1.685 millions related to Storebrand Boligkreditt AS. Deposits from and liabilities to customers are on call deposits or deposits locked in for less than 6 months.

SPECIFICATION OF SUBORDINATED LOAN CAPITAL *)

(NOK million) ISIN NUMMER	Issuer	Net nominal value	Currency	Interest	Call-date	Book value
Dated subordinated loan capital						
NO0010641657	Storebrand Bank ASA	150.0	NOK	Floating	12.04.2017	151.2
NO0010714314	Storebrand Bank ASA	125.0	NOK	Floating	09.07.2019	125.8
Total subordinated loan capital 2015						**277.0**
Total subordinated loan capital 2014						511.6

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

SPECIFICATION OF LIABILITES TO CREDIT INSTITUTIONS

(NOK million)	2015	2014
Total liabilites to credit institutions without fixed maturity at amortised cost	**322.2**	**325.9**
Repurchase agreements, maturity 2016	404.1	
Total liabilities to credit institutions with fixed maturity at fair value (FVO)	**404.1**	**0.0**
Total liabilities to credit institutions	**726.3**	**325.9**

SPECIFICATION OF COMMERCIAL PAPERS AND BONDS ISSUED

(NOK million) ISIN NUMMER	Issuer	Net nominal value	Currency	Interest	Call-date	Book value
Bond loans						
NO0010513237	Storebrand Bank ASA	265.0	NOK	Fixed	25.05.2016	278.1
NO0010660806	Storebrand Bank ASA	300.0	NOK	Fixed	08.10.2019	321.9
NO0010670979	Storebrand Bank ASA	100.0	NOK	Floating	29.01.2016	100.3
NO0010641079	Storebrand Bank ASA	800.0	NOK	Floating	27.03.2017	800.8
NO0010662752	Storebrand Bank ASA	300.0	NOK	Floating	13.11.2017	300.9
NO0010751316	Storebrand Bank ASA	300.0	NOK	Floating	09.11.2018	300.5
NO0010729387	Storebrand Bank ASA	600.0	NOK	Floating	14.01.2020	601.7
Total commercial papers and bonds issued 2015						**2 704.3**
Total commercial papers and bonds issued 2014						2 677.2

The loan agreements contain standard covenants. Storebrand Bank ASA was in compliance with all relevants covenants in 2015.

Note 06

Market risk

Market risk is risk of a change in value due to financial market prices or volatility differing from what was expected.

RISK MANAGEMENT

The risk strategy sets general limits for market risk which primarily relate to the bank's long term investments in equity instruments and fixed income securities. The bank is also exposed to currency risk to a lesser degree.

Market risk policies specify limits for market risk that the bank is willing to accept. The bank's market risk is primarily managed and controlled through daily monitoring of risk exposure pursuant to the policy and continuous analyses of outstanding positions.

The exposure limits are reviewed and renewed by the board at least once a year. The size of these limits is set on the basis of stress tests and analyses of market movements.

RISK CONTROL

The Middle Office is responsible for the ongoing, independent monitoring of market risk. The means of controlling market risk include monthly reports of the market risk indicators. Market risk indicators that are followed are described in the interest rate risk policy and currency risk policy and are included in the CRO's ongoing reporting to the board.

For changes in market risk that occur during the first year, the effect on the result and equity will be as shown below based on the balance sheet as at 31 December 2015:

Effect on accounting income (NOK million)	Amount
Interest rate -1,0%	5.9
Interest rate +1,0%	-5.9

Effect on accounting result/equity [1)] (NOK million)	Amount
Interest rate -1,0%	5.9
Interest rate +1,0%	-5.9

1) Før skatteeffekter

Financial interest rate risk (NOK million)	Amount
Interest rate -1,0%	10.2
Interest rate +1,0%	-10.2

The note shows the accounting effects over a 12 month period, as well as the immediate financial effect of an immediate parallel interest rate change of + 1.0 percentage points and - 1.0 percentage point respectively. In calculating the accounting risk, note has been taken of the one-off effect such an immediate rate change has on the items that are recognised at fair value and the value of the security, and the effect that the change in interest rates would have on the net profit for the remaining duration of the interest rate before the change in interest rates has an effect on income and expenses. Items that would be affected by the one-time effect and are recorded at fair value are the investment portfolio, fixed interest rate loans, repurchase agreements and derivatives. Items that would be affected by the one-time effects and which are recorded using hedging accounting are borrowings with fixed interest rate. In calculating the financial effect, account has been taken of changes in market value of all items on the balance sheet that such an immediate interest rate change will lead to.

See also note 26 regarding foreign exchange risk.

Note 07 Operational risk

OPERATIONAL RISK

Operational risk is the risk of financial loss, a damaged reputation or sanctions related to a breach of internal or external regulations as a result of ineffective, insufficient or defective internal processes or systems, human error, external events or rules or guidelines not being followed.

RISK MANAGEMENT

In the Storebrand group, management of operational risk and compliance with laws, regulations and internal rules are an integral part of the management responsibility of all managers. Risk assessments are continually recorded and documented in Easy Risk Manager (ERM, a risk management system supplied by Det Norske Veritas).

RISK CONTROL

The CRO supports the management group in the process and is responsible for compiling and reporting the area's risk scenario, following up on improvement measures and checking that risk registration is up to date in ERM. The results of the risk assessment process are reported to the board.

In order to be able to identify problem areas internally, the bank has implemented routines for ongoing reporting of events to the CRO, who is responsible for logging and follow-up of reported events. The CRO reviews significant events with the board.

In connection with monthly, quarterly and annual accounts, the Middle Office performs various checks and reconciliations so as to control and reduce operational risk. In addition to this, the compliance function and internal auditor carry out spot checks in a number of the bank's most important work processes. The results are reported to the bank's management and the Board.

COMPLIANCE RISK

Compliance risk is the risk of the company incurring public sanctions or financial loss as a result of non compliance with external or internal rules.

RISK MANAGEMENT

The compliance risk in Storebrand Bank is managed through instructions for compliance. The compliance function's main responsibility is to support the company's board and management in complying with relevant laws and regulations by independently identifying, evaluating, monitoring and reporting compliance risk. The function must perform preventive work by advising and ensuring that effective processes have been established for information and the implementation of current and future rules. The compliance function must have a risk-based approach.

RISK CONTROL

The compliance function performs control activities in order to ensure actual compliance.

Note 08 Valuation of financial instruments at fair value

Storebrand Bank Group conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Bonds are generally valued based on prices collected from Reuters and Bloomberg. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by well recognised brokerage houses.

Unlisted derivatives, including primarily interest rate and foreign exchange instruments, are also valued theoretically. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Reuters, Bloomberg and Norges Bank.

Storebrand Bank Group carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

The Storebrand Group categorises financial instruments that are valued at fair value into three different levels which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models that gather information from a wide range of well-informed sources with reference to minimize uncertainty related to the valuation.

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.

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

SENSITIVITY ANALYSIS:

	Fixed-rate loans to customers		Equities	
	Change in market spread		Change in value	
Increase/reduction in fair value	+ 10 bp	- 10 bp	+ 25 bp	- 25 bp
Increase/reduction in fair value 31.12.2015 (MNOK)	-3.9	3.9	0.2	-0.2
Increase/reduction in fair value 31.12.2014 (MNOK)	-2.7	2.7		

Level 1: Financial instruments valued on the basis of quoted prices in active markets for identical assets
Bonds, certificates or equivalent instruments issued by nation states are generally classified as level 1. When it comes to derivatives, standardised stock index futures and interest rate futures they will also be included at this level.

Level 2: Financial instruments valued on the basis of observable market information not covered by level 1
This category encompasses financial instruments that are valued based on market information that in directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level. Moreover, interest rate and foreign exchange swaps, non-standardised interest rate and foreign exchange derivatives are classified in level 2.

Level 3: Financial instruments valued on the basis of information that is not observable according to the definition for level 2
Investments classified as level 3 primarily includes fixed-rate loans.

SPECIFICATION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Fair value 31.12.2015	Fair value 31.12.2014	Book value 31.12.2015	Book value 31.12.2014
Financial assets							
Bonds classified as Loans and receivables		781.7		781.7	1 013.5	780.7	1 006.7
Loans to and deposits with credit institutions, amortised cost		2 094.8		2 094.8	2 848.2	2 094.8	2 848.2
Lending to customers, amortised cost		11 414.2	2 314.2	13 728.4	13 078.6	13 759.7	13 153.4
Total fair value 31.12.2015		**14 290.7**	**2 314.2**	**16 604.9**			
Total fair value 31.12.2014		16 940.3			16 940.3		
Financial liabilities							
Deposits from and due to credit institutions, amortised cost		322.2		322.2	325.9	322.2	325.9
Deposits from and due to customers, amortised cost		17 835.0		17 835.0	19 366.1	17 835.0	19 366.1
Commercial papers and bonds issued, amortised cost		2 715.8		2 715.8	2 738.9	2 704.3	2 677.2
Subordinated loan capital, amortised cost		277.0		277.0	523.0	277.0	511.6
Total fair value 31.12.2015		**21 149.9**		**21 149.9**			
Total fair value at 31.12.2014		22 953.8			22 953.8		

SPECIFICATION OF FINANCIAL ASSETS AT FAIR VALUE

(NOK million)	Quoted prices	Observable assumptions	Non-observable assumptions	Book value 31.12.2015	Book value 31.12.2014
Equities		**1.6**	**9.0**	**10.6**	**2.0**
Total equities 31.12.2014		2.0			
Lending to customers			**1 214.8**	**1 214.8**	**988.8**
Total lending to customers 31.12.2014			988.8		
Sovereign and Government Guaranteed bonds		219.2		219.2	1 000.7
Credit bonds		196.5		196.5	
Mortage and asset backed bonds		4 506.8		4 506.8	5 181.1
Total bonds	**0.0**	**4 922.6**	**0.0**	**4 922.6**	
Total bonds 31.12.2014		6 181.7			6 181.7
Interest rate derivatives		-81.6		-81.6	-33.4
Currency derivatives		0.2		0.2	
Total derivatives	**0.0**	**-81.5**	**0.0**	**-81.5**	
Derivatives with a positive fair value		249.8		249.8	511.7
Derivatives with a negative fair value		-331.3		-331.3	-545.1
Total derivatives 31.12.2014		-33.4			-33.4
Specification of financial liabilities at fair value					
Liabilities to credit institutions		**404.1**		**404.1**	**0.0**
Total liabilities to credit institutions 31.12.2014		0.0			

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

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

(NOK million)	Equities	Lending to customers
Book value 01.01.2015		988.8
Net gains/losses on financial instruments	9.0	-6.7
Supply / disposal		553.2
Sales / due settlements		-320.4
Transferred from observable assumptions to non-observable assumptions		
Translation differences		
Other		
Book value 31.12.2015	**9.0**	**1 214.8**

Note 09 Segment reporting

The management's segment reporting for Storebrand Bank is only done at a group level. See note 9 under the Storebrand Bank Group.

Note 10 Net income from financial instruments

NET INTEREST INCOME

(NOK million)	2015	2014
Interest and other income on loans to and deposits with credit institutions	46.1	68.2
Interest and other income on loans to and due from customers	460.1	681.2
Interest on commercial paper, bonds and other interest-bearing securities	110.4	142.4
Other interest income and related income	5.7	7.3
Total interest income *)	**622.3**	**899.2**
Interest and other expenses on debt to credit institutions	-7.2	-12.8
Interest and other expenses on deposits from and due to customers	-303.6	-508.4
Interest and other expenses on securities issued	-72.6	-101.9
Interest and expenses on subordinated loan capital	-14.7	-31.2
Other interest expenses and related expenses	-16.2	-17.6
Total interest expenses **)	**-414.2**	**-671.8**
Net interest income	**208.1**	**227.4**
**) Of which total interest income on financial assets that are not at fair value through the profit and loss account*	*801.7*	*1 147.5*
***) Of which total interest expenses on financial liabilities that are not at fair value through the profit and loss account*	*-571.7*	*-861.9*

INTEREST EXPENSE AND CHANGES IN VALUE OF ISSUED FUNDING AT FVO:

(NOK million)	2015	2014
Interest expense issued funding at FVO	-0.9	-4.3
Changes in value of issued funding at FVO		0.4
Net expense issued funding at FVO	**-0.9**	**-3.9**

NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE:

(NOK million)	2015	2014
Equity instruments		
Dividends received from equity investments	0.3	
Net gains/losses on realisation of equity investments		0.1
Net change in fair value of equity investments	-0.3	0.2
Total equity instruments, FVO	0.1	0.2
Commercial papers and bonds		
Realised gain/loss on commercial papers and bonds, FVO	-8.9	18.5
Unrealised gain/loss on commercial papers and bonds, FVO	-38.5	-3.4
Total gain/loss on commercial papers and bonds, FVO	-47.4	15.2
Lending to customers		
Unrealised gain/loss on lending to customers, FVO	-7.0	19.6
Total gain/loss on lending to customers, FVO	-7.0	19.6
Liabilities to credit institutions and other funding		
Realised gain/loss on liabilities to credit institutions and other funding, FVO		
Unrealised gain/loss on liabilities to credit institutions and other funding, FVO	-0.4	0.4
Total gain/loss on liabilities to credit institutions and other funding, FVO	-0.4	0.4
Financial derivatives and foreign exchange		
Realised gain/loss on financial derivatives, held for trading	66.0	23.3
Unrealised gain/loss on financial derivatives, held for trading	-25.2	-71.5
Total financial derivatives and foreigh exchange, held for trading	40.8	-48.2
Net income and gains from financial assets and liabilities at fair value	**-13.9**	**-12.8**
Fair value hedging		
Realised gain/loss on derivatives and bonds issued, fair value hedging	-0.8	27.6
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	3.0	0.3
Net gain/loss on fair value hedging	**2.2**	**27.9**
Commercial papers and bonds		
Realised gain/loss on commercial papers and bonds at amortised cost		5.8
Total gain/loss on commercial papers and bonds at amortised cost	0.0	5.8
Bonds issued		
Realised gain/loss on bonds issued at amortised cost	-24.2	-8.2
Total gain/loss on bonds issued at amortised cost	-24.2	-8.2
Net income and gains from financial assets and liabilities at amortised cost	**-24.2**	**-2.4**
Net income and gains from financial assets and liabilities at amortised cost	**-35.9**	**12.7**
Net gain/loss on financial assets at fair value through the profit and loss account:		
Financial assets designated at fair value upon initial recognition	-43.1	34.7
Financial assets classified as held for trading	31.6	-15.0
Changes in fair value of assets due to changes in credit risk	-36.9	2.3
Net gain/loss on financial liabilities at fair value through the profit and loss account:		
Financial liabilities designated at fair value upon initial recognition		0.4
Financial liabilities classified as held for trading		

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

Note 11 Net commission income

(NOK million)	2015	2014
Fees related to banking operations	36.5	42.8
Commissions from saving products	10.2	21.9
Fees from loans	27.7	19.2
Total fees and commissions receivable *)	**74.4**	**83.8**
Fees and commssisions payable relating to banking operations	-8.9	-10.4
Commissions payable on saving products	-1.6	-4.1
Other fees and commissions payable	-0,9	-0,4
Total fees and commissions payable **)	**-11.4**	**-14.9**
Net commission income	**63.0**	**68.9**
*) Of which total fees and commission income on book value of financial assets and liabilities that are not at fair value through the profit and loss account	64.2	61.9
**) Of which total fees and commission expense on book value of financial assets and liabilities that are not at fair value through the profit and loss account	-8.9	-10.4

Other fees and commissions receivable / payable can relate to services bought and sold.

Note 12 Other income

(NOK million)	2015	2014
Gain on sale of subsidiaries and associated companies		-10.5
Receipts of group contribution from subsidiaries	101.6	223.4
Other income	1.5	1.2
Total other income	**103.2**	**214.1**

Note 13 Remuneration paid to auditor

(NOK million)	2015	2014
Statutory audit	1 272	739
Other reporting duties		97
Other non-audit services	62	30
Total	**1 334**	**867**

All remuneration for statutory auditing concerns Deloitte AS.

Note 14 Operating expenses

(NOK million)	2015	2014
Ordinary wages and salaries	-89.5	-98.0
Employer's social security contributions	-11.5	-11.1
Other staff expenses	-4.5	-6.5
Pension cost (see note 15) [1]	-11.4	42.6
Total staff expenses	**-117.0**	**-73.0**
IT costs	-45.7	-49.0
Printing, postage etc.	-1.3	-2.0
Travel, entertainment, courses, meetings	-2.2	-1.3
Other sales and marketing costs	-1.4	-1.3
Total general administration expenses	**-50.5**	**-53.7**
Depreciation fixed assets and intangible assets (see note 29 and 30)	-26.4	-21.6
Contract personnel (see note 13)	-8.3	-9.8
Operating expenses on rented premises	-9.8	-10.1
Inter-company charges for services [2]	-42.9	-55.4
Other operating expenses	-8.4	-16.9
Total other operating expenses	**-95.9**	**-113.7**
Total operating expenses	**-263.3**	**-240.3**

1) Pension cost in 2014 is positive due to recognition of an income of 44.5 million NOK related to the derecognition of pension scheme for employees after a descesion has been made to discontiune the defined-benefit scheme (see note 15).

2) Services purchased from the group contain costs relating to bank production, IT services, joint administrative functions, financial and legal services, marketing activities, HR and skills development, purchasing, information services and savings advice.

Note 15 Pensions

The Storebrand Group has country-specific pension schemes. The employees of Storebrand in Norway have a defined contribution pension scheme for their retirement pension effective 1 January 2015. Until the end of 2014, Storebrand in Norway had both defined contribution and defined benefit pension schemes dependent on when the employees of the Group were hired. The effect of this change in the pension scheme was recognised in the annual financial statements for 2014.

The premium rates and content of the defined contribution pension scheme is as follows:
– Savings starts from the first krone of salary
– Savings rate is 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" is NOK 90,068 as at 31 December 2015)
– In addition, 13 per cent of salary between 7.1 and 12 G is saved
– Savings rate for salary over 12 G is 20 per cent

All members of the pension schemes have associated survivor's and disability cover that is accounted for as a defined benefit pension scheme. There are also defined benefit liabilities in the statement of financial position related to direct pensions for certain former employees and former board members. Employees and former employees who had had a salary in excess of 12G (G = National Insurance Scheme basic amount) until 31 December 2014 were offered a cash redemption option for their accrued rights with payment at the start of 2015. For employees who were a part of the executive management team, these payments were distributed over 5 years.

The Norwegian companies participate in the Joint Scheme for Collective Agreement Pensions (AFP). The private AFP scheme provides a lifelong supplement to an ordinary pension and is a multi-employer pension scheme, but there is no reliable information available for inclusion of this liability on the statement of financial position. The scheme is financed by means of an annual premium that is defined as a percentage of salaries from 1 G to 7.1 G, and the premium rate was 2.4 per cent in 2015. Storebrand employees in Norway who were born before 1 January 1956 can choose between drawing an AFP scheme pension or retiring at the age of 65 and receiving a direct pension from the company until they reach the age of 67. Employees can choose to receive benefits from the AFP scheme from the age of 62 and still continue to work.

RECONCILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

(NOK million)	2015	2014
Present value of insured pension liabilities	40.2	35.4
Fair value of pension assets	-32.1	-33.5
Net pension liabilities/assets insured scheme	8.1	1.9
Present value of unsecured liabilities	17.1	28.9
Net pension liabilities recognised in statement of financial position	**25.3**	**30.8**

Includes employer contributions on net under-financed liabilities in the gross liabilities

BOOKED IN STATEMENT OF FINANCIAL POSITION

(NOK million)	2015	2014
Pension assets		
Pension liabilities	25.3	30.8

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

(NOK million)	2015	2014
Net pension liabilities 01.01	64.3	167.1
Pensions earned in the period	2.8	8.8
Pension cost recognised in period	1.7	7.0
Estimate deviations	3.9	29.2
Pensions paid	-14.6	-6.8
Payroll tax of employer contribution, assets	-0.7	-1.6
Changes to pension scheme		-139.3
Net pension liabilities 31.12	**57.4**	**64.3**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

(NOK million)	2015	2014
Pension assets at fair value 01.01	33.5	109.3
Expected return	0.9	3.6
Estimate deviation	-6.3	-5.9
Premiums paid	4.9	11.5
Pensions paid	-1.0	-2.4
Changes to pension scheme		-82.6
Net pension assets 31.12	**32.1**	**33.5**
Expected premium payments (pension assets) in 2016:	0.5	
Expected premium payments (contributions) in 2016:	7.2	
Expected AFP early retirement scheme payments in 2016:	1.8	
Expected payments from operations (uninsured scheme) in 2016:	2.0	

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE/SPP COMPOSED AT 31.12:

	2015	2014
Real estate	12 %	10 %
Bonds at amortised cost	45 %	40 %
Equities and units	11 %	15 %
Bonds	27 %	28 %
Certificates	4 %	8 %
Total	**100 %**	**100 %**
The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Life Insurance. Fiancial instruments are valued on three differendt levels.		
Realised return on assets	5.4 %	5.4 %

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNT, SPECIFIED AS FOLLOWS

(NOK million)	2015	2014
Current service cost	2.8	8.8
Net interest cost/expected return	0.8	3.4
Changes to pension scheme		-56.7
Total for defined benefit schemes	**3.6**	**-44.5**
The period's payment to contribution scheme	6.6	1.0
The period's payment to contractual pension	1.1	0.9
Net pension cost recognised in profit and loss account in the period	**11.4**	**-42.6**

Net pension cost includes payroll tax of employer contribution and is included in operating expenses. See note 14.

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

(NOK million)	2015
Actuarial loss (gain) - change in discount rate	
Actuarial loss (gain) - change in other financial assumptions	
Actuarial loss (gain) - change in mortality table	
Actuarial loss (gain) - change in other demographic assumptions	
Actuarial loss (gain) - experience DBO	8.3
Loss (gain) - experience Assets	6.0
Investment management cost	0.3
Asset ceiling - asset adjustment	
Remeasurements loss (gain) in the period	**14.6**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY 31.12

	31.12.2015	31.12.2014
Discount rate	2.7 %	3.0 %
Expected return	3.0 %	3.0 %
Expected earnings growth	2.25 %	3.0 %
Expected annual increase in social security pensions	2.25 %	3.0 %
Expected annual increase in pensions payment	0.0 %	0.1 %
Disability table	KU	KU
Mortality table	K2013BE	K2013BE

FINANCIAL ASSUMPTIONS:
The financial assumptions have been determined on the basis of the rules in IAS 19. Long term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are particularly subject to a high degree of uncertainty. In Norway, a discount rate based on covered bonds is used. Based on the market and volume trends observed, the Norwegian covered bond market must be perceived as a deep market.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

ACTUARIAL ASSUMPTIONS:
In Norway, there are standardised assumptions for mortality/disability trends, and other demographic factors, that have been prepared by Finance Norway. A new mortality basis K2013 for group pension insurance in life insurance companies and pension funds was introduced effective from 2014. Storebrand has used the mortality table K2013BE (best estimate) for the actuarial calculations as at 31 December 2015. The average employee turnover rate is 2-3 per cent for the entire work force as a whole, and falling turnover with increasing age is assumed.

Note 16 Loan losses

(NOK million)	2015	2014
Loan losses for the period		
Change in loan loss provisions on individual loans for the period	-22.3	48.4
Change in loan loss provisions on groups of loans for the period	-10.4	10.4
Other corrections to loan loss provisions		4.5
Change in loan loss provisions on individual guarantees	0.1	
Realised losses in period on commitments specifically provided for previously		-137.7
Realised losses on commitments not specifically provided for previously	-12.4	-1.2
Recoveries on previously realised losses	1.4	1.0
Loan losses for the period	**-43.5**	**-74.6**

Note 17 Tax

TAX CHARGE FOR THE YEAR

(NOK million)	2015	2014
Tax payable in profit/loss	-30.0	-57.1
Change in deferred tax assets	6.4	-2.2
Total tax charge for the year	**-23.7**	**-59.3**

TAX BASIS FOR THE YEAR

(NOK million)	2015	2014
Profit before taxes	31.5	208.0
+ Group contribution received, difference between the carrying amount and the tax base	42.8	
+/- Share of results realted to additional Tier 1 capital holders	-8.6	
+/- Realised gains/losses on shares within EEA		10.4
Other permanent differences	2.3	2.1
Changes in temporary differences	43.7	25.9
Changes in temporary differences - estimate deviations	-10.1	-35.1
Tax basis for the year	**101.5**	**211.3**
Reduction for tax deductible loss		
- Application of tax loss carryforward		
Tax basis for the year for current taxes [1)]	**101.5**	**211.3**
Tax rate	27 %	27 %
1) Allocated group contribution with tax effect	101.5	211.3

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

(NOK million)	2015	2014
Ordinary pre-tax profit	31.5	208.0
Expected tax on income at nominal rate	-8.5	-56.2
Tax effect of:		
Realised shares		-2.8
Permanent differences	3.8	-0.6
Group contribution received	-11.5	
Change in taxrules	-2.5	
Resetting of permant differences related to items in the total comprehensiv income	-2.4	
Resetting of permant differences related to items in the equity	-2.3	
Change of tax assessment earlier years	-0.2	0.3
Tax charge	**-23.7**	**-59.3**
Effective tax rate	**75 %**	**28 %**

The tax charge also reflects tax effects related to earlier years.

TAX PAYABLE IN THE BALANCE SHEET

(NOK million)	2015	2014
Tax payable in the total comprehensive income	-29.7	-57.1
Tax payable in the equity	2.3	
- tax effect of group contribution paid	27.4	57.1
Tax payable in the balance sheet	**0.0**	**0.0**

ANALYSIS OF THE TAX EFFECT OF TEMPORARY DIFFERENCES AND TAX LOSSES CARRIED FORWARD

(NOK million)	2015	2014
Tax-increasing temporary differences		
Fixed assets		
Financial instruments		
Total tax-increasing temporary differences	**0.0**	**0.0**
Tax-reducing temporary differences		
Pensions	-25.3	-30.8
Financial instruments	-76.8	-17.4
Fixed assets	-15.4	-18.2
Provisions	-18.3	-26.8
Gains/losses account	-1.1	
Total tax-reducing temporary differences	**-136.9**	**-93.2**
Losses/allowances carried forward		
Net base for deferred tax/tax assets	**-136.9**	**-93.2**
Write-down of deferred tax asset		
Net base for deferred tax/tax assets	**-136.9**	**-93.2**
Net deferred tax/tax asset in the balance sheet	**34.2**	**25.2**

In December 2015, the Storting agreed to reduce the company tax rate from 27 to 25 percent with effect from 1 January 2016. When deferred tax / tax assets are recognised on the balance sheet, 25 per cent is therefore used.

ANALYSIS OF TAX PAYABLE AND DEFERRED TAX APPLIED TO EQUITY

(NOK million)	2015	2014
Pension experience adjustments	-2.9	-9.5
Total	**-2.9**	**-9.5**

Deferred tax assets principally relate to tax reducing temporary differences on fixed assets, pension liabilities and financial instruments. The bank produces an annual profit, and is expected to continue to produce a profit in future years. Deferred tax assets in respect of Storebrand Bank ASA are capitalised to the extent that it is considered likely that it will be possible to make use of the assets.

Note 18 Classification of financial assets and liabilites

(NOK million)	Loans and Receivables	Fair value, trading	Fair value, FVO	Available for sale	Liabilities at amortised cost	Total book value
Financial assets						
Cash and deposits with central banks	188.6					188.6
Loans to and deposits with credit institutions	2 094.8					2 094.8
Equity instruments			1.6	9.0		10.6
Bonds and other fixed-income securities	780.7		4 922.6			5 703.3
Derivatives		249.8				249.8
Lending to customers [1]	13 759.7		1 214.8			14 974.5
Other current assets	1 176.1					1 176.1
Total financial assets 2015	**18 000.0**	**249.8**	**6 139.0**	**9.0**	**0.0**	**24 397.8**
Total financial assets 2014	18 360.5	511.7	7 172.5	0.0	0.0	26 044.8
Financial liabilities						
Deposits from and due to credit institutions			404.1		322.2	726.3
Deposits from and due to customers					17 835.0	17 835.0
Commercial papers and bonds issued					2 704.3	2 704.3
Derivatives		331.3				331.3
Other liabilities					292.8	292.8
Subordinated loan capital					277.0	277.0
Total financial assets 2015	**0.0**	**331.3**	**404.1**	**0.0**	**21 431.2**	**22 166.6**
Total financial assets 2014	0.0	545.1	0.0	0.0	23 449.1	23 994.2

1) Loan loss provisions are included in the portfolio classified as ”Loans and Receivables”

Note 19 Fair value of financial assets and liabilities at amortised cost

The fair value of lending to customers subject to variable interest rates is stated as amortised cost. However, the fair value of lending to corporate customers with margin loans is slightly lower than book value since some loans have lower margins than they would have had had they been taken out at year-end 2015. The shortfall is calculated using a discounted difference between the agreed margin and the current market price over the remaining term to maturity. Fair value is also adjusted for loan loss provisions. The fair values of lending, liabilities to financial institutions and securities issued are based on valuation techniques. The valuation techniques use interest rate curves and credit spreads from external providers with exception of lending which are assessed to spreads on new loans correspondingly.

(NOK million)	2015 Book value	2015 Fair value	2014 Book value	2014 Fair value
Assets				
Bonds	780.7	781.7	1 006.7	1 013.5
Loans to and deposits with credit institutions	2 094.8	2 094.8	2 848.2	2 848.2
Lending to customers, amortised cost, net	13 759.7	13 728.4	13 153.4	13 078.6
Other current assets	1 176.1	1 176.1	1 120.2	1 120.2
Liabilities				
Deposits from and due to credit institutions, amortised cost	322.2	322.2	325.9	325.9
Deposits from and due to customers	17 835.0	17 835.0	19 366.1	19 366.1
Commercial papers and bonds issued	2 704.3	2 715.8	2 677.2	2 738.9
Other liabilities	292.8	292.8	568.2	568.2
Subordinated loan capital	277.0	277.0	511.6	523.0

Note 20 Loans to and deposits with credit institutions

(NOK million)	2015 Book value	2014 Book value
Total loans to and deposits with credit institutions without fixed maturity at amortised cost	2 094.8	2 848.2
Total loans to and deposits with credit institutions at amortised cost	**2 094.8**	**2 848.2**

Note 21 Investments in subsidiaries

(NOK million)	Business registration number	Registered office	Ownership interest	Share of votes	Share capital	Acquisition cost	Book value 31.12.2015	Book value 31.12.2014
Storebrand Boligkreditt AS	990645515	Lysaker	100.0%	100.0%	455.0	898.9	898.9	836.2
Ring Eiendomsmegling AS 1)	987227575	Lysaker	100.0%	100.0%	2.0	140.4	5.2	5.2
Bjørndalen Panorama AS	991742565	Lysaker	100.0%	100.0%	3.2	69.9	2.4	2.4
MPV7 Holding AS	915863000	Lysaker	100.0%	100.0%	0.0	0.1	0.1	
Total						**1 109.2**	**906.5**	**843.8**

1) The ownership in Ring Eiendomsmegling AS is being discontinued.

Note 22 Bonds and other fixed-income securities at fair value through the profit and loss account

	2015	2014
(NOK million)	Fair value	Fair value
Sovereign and Government Guaranteed bonds	219.2	100.4
Credit bonds	196.5	900.3
Mortgage and asset backed bonds	4 506.8	5 181.1
Total bonds and other fixed-income securities at fair value through the profit and loss account	**4 922.6**	**6 181.7**
Modified duration	0.26	0.20
Average effective yield per 31.12.	1.49 %	1.55 %

The portfolio is mainly denominated in NOK. Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 23 Bonds at amortised cost - Loans and receivables

	2015		2014	
(NOK million)	Book value	Fair value	Book value	Fair value
Public issuers and Government Guaranteed Bonds	400.6	401.4	626.7	628.4
Mortgage and asset backed bonds	380.1	380.2	380.0	385.1
Total bonds at amortised cost	**780.7**	**781.7**	**1 006.7**	**1 013.5**
Modified duration		0.17		0.13
Average effective yield per 31.12.		1.37 %		1.50 %

All securities are denominated in NOK. The effective yield for each asset is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 24 Buyback agreements (repo agreements)

	2015	2014
(NOK million)	Book value	Book value
Transferred bonds still recognised on the statement of financial position	402.5	
Liabilities related to the assets [1] (see Note 18)	404.1	

1) Reported on the Debt to Credit Institutions line in the statement of financial position.

Transferred bonds that are included in buyback agreements are not derecognised, since all the risk and return on the securities is retained by Storebrand Bank ASA.

Note 25 Financial derivatives

Financial derivatives are linked to underlying amounts which are not carried on the balance sheet. In order to quantify the volume of derivatives, reference is made to such underlying amounts as underlying principal, nominal volume and the like. Different calculation methods are applied to nominal volume for different types of financial derivatives, and this figure expresses the scope of risk and positions of financial derivatives.

Gross nominal volume primarily provides information on scope, while net nominal volume provides a certain expression of risk positions. However, the nominal volume for different instruments is not necessarily comparable, considering the risk exposure. As opposed to gross nominal volume, the calculation of net nominal volume also takes into account the sign for the instrument's market risk exposure, by differing between so-called asset positions and liability positions.

An asset position in a share derivative implies a positive change in value if share prices rise. For interest derivatives, an asset position implies a positive change in value if interest rates are reduced – as is the case with bonds. An asset position in a currency derivative generates a positive change in value if the exchange rate against the NOK sees an increase. The average gross nominal volume is based on daily calculations of gross nominal volume.

(NOK million)	Gross nom. volume [1]	Gross recognised financial assets	Gross recognised debt	Net financial assets / debt in the balance sheet	Amounts that can be, but are not presented net in the balance sheet: Fin. assets	Fin. debt	Net amount
Interest derivatives [2]	8 317.6	249.6	331.3				-81.6
Currency derivatives	41.3	0.2	0.0				0.2
Total derivatives 31.12.2015	**8 358.9**	**249.8**	**331.3**	**0.0**	**0.0**	**0.0**	**-81.5**
Total derivatives 31.12.2014	13 510.9	511.7	545.1				-33.4

1) Values as at 31.12:

2) Interest derivatives include accrued, not due, interest.

INVESTMENTS SUBJECT TO NETTING AGREEMENTS /CSA

(NOK million)	Recognised assets	Recognised liabilities	Net assets	Collateral: Cash (+/-)	Securities (+/-)	Net exposure
Investments subject to netting agreements	26.4	331.3	-304.8		1 106.5	-1 411.3
Investments not subject to netting agreements	223.3					
Total 2015	**249.8**	**331.3**				

Note 26 Foreign exchange risk

FINANCIAL ASSETS AND LIABILITIES IN FOREIGN CURRENCY

	Statement of financial position items		Currency forwards	Net position	
(NOK million)	Assets	Liabilities	Net sale	in currency	in NOK
CHF	1.7	1.8		0.0	-0.1
DKK	0.6	0.6		0.0	0.0
EUR	3.4	22.8	19.2	0.0	-0.2
GBP	1.7	2.0		0.0	-0.2
SEK	1.7	1.9		0.0	-0.2
USD	2.3	24.1	22.0	0.0	0.2
Other	0.1	0.1		0.0	0.0
Total net currency positions 2015					**-0.4**
Total net currency positions 2014					-0.7

Storebrand Bank ASA hedges the net currency position on its balance sheet with forward contracts, accordingly forward sales and forward purchases are not shown separately in respect of assets and liabilities.

Note 27 Loan portfolio and guarantees

	2015	2014
(NOK million)	Book value	Book value
Lending to customers at amortised cost	13 844.3	13 204.4
Lending to customers at fair value	1 214.8	988.8
Total gross lending to customers	**15 059.2**	**14 193.2**
Loan loss provisions on individual loans (see note 28)	-55.7	-31.9
Loan loss provisions on groups of loans (see note 28)	-28.9	-19.1
Net lending to customers	**14 974.5**	**14 142.2**

See note 4 for analysis of loan portfolio and guarantees per customer group.

Note 28 Loan loss provisions

(NOK million)	2015 Book value	2014 Book value
Loan loss provisions on individual loans 01.01	31.9	80.3
Losses realised in the period on individual loans previously written down	-0.6	-137.7
Loan loss provisions on individual loans for the period	26.1	93.2
Reversals of loan loss provisions on individual loans for the period	-1.7	-3.1
Other corrections to loan loss provisions 1)		-0.8
Loan loss provisions on individual loans at 31.12	**55.7**	**31.9**
Loan loss provisions on groups of loans and guarantees etc. 01.01	19.1	29.5
Grouped loan loss provisions for the period	9.8	-10.4
Loan loss provisions on groups of loans and guarantees etc. 31.12	**28.9**	**19.1**
Total loan loss provisions (see note 27)	**84.6**	**51.0**

The bank has NOK 0.5 million in individual loss provision for guarantees as of 31.12.2015. Loss provision for guarantees was NOK 0.1 million as of 31.12.2014. See also note 35.

Note 29 Intangible assets and goodwill

(NOK million)	2015 IT systems	Total book value	2014 Total book value
Acquistion cost at 01.01	173,1	173,1	196,0
Purchased separately	5.3	5.3	53.3
Disposals in the period			-76.2
Acquisition cost at 31.12	**178.4**	**178.4**	**173.1**
Accumulated depreciation and write-downs at 01.01	64.4	64.4	120.6
Depreciation in the period (see note 14)	19.4	19.4	20.0
Disposals in the period			-76.2
Write-downs in the period (se note 14)	6.0	6.0	0.0
Accumulated depreciation and write-downs at 31.12	**89.8**	**89.8**	**64.4**
Book value at 31.12	**88.5**	**88.5**	**108.7**
For each class of intangible assets:			
Depreciation method	linear		linear
Economic life	2 - 10 years		3 - 10 years
Rate of depreciation	10.0% -50.0%		10.0% -33.33%

IT systems in this note refers to the development of systems, data warehouses, user licenses to systems, etc. All capitalised expenses in respect of systems development relate to work carried out by external resources. The estimate of economic liftetime are reviewed annually.

Note 30 Fixed assets

(NOK million)	Fixtures & fittings	Real estate[1]	2015 Book value	2014 Book value
Book value at 01.01	3.0	0.6	3.6	6.2
Disposals		-0.6	-0.6	-1.0
Depreciation (see note 14)	-1.0		-1.0	-1.5
Book value at 31.12.	**2.0**	**0.0**	**2.0**	**3.6**
Opening acquisition cost	10.2	2.9	13.0	22.7
Closing acquisition cost	10.2		10.2	19.8
Opening accumulated depreciation and write-downs	7.2	2.3	9.4	16.5
Closing accumulated depreciation and write-downs	8.2		8.2	16.2

For each class of fixed assets:		
Method for measuring cost price	Acquisition cost	Acquisition cost
Depreciation method	linear	linear
Depreciation period and economic life	2 - 10 years	15 years

1) Holiday cabin valued using the cost method. The holliday cabin was sold in 2015.

There are no restrictions on rights to fixed assets. No fixed assets have been pledged as collateral for liabilities.

Note 31 Other current assets

(NOK million)	2015 Book value	2014 Book value
Other accrued income	9.5	9.5
Shares in subsidiaries [1]	906.5	843.8
Due from group companies	247.2	266.1
Other assets	12.8	0.8
Total other current assets	**1 176.1**	**1 120.2**

1) See note 21.

Note 32 Deposits from customers

(NOK million)	2015 Book value	2014 Book value
Deposits from customers	17 634.1	19 166.0
Term loans and deposits from customers	200.9	200.1
Total deposits from customers	**17 835.0**	**19 366.1**

DEPOSITS FROM CUSTOMERS PER SECTOR AND INDUSTRY CLASSIFICATION AND GEOGRAPHICAL DISTRIBUTION:

(NOK million)	2015 Book value	2014 Book value
Sector and industry classification		
Development of building projects	160.0	166.0
Sale and operation of real estate	1 656.7	1 886.6
Professional and financial services	1 513.7	1 879.4
Wage-earners	12 876.7	13 391.8
Other	1 627.9	2 042.3
Total	**17 835.0**	**19 366.1**
Geographic distribution		
Eastern Norway	13 456.8	14 815.0
Western Norway	2 317.8	2 440.5
Southern Norway	377.9	381.4
Mid-Norway	578.9	563.8
Northern Norway	687.6	750.8
Rest of world	415.9	414.6
Total	**17 835.0**	**19 366.1**

Note 33 Hedge accounting

Storebrand uses fair value hedging for interest risk.The hedging items are financial liabilities measured at amortised cost. Derivatives are recognised at fair value through the profit or loss (FVO). Changes in the value of the hedged item that relate to the hedged risk are applied to the book value on the item and are recognised in the profit and loss account. Hedging effectiveness is monitored at the individual item level. Hedging effectiveness when the hedge is created measures the relationship between changes in the hedged value of the interest rate hedging instrument and the item hedged in the event of a 2-percentage point interest rate shock. Subsequently, hedging effectiveness is measured on the basis of the simple Dollar Offset method for both prospective and retrospective calculations. Hedging is expected to be highly efficient in the period.

	2015			2014		
		Fair value [1]			Fair value [1]	
(NOK million)	Contract/ nominal value	Assets	Liabilities	Contract/ nominal value	Assets	Liabilities
Interest rate swaps	565.0	34.1		910.0	57.6	
Total interest rate derivatives	565.0	34.1		910.0	57.6	
Total derivatives	**565.0**	**34.1**		**910.0**	**57.6**	

		Fair value [1]			Fair value [1]	
(NOK million)	Contract/ nominal value	Assets	Liabilities	Contract/ nominal value	Assets	Liabilities
Total underlying items	565.0		600.0	910.0		971.3
Hedging effectiveness - prospective			87 %			86 %
Hedging effectiveness - retrospective			102 %			103 %

GAIN/LOSS ON FAIR VALUE HEDGING: [2)]

	2015	2014
(NOK million)	Gain/loss	Gain/loss
On hedging instruments	-8.9	5.1
On items hedged	8.8	-4.8

1) Book value at 31.12.

2) Amounts included in the line "Net gains on financial instruments ".

Note 34 Provisions

	Provisions for restructuring	
(NOK million)	2015	2014
Provisions 01.01	12.1	18.3
Provisions used during the period	-4.5	-6.2
Total provisions 31.12	**7.6**	**12.1**
Classified as:		
Provision for accrued expenses and liabilities	7.6	12.1

The line "Provisions for Accrued Expenses and Liabilities" in the statement of financial position for 2015 also includes a group write-down of guarantees in the amount of NOK 0.5 million. The corresponding figure for 2014 is NOK 0.1 million (see also Note 28).

This provision is related to the cost reduction program in Storebrand and mainly concerns costs related to headcount reductions. The provision has been considered in accordance with IAS 37, and the restructuring plan has been announced to all parties affected by the changes.

Note 35 Other liabilities

	2015	2014
(NOK million)	Book value	Book value
Payable to Storebrand group companies	9.8	30.3
Money transfers	29.8	20.6
Group contribution payable to group companies	206.9	457.1
Accounts payable	3.4	2.7
Accrued expenses and prepaid income	41.3	47.7
Other debt	1.6	9.9
Total other liabilities	**292.8**	**568.2**

Note 36 Off balance sheet liabilities and contingent liabilities

(NOK million)	2015	2014
Guarantees	49.2	89.6
Undrawn credit limits	6 035.0	5 302.8
Lending commitments corporate market		30.5
Total contingent liabilities	**6 084.3**	**5 422.9**

The bank also has NOK 2 billion in loan commitments to the retail market as at 31 December 2015.

Guarantees are mainly payment guarantees and contract guarantees. See also note 4. 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 includes NOK 4 billion in credit facililty to Storebrand Boligkreditt AS.

Note 37 Collateral

COLLATERAL

Storebrand Bank ASA has not received or pledged any collateral except securities pledged as collateral for F-loans in Norges Bank.

COLLATERAL AND SECURITY PLEDGED

(NOK million)	2015	2014
Booked value of bonds pledged as collateral for the bank's lending from Norges Bank	1 312.1	1 462.2
Booked value of securities pledged as collateral in other financial institutions	708.4	384.5
Total	**2 020.5**	**1 846.7**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank’s deposits in Norges bank. Storebrand Bank ASA has not any F-loan in Norges Bank as per 31.12.2015.

Note 38

Capital adequacy

NET PRIMARY CAPITAL

(NOK million)	2015	2014
Share capital	960.6	960.6
Other equity	1 362.0	1 133.6
Total equity	**2 322.5**	**2 094.1**
Additional Tier 1 capital included in total equity	-225.0	
Accrued interest on capital instruments included in total equity	-1.0	
Total equity exc. Hybrid Tier 1 capital	**2 096.5**	**2 094.1**
Deductions:		
Intangible assets	-88.5	-108.7
Deferred tax asset		-25.2
Core capital exc. Hybrid Tier 1 capital	**2 008.0**	**1 960.3**
Additional Tier 1 capital		
Capital instruments eligibel as AT1 capital	225.0	225.0
Core capital	**2 233.0**	**2 185.3**
Supplementary capital	274.8	283.9
Tier 2 capital		
Tier 2 capital deductions		
Net primary capital	**2 507.7**	**2 469.2**

MINIMUM CAPITAL REQUIREMENT

(NOK million)	2015	2014
Credit risk	910.2	1 018.6
Of which:		
Local and regional authorities	10.0	14.4
Institutions	168.1	164.9
Corporates	2.5	2.7
Loans secured in residential real estate	541.5	636.5
Retail market	83.1	83.9
Loans past-due	7.7	7.2
Covered bonds	81.9	81.9
Other	15.5	27.1
Total minimum requirement for credit risk	**910.2**	**1 018.6**
Settlement risk		
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk	87.1	79.7
CVA risk *)	9.5	26.4
Deductions		
Loan loss provisions on groups of loans	-2.3	-1.5
Minimum requirement for net primary capital	**1 004.4**	**1 123.1**

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

CAPITAL ADEQUACY

	2015	2014
Capital ratio	20.0 %	17.6 %
Core (tier 1) capital ratio	17.8 %	15.6 %
Core capital ratio excl. Hybrid Tier 1 capital	16.0 %	14.0 %

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

BASIS OF CALCULATION (RISK-WEIGHTED VOLUME)

(NOK million)	2015	2014
Credit risk	11 377.2	12 732.3
Of which:		
Local and regional authorities	124.8	180.1
Institutions	2 101.1	2 061.5
Corporates	30.6	33.5
Loans secured on residential real estate	6 768.5	7 956.8
Retail market	1 038.6	1 048.2
Loans past-due	95.9	90.3
Covered bonds	1 024.4	1 023.8
Other	193.2	338.2
Total basis of calculation credit risk	**11 377.2**	**12 732.3**
Settlement risk		
Total basis of calculation market risk	**0.0**	**0.0**
Operational risk	1 088.3	995.7
CVA risk	118.2	330.2
Deductions		
Loan loss provisions on groups of loans	-28.9	-19.1
Total basis of calculation of minimum requirements for capital base	**12 554.7**	**14 039.0**

Note 39 Remuneration to senior employees and elected officers of the company

NOK thousand	Ordinary salary 1)	Other benefits 2)	Total remuneration for the year	Pension accrued for the year	Post termination salary (months)	Loan 3)	No. of shares owned 4)
Senior employees							
Bernt Uppstad (CEO) 5)	1 369	112	1 480	285		1 153	425
Truls Nergaard (former CEO) 5)	2 899	193	3 092	629	18	4 504	17 653
Asle Borud	944	117	1 062	148		580	1 358
Torunn Sjåstad Hoftvedt	1 342	116	1 458	217		3 500	16 736
Torstein Hagen	2 418	154	2 572	423		3 388	5 442
Total 2015	**8 972**	**692**	**9 664**	**1 702**		**13 125**	**41 614**
Total 2014	8 362	666	12 303	2 420		15 407	40 840

1) Storebrand discontinued target bonuses for executive personnel in 2015. Portions of the former target bonus were converted to fixed salary and accounted for a large portion of the fixed salary increase from 2014 to 2015. See Note 44 in the annual report for 2014 for further information on compensation and payments for accrued rights related to the pension scheme change as of 1 January 2015.

2) Comprises company car, telephone, insurance, concessionary interest rate, other taxable benefits.

3) Loan up to NOK 3.5 million hold ordinary employee terms while excess loanamount hold market rate

4) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.

5) The former CEO Truls Nergaard assumed a new position in the Storebrand Group on 1 July 2015. Bernt H. Uppstad, became the new CEO from the same date. Information for the former and new CEO in the note concerns the full year.

NOK thousand	Remuneration	No. of shares owned 2)	Loan
Board of Directors 1)			
Heidi Skaaret 3)		15 542	3 600
Geir Holmgren 3)		14 677	5 051
Inger Roll-Matthiesen	164		
Leif Helmich Pedersen	247		
Maria Skotnes	73		1 061
Total 2015	**484**	**30 219**	**9 712**
Total 2014	513	11 229	5 750
Control Committee 4)			
Elisabeth Wille	339	747	
Harald Moen	244	595	
Ole Klette	244		
Finn Myhre	287		3 213
Anne Grete Steinkjer	244	1 800	
Tone Margrethe Reierselmoen	244	1 734	317
Total 2015	**1 602**	**4 876**	**3 531**
Total 2014	1 566	4 292	2 757

1) Remuneration to the Board of Directors are remuneration paid in connection to each one appointments as member of the Board of Storebrand Bank ASA.

2) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.

3) Neither Geir Holmgren nor Heidi Skaaret receives any remuneration from Storebrand Bank ASA for their appointments as members of the Board.

4) Remuneration to the Control Committee covers all the Norwegian companies in the Group that were previously required to have a control committee. Storebrand disbanded its Control Committee effective 1 January 2016.

For the 2016 AGM, the Board of Storebrand Bank ASA will present the following statement on the determination of salaries and other compensation for senior employees pursuant to Section 6-16a of the Public Limited Liability Companies Act, based on the Group's previously adopted guidelines for compensation for senior employees in Storebrand.

THE BOARD'S STATEMENT ON THE FIXING OF SALARIES AND OTHER REMUNERATION TO EXECUTIVE PERSONNEL

The Board of Directors of Storebrand ASA has had a dedicated Compensation Committee since 2000. The Remuneration Committee shall provide advice to the Board on all matters concerning the company's remuneration to the CEO. The Committee shall monitor and propose guidelines for determining Group senior employees' compensation. The Committee also acts as an advisory body to the Chief Executive Officer with regard to remuneration schemes that encompass all employees of the Storebrand Group, including Storebrand's bonus and pension schemes. The Compensation Committee satisfies the follow-up requirements set forth in the remuneration schemes.

1. ADVISORY GUIDELINES FOR THE COMING FINANCIAL YEAR

Storebrand aims to base remuneration on competitive and motivating principles that help attract, develop and retain highly qualified staff.

Storebrand must have an incentive model that supports the strategy, stressing the customers' interests and the long-term view, an ambitious collaboration model and transparency that strengthens the Group's reputation. The company will therefore largely emphasise fixed salaries as an instrument of financial compensation, and make use of variable remuneration to a limited extent.

The salaries of executive employees are determined based on the position's responsibilities and complexity. Regular comparisons are made with corresponding positions in the market in order to adjust the pay level to the market. Storebrand does not wish to be a pay leader in relation to the sector.

Bonus scheme

Group management and senior employees who have a significant influence on the company's risks receive only fixed salaries. Other employees may in addition to fixed salary be awarded a discretionary bonus of 5 to 15 per cent of fixed salary.

Pension scheme

The company shall arrange and pay for an ordinary group pension insurance common to all employees, from the moment employment commences, and in accordance with the pension rules in force at any given time. With effect from 2015, the company has defined contribution pension schemes for all employees. This applies to pay both above and below 12 G.

In connection with the transition from defined benefit to defined contribution schemes, compensation schemes were established for employees for whom the change was disadvantageous. These schemes give monthly additional saving for employees for a maximum 36 months. The additional saving is taxed as pay.

For group management, the calculated cash value of pension rights for pay above 12 G that was already earned before the change will be paid out over a five-year period. This payment period is fixed, regardless of whether the employee should leave the company before the end of this period.

Severance pay

The Chief Executive Officer and executive vice presidents are entitled to severance pay if their contracts are terminated by the Company. The entitlement to a severance package is also available if the employee decides to leave the company and this is due to substantial changes in the organisation, or equivalent conditions that result in the individual not being able to naturally continue in his position. If the employment relationship ends as a result of the person concerned being guilty of a gross breach of duty or other material breach of the employment contract, the provisions in this section do not apply. Deductions are made to the severance pay for all work-related income, including fees from the provision of services, offices held etc. Severance pay represents the pensionable salary at the date on which the employment ends, excluding all bonus schemes, if applicable. The CEO is entitled to 24 months severance pay. Other executive vice presidents are entitled to 18 months of severance pay.

2. BINDING GUIDELINES FOR SHARES, SUBSCRIPTION RIGHTS, OPTIONS, ETC. FOR THE COMING 2016 FINANCIAL YEAR

To ensure that the executive management team has incentive schemes that coincide with the long-term interests of the owners, a proportion of the fixed salary will be linked to the purchase of physical STB shares with a lock-in period of three years. Purchase of shares will be done one per year.

Like other employees in Storebrand, executive employees have an opportunity to purchase a limited number of shares in Storebrand ASA at a discount in accordance with the share programme for employees.

3. STATEMENT ON THE EXECUTIVE EMPLOYEE REMUNERATION POLICY DURING THE PREVIOUS FINANCIAL YEAR

The executive employee remuneration policy established for 2015 has been observed. The annual independent assessment of the guidelines and the practising of these guidelines in connection with bonuses to be paid in 2016 will be carried out during the first half of 2016.

4. STATEMENT ON THE EFFECTS OF SHARE-BASED REMUNERATION AGREEMENTS ON THE COMPANY AND THE SHAREHOLDERS

A proportion of the executive management's fixed salary will be linked to the purchase of physical STB shares with a lock-in period of three years. Purchase of shares will be done one per year. In the opinion of the Board of Directors, this has a positive effect on the company and the shareholders, given the structure of the scheme and the size of each executive vice president's portfolio of shares in Storebrand ASA.

Note 40 Related Parties

TRANSACTIONS WITH GROUP COMPANIES

	2015		2014	
(NOK million)	Subsidiaries	Other group companies	Subsidiaries	Other group companies
Interest income	86.8		126.3	
Interest expense	4.3		5.2	
Services sold	24.7	3.1	12.7	4.2
Services purchased		42.9		55.4
Due from	2 202.9	87.8	3 012.4	0.7
Liabilities to	426.3	111.3	343.0	459.0

Transaction with group companies are based on the principle of transactions at arm's length.

LOANS TRANSFERRED TO STOREBRAND BOLIGKREDITT AS

Storebrand Bank ASA sells loans to the mortgage company Storebrand Boligkreditt AS. Once the loans are transferred, Storebrand Boligkreditt AS assumes all the risks and benefits of owning the loan portfolio. It is Storebrand Boligkreditt that receives all the cash flows from the loan customer. The bank and Storebrand Boligkreditt have not signed any agreements concerning guarantees, options "or similar in relation to the loan portfolio in Storebrand Boligkreditt AS. Storebrand Bank ASA will ensure the transfer and return of loans as needs" change, i.e. when there is a need to increase borrowing, switches from fixed to variable interest rates, switches to employee loans and switches to home equity loans. The costs form part of the contractual management fees.

Loans in Storebrand Boligkreditt AS that do not perform remain in the company. According to the service agreement with Storebrand Bank ASA, these loans will be treated in the same way as non-performing loans in the bank. A special report on non-performing loans in Storebrand Boligkreditt AS is prepared. These loans are not included in the mortgage company's total collateral.

Loan 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.

OVERVIEW OF TRANSFERRED LENDING

(NOK million)	2015	2014
To Storebrand Boligkreditt AS - accumulated transfer	14 278.5	14 307.6
Fra Storebrand Boligkreditt AS - this year's transfer	232.4	140.3

Storebrand Bank AS has not pledged any guarantees in connection with loans to Storebrand Boligkreditt AS.

CREDIT FACILITIES WITH STOREBRAND BOLIGKREDITT AS

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

TRANSACTIONS WITH OTHER RELATED PARTIES

Storebrand Bank ASA defines Storebrand Optimér ASA as a related party as the company's objective is to offer alternative savings products to the bank's customers. Storebrand Optimér ASA has no employees and the company has entered into an agreement with Storeband Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Optimér ASA. The bank has booked NOK 7.9 million as revenue in the accounts for 2015 and the bank has a receivable due from the company of NOK 1.4 million as of 31.12.2015. The fees paid to the bank are based on the arm's length principle.

Storebrand Bank ASA also defines Storebrand Infrastruktur ASA as a related party since the company's objective is to offer alternative savings products to the bank's customers. Storebrand Infrastruktur ASA has no employees and the company has entered into an agreement with Storeband Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Infrastruktur ASA. The bank has booked NOK 0.3 million as revenue in the accounts for 2015. The fees paid to the bank are based on the arm's length principle.

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 note 39.

LOANS TO EMPLOYEES

(NOK million)	2015	2014
Loans to employees of Storebrand Bank ASA	181.5	186.9
Loans to employees of Storebrand group excl. Storebrand Bank ASA	1 166.2	728.7

Loans to employees are granted in part on the normal terms and conditions for loans to employees, i.e. loan to and individual of up to NOK 3.5 million at an interest rate equal to the norm interest rate (for tax purposes) defined by the Norwegian Ministry of Finance. Loans in excess of NOK 3.5 million are granted on normal commercial terms and conditions. The bank has not provided guarantees or security for borrowing by employees.

NUMBER OF EMPLOYEES

	2015	2014
Number of employees at 31 December	103	110
Number of employees expressed as full-time equivalent positions	102	109

Storebrand Bank ASA and the Storebrand Bank Group
- Declaration by the members of the Board and the CEO

On this date, the Board of Directors and the Chief Executive Officer have considered and approved the annual report and annual financial statements for Storebrand Bank ASA for the 2015 financial year and as at 31 December 2015 (2015 Annual Report).

The consolidated financial statements have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and the associated interpretations, as well as additional Norwegian disclosure requirements pursuant to the Norwegian Accounting Act and the Financial Reporting Regulations for Banks, Finance Companies, etc. that must be observed as at 31 December 2015. The annual financial statements for the parent company have been prepared in accordance with the Norwegian Accounting Act, Financial Reporting Regulations for Banks, Finance Companies, etc. and simplified IFRS as at 31 December 2015, as well as additional requirements in the Norwegian Securities Trading Act. The annual report for the Group and parent company complies with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard no. 16 as at 31 December 2015.

In the best judgement of the Board and the CEO, the annual financial statements for 2015 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the parent company's and Group's assets, liabilities, financial standing and results as a whole as at 31 December 2015. In the best judgement of the Board and the CEO, the annual report provides a fair and true overview of important events during the accounting period and their effects on the annual financial statements for Storebrand Bank ASA and the Storebrand Bank Group. In the best judgement of the Board and the CEO, the descriptions of the most important elements of risk and uncertainty that the group faces in the next accounting period, and a description of related parties' material transactions, also provide a true and fair view.

Lysaker, 16 February 2016
The Board of Directors of Storebrand Bank ASA

Translation - not to be signed

Heidi Skaaret Chairman of the Board	**Geir Holmgren** Deputy Chairman	**Leif Helmich Pedersen** Board Member
Inger Roll-Matthiesen Board Member	**Maria Skotnes** Board Member	**Bernt Uppstad** CEO

Deloitte.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

Tlf: +47 23 27 90 00
Faks: +47 23 27 90 01
www.deloitte.no

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand Bank ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Storebrand Bank ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the statement of financial position as at 31 December 2015, and the profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the statement of financial position as at 31 December 2015, and the profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with simplified application of international accounting standards according to the Norwegian accounting act § 3-9 for the company accounts and in accordance with International Financial Reporting Standards as adopted by EU for the group accounts, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Opinion on the financial statements for the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Storebrand Bank ASA as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to the Norwegian accounting act § 3-9.

Opinion on the financial statements for the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group Storebrand Bank ASA as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and in the statements on Corporate Governance and Corporate Social Responsibility, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 16 February 2016
Deloitte AS

Henrik Woxholt
State Authorised Public Accountant (Norway)

Translation has been made for information purposes only

Main Office:
Professor Kohts vei 9
PO Box 474
N-1327 Lysaker
Telephone: + 47 - 22 31 50 50

storebrand.no

storebrand