



Interim report 2016

Storebrand Bank ASA

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Storebrand Bank Group

- Quarterly report for 3rd quarter of 2016

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

- Growth in the retail market
- Continued sale of mortgages to Storebrand Livsforsikring AS
- Low volume of non-performing loans

The lending balance in the retail market portfolio has increased by NOK 5.6 billion in the year to date. Parts of the retail market portfolio were sold to Storebrand Livsforsikring AS which means that the bank now manages a total of NOK 5.9 billion in mortgages for Storebrand Livsforsikring AS. During the 1st quarter, the bank entered into a cooperative agreement with UNIO that gives members the offer of mortgages at one of the best interest rates in the market. The agreement is Norway's largest association agreement for banking services and applies for 230,000 members.

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

FINANCIAL PERFORMANCE

The bank group achieved a pre-tax profit of NOK 63 million (minus NOK 3 million) in the 3rd quarter and a pre-tax profit of NOK 173 million (NOK 71 million) year to date.

Net interest income was NOK 96 million (NOK 92 million) for the 3rd quarter and NOK 279 million (NOK 281 million) year to date. The fee to the Norwegian Banks' Guarantee Fund of NOK 14 million was expensed in its entirety in the 1st quarter of 2016. In previous years this was accrued by NOK 12 million for 9 months in 2015. Net interest income as a percentage of average total assets was 1.17 per cent (1.11 per cent) for the 3rd quarter and 1.11 per cent (1.13 per cent) year to date. Net interest income as a percentage of average total assets related to the retail market of the bank group was 1.15 per cent (1.21 per cent) for the quarter and 1.17 per cent (1.26 per cent) year to date.

Net commission revenues represented NOK 16 million (NOK 8 million) in the 3rd quarter, and NOK 36 million (NOK 31 million) year to date. There was a positive effect on the bank's commission income due to the increase in loans that the bank manages on behalf of Storebrand Livsforsikring AS.

Other income amounted to NOK 32 million (minus NOK 31 million) in the 3rd quarter and NOK 82 million (minus NOK 21 million) year to date. The increase in 2016 principally applies to a dividend recognised as income from the membership in Visa Norge FLI of NOK 25 million in the 2nd quarter in connection with the sale of Visa Europe. During the 3rd quarter of 2016, other income was principally influenced by changes in unrealised losses on fixed-rate loans of NOK 5 million, and changes in unrealised gains in the liquidity portfolio of NOK 7 million and realised gains in the liquidity portfolio of NOK 6 million. The change in value of the membership share in VISA Norge FLI was included through total comprehensive income and shows a decrease of NOK 3 million for the year to date. In 2015, other income was negatively influenced by changes in unrealised losses in the liquidity portfolio in the 3rd quarter of NOK 13 million, chan-

ges in unrealised losses on fixed-rate loans of NOK 10 million in the 3rd quarter and the redemption of a subordinated convertible loan resulted in a realised loss of NOK 23 million in the 3rd quarter of 2015.

Operating costs totalled NOK 78 million (NOK 64 million) in the 3rd quarter and NOK 216 million (NOK 196 million) for the year to date, where the increase was primarily due to increased marketing and sales costs. During the quarter, provisions of NOK 5 million were made relating to ongoing reorganisation. Previously capitalised intangible assets of NOK 3 million have also been written down. In the 2nd quarter of 2016, costs were influenced by NOK 7 million recognised as income in connection with the cessation of the survivor coverage associated with the pension scheme. In connection with this, an additional NOK 2 million was recognised as income in the 3rd quarter.

NOK 3 million was charged on a net basis (NOK 7 million recognised as expenses) for write-downs on lending in the 3rd quarter, and NOK 8 million has been charged on a net basis (NOK 24 million recognised as expenses) in the year to date. The write-downs were primarily associated with the bank's corporate market portfolio. Group write-downs increased by NOK 0.1 million during the quarter and NOK 2 million in the year to date. The bank has particularly assessed commitments that are directly or indirectly associated with the oil sector.

BALANCE SHEET PERFORMANCE

The loan portfolio in the retail market, including loans managed on behalf of Storebrand Livsforsikring AS, increased in the year to date by NOK 5.6 billion to NOK 32.6 billion at the end of the quarter. Retail market loans in the bank group amounted to NOK 26.6 billion. The corporate market portfolio continues to shrink as planned and amounts to NOK 1.9 billion at the end of the quarter. The volume of corporate market loans syndicated to Storebrand Livsforsikring AS amounted to NOK 1.6 billion (NOK 2.1 billion) at the end of the quarter. Gross lending to customers in the bank group totalled NOK 28.5 billion (NOK 29.4 billion) at the end of the quarter.

The bank group's retail market portfolio represents 93 per cent of the bank's 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 56 per cent for home mortgage loans, compared with 58 per cent at the end of 2015. Corporate market lending accounts for 7 per cent of the portfolio.

The volume of non-performing loans increased by NOK 10 million in the year to date and accounted for 0.7 per cent (0.6 per cent) of gross lending at the end of the quarter. The bank considers the portfolio quality to be good. Non-performing loans without impairment amounted to NOK 101 million (NOK 87 million) at the end of the quarter. Non-performing impaired loans amounted to NOK 96 million (NOK 100 million) at the end of the quarter, where impairment gives individual write-downs of NOK 28 million (NOK 58 million).

LIQUIDITY RISK AND FUNDING

The bank has established good liquidity buffers and attaches great importance to having a balanced funding structure with varying terms to maturity and issuances in various markets. The volume of deposits from customers was NOK 15.6 billion (17.8 billion) at the end of the quarter, which represents a deposit-to-loan ratio of 54.7 per cent (60.7 per cent).

Storebrand Bank ASA issued a senior bond of NOK 500 million (maturity 2019) in the 1st quarter. During the 2nd quarter, the parent bank issued a loan certificate of NOK 200 million with maturity in August 2016. During the 2nd quarter, the parent bank issued a senior bond of NOK 500 million (maturity 2021). In addition, Storebrand Boligkreditt AS issued a covered bond of NOK 2.5 billion (maturity 2021) during the 1st quarter of 2016.

Due to the cost programme, Storebrand has ended the agreement with Moody's Investors Service. In the future, Storebrand companies will only pay for credit ratings from Standard & Poor's Rating Services.

The liquidity coverage requirement (LCR) measures the size of the company's liquid assets, in relation to the net liquidity outflow 30 days in the future given a stress situation in the money and capital markets. The minimum requirement for LCR with escalation was introduced: 70 per cent applicable in 2016, 80 per cent from 30 December 2016, and 100 per cent from 30 December 2017. The bank has measured and reported its monthly LCR figures to the Financial Supervisory Authority of Norway over the past year and is within the applicable requirement. The bank's LCR was 97 per cent at the end of the quarter.

CAPITAL ADEQUACY

The bank has had a decrease in the risk-weighted balance sheet of NOK 0.9 billion in the year to date in 2016. The Storebrand Bank Group had a net capital base of NOK 2.6 billion at the end of the quarter. The capital adequacy ratio was 18.1 per cent and the pure core capital ratio was 14.6 per cent at the end of the 3rd quarter of 2016, compared with 17.1 per cent and 13.8 per cent, respectively, at the end of 2015. The combined requirement for pure core capital and primary capital was 11.5 per cent and 15 per cent respectively as of 30 September 2016 after an increase in the requirement for a countercyclical capital buffer of 0.5 per cent from 30 June 2016.

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 Storebrand Boligkreditt AS satisfied the combined capital and capital buffer requirements by a good margin as of 30 September 2016.

PERFORMANCE OF STOREBRAND BANK ASA

Storebrand Bank ASA reported a pre-tax profit of NOK 50 million (minus NOK 49 million) for the 3rd quarter, and a pre-tax profit of NOK 140 million (minus NOK 73 million) year to date.

Net interest income for Storebrand Bank ASA was NOK 67 million (NOK 55 million) for the 3rd quarter and NOK 186 million (NOK 147 million) year to date.

NOK 4 million (NOK 8 million recognised as expenses) was charged as loan write-downs in the 3rd quarter and NOK 8 million has been recognised as expenses (NOK 23 million recognised as expenses) year to date.

STRATEGY AND FUTURE PROSPECTS

In 2016 Storebrand Bank group will continue to work on improving the business' profitability combined with growth in the retail market. The consequences of the international financial instability for both the banking industry and our customers are being closely monitored. Sound management of the bank's credit and liquidity risk, and control of the operational risk in key work processes are also of vital importance 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.

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

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

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

Lysaker, 25 October 2016
The Board of Directors of Storebrand Bank ASA

Storebrand Bank Group

Income statement

(NOK million)	Note	Q3			Full Year	
		2016	2015	30.09.2016	30.09.2015	2015
Interest income		189.5	225.9	579.1	736.8	948.8
Interest expense		-93.6	-133.6	-300.3	-456.0	-571.6
Net interest income	12	96.0	92.4	278.8	280.8	377.3
Fee and commission income from banking services		19.3	11.1	45.2	39.2	52.0
Fee and commission expenses for banking services		-2.9	-3.0	-9.1	-8.5	-11.4
Net fee and commission income		16.4	8.1	36.1	30.7	40.6
Net gains on financial instruments		31.8	-31.2	82.2	-26.4	-26.0
Other income			-0.3		5.8	5.6
Total other operating income		31.8	-31.4	82.2	-20.6	-20.4
Staff expenses		-31.0	-27.3	-76.0	-85.6	-117.2
General administration expenses		-10.6	-12.6	-32.7	-35.2	-50.7
Other operating costs		-36.5	-24.4	-107.3	-74.8	-98.7
Total operating costs		-78.1	-64.3	-216.0	-195.7	-266.6
Operating profit before loan losses		66.1	4.7	181.1	95.3	130.9
Loan losses for the period	14	-3.2	-7.5	-8.4	-24.4	-45.4
Profit before tax		62.9	-2.8	172.6	70.9	85.5
Tax	4	-16.4	0.8	-39.8	-19.1	-26.0
Result after tax sold/discontinued operations			-0.1		-0.5	-0.5
Profit for the period		46.5	-2.1	132.8	51.4	59.0
Profit for the period is attributable to:						
Portion attributable to shareholders		43.8	-5.0	124.6	45.6	50.4
Portion attributable to additional Tier 1 capital holders		2.7	2.9	8.2	5.8	8.6
Profit for the period		46.5	-2.1	132.8	51.4	59.0

Statement of comprehensive income

(NOK million)	Q3			Full Year	
	2016	2015	30.09.2016	30.09.2015	2015
Profit for the period	46.5	-2.1	132.8	51.4	59.0
Pension experience adjustments					-10.1
Tax on pension experience adjustments					2.9
Total other result elements not to be classified to profit/loss	0.0	0.0	0.0	0.0	-7.2
Unrealised gain/loss financial instruments available for sale			-2.8		9.0
Total other result elements that may be classified to profit/loss	0.0	0.0	-2.8	0.0	9.0
Total comprehensive income for the period	46.5	-2.1	130.0	51.4	60.7
Total comprehensive income for the period is attributable to:					
Portion attributable to shareholders	43.8	-5.0	121.8	45.6	52.1
Portion attributable to additional Tier 1 capital holders	2.7	2.9	8.2	5.8	8.6
Total comprehensive income for the period	46.5	-2.1	130.0	51.4	60.7

Storebrand Bank Group

Statement of financial position

(NOK million)	Note	30.09.2016	30.09.2015	31.12.2015
Cash and deposits with central banks		188.7	310.4	188.6
Loans to and deposits with credit institutions	7	230.5	280.6	122.9
Financial assets designated at fair value through profit and loss:				
Equity instruments	7	15.4	1.6	10.6
Bonds and other fixed-income securities	7, 13	3 069.2	2 762.8	2 653.5
Derivatives	7	376.4	509.6	423.0
Bonds at amortised cost	7, 13	630.7	1 006.4	780.7
Other current assets	7	16.3	39.4	48.3
Gross lending, amortised cost	7	27 043.0	27 083.9	28 135.9
Gross lending, FVO	7	1 498.6	1 160.4	1 214.8
Gross lending		28 541.6	28 244.3	29 350.8
- Loan loss provisions on individual loans	14	-27.8	-47.6	-57.9
- Loan loss provisions on groups of loans	14	-27.9	-31.8	-30.7
Net lending to customers		28 485.9	28 164.9	29 262.1
Tangible assets		1.3	2.2	2.0
Intangible assets and goodwill		85.4	98.3	88.5
Deferred tax assets	4	5.6	41.6	33.3
Assets sold/discontinued operations				
Total assets		33 105.3	33 217.9	33 613.7
Liabilities to credit institutions	7	413.7	358.8	415.7
Deposits from and due to customers	7	15 607.8	18 492.1	17 824.7
Other financial liabilities:				
Derivatives	7	268.4	356.3	331.3
Commercial papers and bonds issued	7, 9	13 848.5	11 174.1	12 214.2
Other liabilities	7	136.3	124.0	113.4
Liabilities sold/discontinued operations				
Provision for accrued expenses and liabilities		9.2	7.6	8.2
Pension liabilities		16.3	30.8	25.3
Subordinated loan capital	7, 9	277.1	277.0	277.0
Total liabilities		30 577.3	30 820.9	31 209.6
Paid in capital		1 590.9	1 516.9	1 516.8
Retained earnings		711.1	654.1	661.3
Additional Tier 1 capital		226.0	226.0	226.0
Total equity		2 528.0	2 397.0	2 404.2
Total equity and liabilities		33 105.3	33 217.9	33 613.7

Lysaker, 25 October 2016
The Board of Directors of Storebrand Bank ASA

Storebrand Bank ASA

Income statement

(NOK million)	Note	Q3			Full Year	
		2016	2015	30.09.2016	30.09.2015	2015
Interest income		119.1	148.8	364.0	485.6	622.3
Interest expense		-52.4	-93.5	-178.4	-338.6	-414.2
Net interest income	12	66.7	55.3	185.6	147.0	208.1
Fee and commission income from banking services		34.5	13.9	89.5	47.6	74.4
Fee and commission expenses for banking services		-2.8	-3.0	-9.1	-8.5	-11.4
Net fee and commission income		31.6	10.9	80.4	39.1	63.0
Net gains on financial instruments		32.4	-43.6	93.6	-43.7	-35.9
Other income					1.4	103.2
Total other operating income		32.4	-43.6	93.6	-42.2	67.3
Staff expenses		-31.0	-27.3	-75.8	-85.5	-117.0
General administration expenses		-10.6	-12.6	-32.5	-35.0	-50.5
Other operating costs		-34.6	-23.6	-103.1	-72.6	-95.9
Total operating costs		-76.2	-63.5	-211.5	-193.2	-483.0
Operating profit before loan losses		54.6	-41.0	148.2	-49.3	75.0
Loan losses for the period	14	-4.2	-7.6	-8.3	-23.4	-43.5
Profit before tax		50.4	-48.6	139.9	-72.7	31.5
Tax	4	-13.3	12.1	-31.6	19.5	-23.7
Profit for the period		37.1	-36.4	108.3	-53.1	7.8
Profit for the period is attributable to:						
Portion attributable to shareholders		34.4	-39.3	100.1	-58.9	-0.8
Portion attributable to additional Tier 1 capital holders		2.7	2.9	8.2	5.8	8.6
Profit for the period		37.1	-36.4	108.3	-53.1	7.8

Statement of comprehensive income

(NOK million)	Q3			Full year	
	2016	2015	30.09.2016	30.09.2015	2015
Profit for the period	37.1	-36.4	108.3	-53.1	7.8
Pension experience adjustments					-10.1
Tax on pension experience adjustments					2.9
Total other result elements not to be classified to profit/loss	0.0	0.0	0.0	0.0	-7.2
Unrealised gain/loss financial instruments available for sale			-2.8		9.0
Total other result elements that may be classified to profit/loss	0.0	0.0	-2.8	0.0	9.0
Total comprehensive income for the period	37.1	-36.4	105.5	-53.1	9.5
Total comprehensive income for the period is attributable to:					
Portion attributable to shareholders	34.4	-39.3	97.3	-58.9	0.9
Portion attributable to additional Tier 1 capital holders	2.7	2.9	8.2	5.8	8.6
Total comprehensive income for the period	37.1	-36.4	105.5	-53.1	9.5

Storebrand Bank ASA

Statement of financial position

(NOK million)	Note	30.09.2016	30.09.2015	31.12.2015
Cash and deposits with central banks		188.7	310.4	188.6
Loans to and deposits with credit institutions	7	1 786.5	2 129.2	2 094.8
Financial assets designated at fair value through profit and loss:				
Equity instruments	7	15.4	1.6	10.6
Bonds and other fixed-income securities	7, 13	3 981.2	5 417.2	4 922.6
Derivatives	7	189.7	283.0	249.8
Bonds at amortised cost	7, 13	630.7	1 006.4	780.7
Other current assets		920.5	941.5	1 176.1
Gross lending, amortised cost	7	13 359.1	13 391.5	13 844.3
Gross lending, FVO	7	1 498.6	1 160.4	1 214.8
Gross lending		14 857.7	14 551.9	15 059.2
- Loan loss provisions on individual loans	14	-24.9	-45.9	-55.7
- Loan loss provisions on groups of loans	14	-26.7	-29.8	-28.9
Net lending to customers		14 806.1	14 476.2	14 974.5
Tangible assets		1.3	2.2	2.0
Intangible assets		85.4	98.3	88.5
Deferred tax assets	4	4.7	46.4	34.2
Total assets		22 610.1	24 712.5	24 523.5
Liabilities to credit institutions	7	726.5	668.6	726.3
Deposits from and due to customers	7	15 617.6	18 502.8	17 835.0
Other financial liabilities:				
Derivatives	7	268.4	356.3	331.3
Commercial papers and bonds issued	7, 9	3 158.0	2 494.6	2 704.3
Other liabilities	7	115.2	112.9	292.8
Provision for accrued expenses and liabilities		9.2	7.6	8.2
Pension liabilities		16.3	30.8	25.3
Subordinated loan capital	7, 9	277.1	277.0	277.0
Total liabilities		20 188.3	22 450.5	22 200.0
Paid in capital		1 762.4	1 688.3	1 762.4
Retained earnings		433.4	347.6	334.1
Additional Tier 1 capital		226.0	226.0	226.0
Total equity		2 421.8	2 261.9	2 322.5
Total equity and liabilities		22 610.1	24 712.5	24 522.5

Lysaker, 25 October 2016
The Board of Directors of Storebrand Bank ASA

Storebrand Bank Group

Statement of changes in equity

(NOK million)	Share capital	Share premium	Other paid-in equity	Total paid-in equity	Other equity	Total retained earnings	Additional Tier 1 capital	Total equity
Equity at 31.12.2014	960.6	156.0	400.3	1 516.8	1 009.9	1 009.9	0.0	2 526.7
Profit for the period					50.4	50.4	8.6	59.0
Total other result elements not to be classified to profit/loss					-7.2	-7.2		-7.2
Total other result elements that may be classified to profit/loss					9.0	9.0		9.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	52.1	52.1	8.6	60.7
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					1.5	1.5	226.0	227.5
Payment to additional Tier 1 holders							-8.6	-8.6
Provision for group contribution					-402.2	-402.2		-402.2
Equity at 31.12.2015	960.6	156.0	400.3	1 516.8	661.3	661.3	226.0	2 404.2
Profit for the period					124.6	124.6	8.2	132.8
Total other result elements not to be classified to profit/loss								
Total other result elements that may be classified to profit/loss					-2.8	-2.8		-2.8
Total comprehensive income for the period	0.0	0.0	0.0	0.0	121.8	121.8	8.2	130.0
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					2.0	2.0		2.0
Payment to additional Tier 1 holders							-8.2	-8.2
Group contribution received			74.1	74.1				74.1
Provision for group contribution					-74.1	-74.1		-74.1
Other changes					-0.1	-0.1		-0.1
Equity at 30.09.2016	960.6	156.0	474.4	1 590.9	711.1	711.1	226.0	2 528.0
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					45.6	45.6	5.8	51.4
Total other result elements not to be classified to profit/loss								
Total comprehensive income for the period	0.0	0.0	0.0	0.0	45.6	45.6	0.0	51.4
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					0.7	0.7	226.0	226.8
Payment to additional Tier 1 holders							-5.8	-5.8
Provision for group contribution					-402.2	-402.2		-402.2
Equity at 30.09.2015	960.6	156.0	400.3	1 516.8	654.1	654.1	226.0	2 397.0

Storebrand Bank ASA

Statement of changes in equity

(NOK million)	Share capital	Share premium	Other paid-in equity	Total paid-in equity	Other equity	Total retained earnings	Additional Tier 1 capital	Total equity
Equity at 31.12.2014	960.6	156.0	571.8	1 688.3	405.8	405.8	0.0	2 094.1
Profit for the period					-0.8	-0.8	8.6	7.8
Total other result elements not to be classified to profit/loss					-7.2	-7.2		-7.2
Total other result elements that may be classified to profit/loss					9.0	9.0		9.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.9	0.9	8.6	9.5
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					1.5	1.5	226.0	227.5
Payment to additional Tier 1 holders							-8.6	-8.6
Group contribution received			74.1	74.1				74.1
Provision for group contribution					-74.1	-74.1		-74.1
Equity at 31.12.2015	960.6	156.0	645.9	1 762.4	334.1	334.1	226.0	2 322.5
Profit for the period					100.1	100.1	8.2	108.3
Total other result elements not to be classified to profit/loss								
Total other result elements that may be classified to profit/loss					-2.8	-2.8		-2.8
Total comprehensive income for the period	0.0	0.0	0.0	0.0	97.3	97.3	8.2	105.5
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					2.0	2.0		2.0
Payment to additional Tier 1 holders							-8.2	-8.2
Equity at 30.09.2016	960.6	156.0	645.9	1 762.4	433.5	433.5	226.0	2 421.8
The share capital is made up of 64 037 183 shares of nominal value NOK 15.								
Equity at 31.12.2014	960.6	156.0	571.8	1 688.3	405.8	405.8	0.0	2 094.1
Profit for the period					-58.9	-58.9	5.8	-53.1
Total other result elements, not to be classified to profit/loss								
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-58.9	-58.9	5.8	-53.1
Equity transactions with owners:								
Equity transactions with owners:					0.7	0.7	226.0	226.8
Additional Tier 1 capital classified as equity							-5.8	-5.8
Equity at 30.09.2015	960.6	156.0	571.8	1 688.3	347.6	347.6	226.0	2 261.9

Statement of cash flow

Storebrand Bank ASA			Storbrand Bank Group	
30.09.2015	30.09.2016	NOK mill.	30.09.2016	30.09.2015
		Cash flow from operations		
447.7	394.8	Receipts of interest, commissions and fees from customers	632.4	743.0
-76.7	-79.3	Payments of interest, commissions and fees to customers	-79.3	-76.7
-400.4	236.7	Net disbursements/payments on customer loans	799.9	252.6
-1 048.0	-2 287.6	Net receipts/payments of deposits from banking customers	-2 287.2	-1 050.6
871.5	1 236.4	Net receipts/payments - securities at fair value	1 211.9	832.8
		Net receipts/payments - real estate at fair value	-0.3	
-211.1	-180.1	Payments of operating costs	-219.7	-222.9
		Net receipts/payments on other operating activities		4.7
-417.0	-679.2	Net cash flow from operating activities	57.7	482.9
		Cash flow from investment activities		
-4.3	-12.0	Net payments on purchase/sale of fixed assets etc.	-12.0	-4.3
-4.3	-12.0	Net cash flow from investment activities	-12.0	-4.3
		Cash flow from financing activities		
-767.4	-738.0	Payments - repayments of loans and issuing of bond debt	-3 386.1	-2 504.2
600.0	1 198.6	Receipts - new loans and issuing of bond debt	3 697.4	2 600.0
-61.5	-73.4	Payments - interest on loans	-203.9	-202.5
-11.1	-8.1	Payments - interest on subordinated loan capital	-8.1	-11.1
-5.8	-8.2	Payments - interest on additional Tier 1 capital	-8.2	-5.8
342.7	0.6	Net receipts/payments of liabilities to credit institutions	-1.6	340.5
224.4	218.5	Receipts - group contribution	74.1	
-457.1	-206.9	Payments - group contribution / dividends	-101.5	-460.0
-168.4	383.0	Net cash flow from financing activities	62.0	-275.7
-589.6	-308.1	Net cash flow in the period	107.8	202.8
3 029.2	2 283.4	Cash and bank deposits at the start of the period	311.5	388.1
2 439.5	1 975.3	Cash and bank deposits at the end of the period	419.3	590.9
		Cash and bank deposits consist of:		
310.4	188.7	Cash and deposits with central banks	188.7	310.4
2 129.2	1 786.5	Loans to and deposits with credit institutions	230.5	280.6
2 439.5	1 975.3	Total cash and bank deposits in the balance sheet	419.3	590.9

Notes

Storebrand Bank Group

Note 01 | Accounting principles

The Group's financial statements include Storebrand Bank ASA together with subsidiaries. The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all the information required in the annual report.

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

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2015 annual report, and the interim financial statements are prepared with respect to these accounting policies. There are none new nor amended accounting standards that entered into effect as at 1 January 2016 that have caused significant effects on Storebrand Bank ASA's and Storebrand Bank Group's interim financial statements.

Note 02 | Estimates

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

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

Actual results may differ from these estimates.

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

Financial instruments at fair value through profit and loss

There is uncertainty linked to fixed-rate loans recorded at fair value through profit and loss, due to variation in the interest rate terms offered by banks and since individual borrowers have different credit risk. See also note 6 where valuation of of financial instruments at fair value through profit and loss are described further.

Financial instruments at amortised cost

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

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

Note 03 | Pension scheme

In 2014, the defined benefit pension scheme for employees at Storebrand in Norway was changed after the decision was made to transition to a defined contribution pension scheme. These pension liabilities were largely derecognised in 2014. Reference is made to the specific information regarding this in the notes to the financial statements for 2014 and 2015. In connection with new rules for disability pensions in the Norwegian Occupational Pensions Act, Storebrand has made changes to the disability pension scheme for own employees in Norway in 2016. NOK 2 million was recognised as income before tax in the 3rd quarter and NOK 9 million for the year to date relating to allocated liabilities for previous coverage, which are recognised in the income statement as reduced costs.

Note
04

Tax

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

Note
05

Related parties

COVERED BONDS ISSUED BY STOREBRAND BOLIGKREDITT AS

Storebrand Bank ASA has invested a total of NOK 0.9 billion in covered bonds issued by Storebrand Boligkreditt AS as of 30 September 2016. The investments are included in the liquidity portfolio in the parent company and are classified at fair value option. The investment has been eliminated in the consolidated accounts against bonds issued by Storebrand Boligkreditt AS.

LOANS SOLD TO STOREBRAND BOLIGKREDITT AS

Storebrand Bank ASA sells loans to the mortgage company Storebrand Boligkreditt AS. The mortgages are transferred on commercial terms. Once the loans are sold, Storebrand Boligkreditt AS assumes all the risks and benefits of owning the loan portfolio. It is Storebrand Boligkreditt AS that receives all the cash flows from the loan customer. Storebrand Bank ASA shall arrange the transfer and return of loans when changes have to be made, i.e. if there is a request to increase the loan amount, change from variable to fixed interest, conversion to employee loan or conversion to a flexible mortgage. The costs are included in the contractual administration fee. Non-performing loans in Storebrand Boligkreditt AS remain in the company. These loans will, pursuant to the service agreement with Storebrand Bank ASA, be treated in the same way as non-performing loans in the bank. Specific reports are prepared for non-performing loans in Storebrand Boligkreditt AS. These loans are not included in the cover pool.

Loans to employees can be transferred to Storebrand Boligkreditt AS. The difference between the market interest rate and the subsidised interest rate is covered monthly by the company in which the debtor is employed.

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

Storebrand Bank ASA and Storebrand Boligkreditt AS have signed a management agreement pursuant to which Storebrand Boligkreditt AS will purchase administrative services from the bank. Storebrand Boligkreditt AS also purchases administrative services from Storebrand Livsforsikring AS.

LOANS SOLD TO STOREBRAND LIVSFORSIKRING AS

Storebrand Bank ASA has sold mortgages to sister company Storebrand Livsforsikring AS. The mortgages were sold on commercial terms. The portfolio of loans that was sold as of 30 September 2016 totalled NOK 6.8 billion. As the buyer, Storebrand Livsforsikring AS has acquired both cash flows and most of the risk and control. The loans were therefore derecognised in the bank's balance sheet in accordance with IAS 39. Storebrand Bank ASA receives management fees for the work being done with the sold portfolio.

CREDIT FACILITIES WITH STOREBRAND BOLIGKREDITT AS

The bank has two credit facilities with Storebrand Boligkreditt AS. One of these is a normal overdraft facility, with a ceiling of NOK 6 billion. This has no expiry date, but can be terminated by the bank on 15 months' notice. The other facility must have a sufficient ceiling at all times to be able to cover interest and repayment on covered bonds and related derivatives for the next 31 days. This drawing right may not be terminated by the bank until at least 3 months after the maturity date of the covered bond and related derivatives with the longest period to maturity.

OTHER RELATED PARTIES

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

Note
06

Financial risk

The market value of Storebrand Bank's financial assets and liabilities varies due to financial market risks. Note 3 to note 7 of the 2015 annual report explains the banking group's financial risks which also is representative of the financial risks as per 30 September 2016. The bank's corporate market portfolio has declined since the end of 2015, but this has not significantly changed the risk in the remaining portfolio.

Valuation of financial instruments

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

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

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.

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

The Storebrand Group categorises financial instruments on three different levels, for further information see description below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with reference to minimising the uncertainty of valuations.

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 is 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 and shares in VISA Norge FLI.

VALUATION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

Storebrand Bank Group

(NOK million)	Fair value	Fair value	Book value	Book value
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
Financial assets				
Bonds classified as loans and receivables	633.1	781.7	630.7	780.7
Loans to and deposits with credit institutions	230.5	122.9	230.5	122.9
Net lending to customers	26 951.6	28 016.0	26 987.3	28 047.3
Other current assets	16.3	48.3	16.3	48.3
Financial liabilities				
Liabilities to credit institutions	262.6	11.6	262.6	11.6
Deposits from and due to customers	15 607.8	17 824.7	15 607.8	17 824.7
Commercial papers and bonds issued	13 932.0	12 183.9	13 848.5	12 214.2
Other liabilities	136.3	113.4	136.3	113.4
Subordinated loan capital	277.4	277.0	277.1	277.0

VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

Storebrand Bank Group

(NOK million)	Level 1	Level 2	Level 3	Book value	Book value
	Quoted prices	Observable assumptions	Non-observable assumptions	30.09.2016	31.12.2015
Assets:					
Equities		1.1	14.2	15.4	10.6
Total equities 31.12.2015		1.6	9.0		
Lending to customers			1 498.6	1 498.6	1214.8
Total lending to customers 31.12.2015			1 214.8		
Government and government guaranteed bonds		371.4		371.4	219.2
Credit bonds		50.3		50.3	196.5
Mortgage and asset backed bonds		2 647.5		2 647.5	2 237.8
Total bonds	0.0	3 069.2	0.0	3 069.2	
Total bonds 31.12.2015		2 653.5			
Interest derivatives		108.1		108.1	91.6
Currency derivatives		-0.1		-0.1	0.2
Total derivatives	0.0	108.0	0.0	108.0	
Derivatives with a positive fair value		376.4		376.4	423.0
Derivatives with a negative fair value		-268.4		-268.4	-331.3
Total derivatives 31.12.2015		91.8			
Liabilities:					
Liabilities to credit institutions		151.1		151.1	404.1
Total liabilities to credit institutions 31.12.2015		404.1			

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

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

(NOK million)	Equities	Lending to customers
Book value 01.01.2016	9.0	1 214.8
Net gains/losses on financial instruments	-2.8	-4.9
Supply / disposal	8.0	461.2
Sales / due settlements		-172.5
Transferred from observable assumptions to non-observable assumptions		
Translation differences		
Other		
Book value 30.09.2016	14.2	1 498.6

SENSITIVITY ANALYSIS

LENDING TO CUSTOMERS

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

EQUITIES

This item is included the membership in VISA Norge FLI which has been valued based on information on the completion of a transaction between VISA Europe Ltd and VISA Inc. The transaction was implemented in the second quarter of 2016 and in June 2016 the bank received a dividend of NOK 24.6 million based on the bank's share. At the end of the quarter, the membership was valued at what the bank expects to receive in deferred settlement, adjusted for uncertainty. The change in value is included through Total comprehensive income.

(NOK million)	Fixed-rate loans to customers		Equities	
	Change in market spread		Change in value	
	+ 10 BP	- 10 BP	+ 25 BP	- 25 BP
Increase/reduction in fair value at 30.09.2016	-4.9	4.9	0.0	0.0
Increase/reduction in fair value at 31.12.2015	-3.9	3.9	0.2	-0.2

PROFIT AND LOSS BY SEGMENT FOR STOREBRAND BANK GROUP

(NOK million)	Corporate					Retail				
	Q3		Full Year			Q3		Full Year		
	2016	2015	30.09.2016	30.09.2015	2015	2016	2015	30.09.2016	30.09.2015	2015
Profit and loss items:										
Net interest income	9,5	9,1	31,7	28,9	37,7	90,5	90,1	276,3	273,7	365,9
Net fee and commission income	1,4	1,3	5,3	9,5	7,8	15,2	7,4	30,8	27,3	39,6
Other income		0,4		1,4	1,8	0,0	-8,5		-7,4	-6,8
Total operating costs	-4,9	-10,9	-16,2	-34,6	-42,1	-73,4	-53,5	-199,8	-161,1	-217,8
Operating profit before loan losses	6.1	0.0	20.8	5.2	5.2	32.3	35.5	107.3	132.5	180.8
Loan losses	1.1	-7.3	-4.1	-23.9	-40.3	-3.8	-2.5	-4.1	-2.7	-5.2
Ordinary profit from continuing operations	7.2	-7.3	16.7	-18.7	-35.1	28.5	33.0	103.2	129.8	175.6
Ordinary profit from discontinued businesses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance sheet items:										
Gross lending to customers			1 888.9	2 702.6	2 371.8			26 564.9	25 416.6	26 860.8
Deposits from and due to customers			371.3	514.7	400.0			15 104.4	17 803.5	17 434.9
Key figures:										
Net interest income as % of total assets	1.72 %	1.07 %	1.69 %	1.01 %	1.05 %	1.15 %	1.21 %	1.17 %	1.26 %	1.24 %
Cost/income ratio	44 %	100 %	44 %	87 %	89 %	69 %	60 %	65 %	55 %	55 %
Deposits from customers as % of gross lending			20 %	19 %	17 %			57 %	70 %	65 %
Total level of provisioning			53 %	120 %	132 %			21 %	20 %	22 %

(NOK million)	Treasury/Other					Total				
	Q3		Full Year			Q3		Full year		
	2016	2015	30.09.2016	30.09.2015	2015	2016	2015	30.09.2016	30.09.2015	2015
Profit and loss items:										
Net interest income	-4.1	-6.8	-29.2	-21.7	-26.3	96.0	92.4	278.8	280.8	377.3
Net fee and commission income	-0.2	-0.6		-6.1	-6.8	16.4	8.1	36.1	30.7	40.6
Other income	31.8	-23.4	82.2	-14.7	-15.4	31.8	-31.4	82.2	-20.6	-20.4
Total operating costs					-6.6	-78.1	-64.3	-216.0	-195.7	-266.6
Operating profit before loan losses	27.6	-30.8	53.0	-42.5	-55.1	66.1	4.7	181.1	95.3	130.9
Loan losses	-0.5	2.3	-0.2	2.2	0.2	-3.2	-7.5	-8.4	-24.4	-45.4
Ordinary profit from continuing operations	27.0	-28.5	52.8	-40.2	-54.9	62.9	-2.8	172.6	70.9	85.5
Ordinary profit from sold/discontinued businesses	0.0	-0.1	0.0	-0.5	-0.5	0.0	-0.1	0.0	-0.5	-0.5
Balance sheet items:										
Gross lending to customers			87.8	125.1	118.2			28 541.6	28 244.3	29 350.8
Deposits from and due to customers			132.1	173.9	-10.3			15 607.8	18 492.1	17 824.7
Key figures:										
Net interest income as % of total assets						1.13 %	1.11 %	1.10 %	1.13 %	1.13 %
Cost/income ratio						54 %	93 %	54 %	67 %	67 %
Deposits from customers as % of gross lending								55 %	65 %	61 %
Total level of provisioning								29 %	42 %	48 %

Business segments are the Group' primary reporting segments.

DESCRIPTION OF THE SEGMENTS:

CORPORATE MARKET

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

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

RETAIL MARKET

Deposits from and loans to retail market customers, including credit cards. Loans comprise primarily home mortgages. The segment includes loans in Storebrand Boligkreditt AS. All capital market business for customers within the bank's retail market segment is presented under the retail market segment. In the second quarter 2015 a deposit portfolio linked to small SME and retail customers that was reported earlier as part of the corporate market segment was moved to the retail market segment.

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

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

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

The effects of financial risk management and the liquidity portfolio have not been allocated to the business areas and are reported under Treasury/Other. Dividend payment from VISA Norge FLI is reported under Treasury/Other.

Securities issued and subordinated loan capital

(NOK million)	Storebrand Bank Group	
	30.09.2016	31.12.2015
Bond loans	13 848.5	12 214.2
Subordinated loan capital	277.1	277.0
Total securities issued and subordinated loan capital	14 125.6	12 491.2

SPECIFICATION OF COMMERCIAL PAPERS, BONDS ISSUED AND SUBORDINATED LOAN CAPITAL AS OF 30 SEPTEMBER 2016 STOREBRAND BANK GROUP

(NOK million)	ISIN Code	Issuer	Net nominal value	Currency	Interest	Maturity ¹⁾	Book value 30.09.2016
Bond loans							
	NO0010660806	Storebrand Bank ASA	300.0	NOK	Fixed	08.10.2019	327.9
	NO0010762891	Storebrand Bank ASA	500.0	NOK	Fixed	19.04.2021	498.6
	NO0010641079	Storebrand Bank ASA	627.0	NOK	Floating	27.03.2017	627.3
	NO0010662752	Storebrand Bank ASA	300.0	NOK	Floating	13.11.2017	301.0
	NO0010751316	Storebrand Bank ASA	300.0	NOK	Floating	09.11.2018	300.6
	NO0010758980	Storebrand Bank ASA	500.0	NOK	Floating	04.03.2019	501.0
	NO0010729387	Storebrand Bank ASA	600.0	NOK	Floating	14.01.2020	601.7
	Total bond loans		3 127.0				3 158.0

(NOK million)	ISIN Code	Issuer	Net nominal value	Currency	Interest	Maturity ¹⁾	Book value 30.09.2016
Covered bonds							
	NO0010548373	Storebrand Boligkreditt AS	1 250.0	NOK	Fixed	28.10.2019	1 439.2
	NO0010635071	Storebrand Boligkreditt AS	2 045.0	NOK	Floating	21.06.2017	2 045.1
	NO0010660822	Storebrand Boligkreditt AS	2 500.0	NOK	Floating	20.06.2018	2 511.9
	NO0010736903	Storebrand Boligkreditt AS	2 500.0	NOK	Floating	17.06.2020	2 494.1
	NO0010760192	Storebrand Boligkreditt AS	2 200.0	NOK	Floating	16.06.2021	2 200.2
	Total covered bonds ²⁾		10 495.0				10 690.5
	Total commercial papers and bonds issued		13 622.0				13 848.5

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

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

(NOK million)	ISIN Code	Issuer	Net nominal value	Currency	Interest	Maturity	Book value 30.09.2016
Dated subordinated loan capital							
	NO0010641657	Storebrand Bank ASA	150.0	NOK	Floating	12.04.2017	151.5
	NO0010714314	Storebrand Bank ASA	125.0	NOK	Floating	09.07.2019	125.6
	Total subordinated loan capital						277.1
	Total securities issued and subordinated loan capital						14 125.6

The loan agreements contain standard covenants. Storebrand Bank ASA and Storebrand Boligkreditt AS were in compliance with all relevant covenants in 2016.

Capital adequacy

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

The standard method is used for credit risk and market risk, and the basic method for operational risk. The overall requirements for core tier 1 capital and the capital base are 11.5 and 15 per cent respectively as of 30 September 2016, through the increase of counter-cyclical capital buffer by 0.5 percent from 30 June 2016. In its response to the bank's ICAAP, the Financial Supervisory Authority of Norway has given notice of a second pillar supplement of 1.8 percentage points of the calculation basis. It is assumed that the supplement will apply from the end of the 4th quarter of 2016, such that the overall requirement for the pure core capital ratio as of the end of 2016 will be 13.3 per cent.

NET PRIMARY CAPITAL

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2015	30.09.2016	NOK million	30.09.2016	31.12.2015
960.6	960.6	Share capital	960.6	960.6
1 362.0	1 461.3	Other equity	1 567.4	1 443.6
2 322.5	2 421.8	Total equity	2 528.0	2 404.2
-225.0	-225.0	Additional Tier 1 capital included in total equity	-225.0	-225.0
-1.0	-1.0	Accrued interest on capital instruments included in total equity	-1.0	-1.0
2 096.5	2 195.9	Total equity exc. Hybrid Tier 1 capital	2 302.0	2 178.1
		Deductions:		
	-108.3	Profit not included in the calculation of net primary capital	-132.8	
-88.5	-85.4	Intangible assets	-85.4	-88.5
		Deferred tax asset		-0.3
		Provision for group contribution		-74.1
		Addition:		
		Group contribution received		74.1
2 008.0	2 002.2	Core capital exc. Hybrid Tier 1 capital	2 083.8	2 089.3
		Additional Tier 1 capital:		
225.0	225.0	Capital instruments eligible as AT1 capital	225.0	225.0
		Addition		
2 233.0	2 227.2	Core capital	2 308.8	2 314.3
274,8	274,9	Supplementary capital	274,9	274,8
		Tier 2 capital		
		Tier 2 capital deductions		
2 507,7	2 502,1	Net primary capital	2 583,7	2 589,1

MINIMUM CAPITAL REQUIREMENT

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2015	30.09.2016	NOK million	30.09.2016	31.12.2015
910.2	853.6	Credit risk	1 050.2	1 110.6
		Of which:		
10.0	1.7	Local and regional authorities	1.9	9.8
0.0	0.0	Public sector owned corporates	0.0	0.0
		International organisations	0.0	
168.1	169.9	Institutions	11.8	10.0
2.5	0.1	Corporates	0.1	2.5
541.5	527.2	Loans secured in residential real estate	918.7	951.3
83.1	54.5	Retail market	57.8	88.0
7.7	9.9	Loans past-due	15.7	12.4
81.9	80.9	Covered bonds	23.8	20.9
15.5	9.3	Other	20.4	15.7
910.2	853.6	Total minimum requirement for credit risk	1 050.2	1 110.6
		Settlement risk		
0.0	0.0	Total minimum requirement for market risk	0.0	0.0
87.1	45.4	Operational risk	77.2	88.4
9.5	6.6	CVA risk *)	14.2	17.8
		Deductions		
-2.3	-2.3	Loan loss provisions on groups of loans	-2.4	-2.5
1 004.4	903.3	Minimum requirement for net primary capital	1 139.3	1 214.4

CAPITAL ADEQUACY

Storebrand Bank ASA		Storebrand Bank Group	
31.12.2015	30.09.2016	30.09.2016	31.12.2015
20.0 %	22.2 %	18.1 %	17.1 %
17.8 %	19.7 %	16.2 %	15.2 %
16.0 %	17.7 %	14.6 %	13.8 %

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

BASIS OF CALCULATION (RISK-WEIGHTED VOLUME)

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2015	30.09.2016	NOK million	30.09.2016	31.12.2015
11 377.2	10 669.5	Credit risk	13 127.5	13 882.5
		Of which:		
124.8	21.7	Local and regional authorities	24.1	122.6
0.0	0.0	Public sector owned corporates	0.0	0.0
		International organisations	0.0	
2 101.1	2 124.2	Institutions	147.3	124.6
30.6	0.7	Corporates	0.7	30.6
6 768.5	6 589.9	Loans secured on residential real estate	11 483.6	11 891.8
1 038.6	681.3	Retail market	723.0	1 100.4
95.9	123.9	Loans past-due	196.5	154.8
1 024.4	1 010.8	Covered bonds	297.8	261.8
193.2	116.9	Other	254.6	195.8
11 377.2	10 669.5	Total basis of calculation credit risk	13 127.5	13 882.5
		Settlement risk		
0.0	0.0	Total basis of calculation market risk	0.0	0.0
1 088.3	567.0	Operational risk	965.5	1 105.1
118.2	83.0	CVA risk *)	177.4	222.6
		Deductions		
-28.9	-28.3	Loan loss provisions on groups of loans	-29.5	-30.7
12 554.7	11 291.2	Total basis of calculation of minimum requirements for capital base	14 240.9	15 179.4

Note 11 | Key figures

(NOK million and percentage)	Storebrand Bank Group				
	Q3		Full Year		
	2016	2015	30.09.2016	30.09.2015	2015
Profit and Loss account: (as % of avg. total assets)					
Net interest income ¹⁾	1.17 %	1.11 %	1.11 %	1.13 %	1.13 %
Other operating income ³⁾	0.57 %	-0.28 %	0.47 %	0.04 %	0.06 %
Main balance sheet figures:					
Total assets			33 105.3	33 217.9	33 613.7
Average total assets ²⁾	33 874.3	32 979.8	33 871.4	33 333.8	33 390.0
Gross lending to customers			28 541.6	28 244.3	29 350.8
Deposits from customers			15 607.8	18 492.1	17 824.7
Deposits from customers as % of gross lending			54.7 %	65.5 %	60.7 %
Equity			2 528.0	2 397.0	2 404.2
Other key figures:					
Loan losses and provisions as % of average total lending ⁵⁾	0.04 %	0.11 %	0.04 %	0.12 %	0.16 %
Gross non-performing and loss-exposed loans as % of total average lending			0.7 %	0.7 %	0.6 %
Cost/income ratio ⁴⁾	54.0 %	96.8 %	54.3 %	68.9 %	67.7 %
Return on equity after tax ⁷⁾			7.3 %	2.9 %	2.5 %
Core capital ratio excl. Hybrid Tier 1 capital			14.6 %	13.4 %	13.8 %
LCR ⁶⁾			97.0 %	na	95.0 %

Storebrand Bank ASA

(NOK million and percentage)	Q3			Full Year	
	2016	2015	30.09.2016	30.09.2015	2015
Profit and Loss account: (as % of avg. total assets)					
Net interest income	1.19 %	0.89 %	1.06 %	0.78 %	0.83 %
Other operating income ³⁾	1.09 %	-0.53 %	0.98 %	-0.02 %	0.52 %
Main balance sheet figures:					
Total assets			22 610.1	24 712.5	24 522.5
Average total assets ¹⁾	23 445.5	24 720.0	23 794.3	25 308.7	25 111.3
Gross lending to customers			14 857.7	14 551.9	15 059.2
Deposits from customers			15 617.6	18 502.8	17 835.0
Deposits from customers as % of gross lending			105.1 %	127.2 %	118.4 %
Equity			2 421.8	2 261.9	2 322.5
Other key figures:					
Loan losses and provisions as % of average total lending ⁵⁾	0.12 %	0.21 %	0.08 %	0.22 %	0.30 %
Gross non-performing and loss-exposed loans as % of total average lending			0.9 %	1.0 %	0.9 %
Cost/income ratio	58.3 %	282.0 %	58.8 %	134.3 %	77.8 %
Return on equity after tax ⁷⁾			6.1 %	-3.3 %	0.4 %
Core capital ratio excl. Hybrid Tier 1 capital			17.7 %	15.4 %	16.0 %
LCR ⁶⁾			72.0 %	na	82.0 %

Definitions:

- 1) From and including 2016, the fee to the Norwegian Banks' Guarantee Fund is expensed in its entirety in the first quarter. When calculating key figures for net interest income as a percentage, the fee is accrued over 12 months.
- 2) Average total assets is calculated on the basis of monthly total assets for the quarter and for the year to date respectively.
- 3) Other operating income includes net fee and commission income.
- 4) Total operating expenses as % of total income.
- 5) Loan losses and provisions for Storebrand Bank Group includes the items loan losses for the period and losses real estate at fair value, assets repossessed, in the profit & loss account.
- 6) Liquidity coverage requirement.
- 7) Annualised profit after tax for continued operations as % of average equity.

Note
12

Net interest income

STOREBRAND BANK GROUP

(NOK million)	Q3			Full Year	
	2016	2015	30.09.2016	30.09.2015	2015
Interest and other income on loans to and deposits with credit institutions	1.4	2.0	4.3	7.6	9.8
Interest and other income on loans to and due from customers	173.4	207.8	533.3	674.8	870.2
Interest on commercial paper, bonds and other interest-bearing securities	14.2	14.3	39.4	50.3	63.1
Other interest income and related income	0.5	1.8	2.1	4.2	5.7
Total interest income	189.5	225.9	579.1	736.8	948.8
Interest and other expenses on debt to credit institutions	-1.4	-0.1	-4.6	-2.8	-3.2
Interest and other expenses on deposits from and due to customers	-28.4	-68.9	-94.0	-252.4	-303.3
Interest and other expenses on securities issued	-61.0	-58.0	-179.0	-176.9	-234.2
Interest and expenses on subordinated loan capital	-2.7	-2.5	-8.2	-11.8	-14.7
Other interest expenses and related expenses		-4.0	-14.5	-12.1	-16.2
Total interest expenses	-93.6	-133.6	-300.3	-456.0	-571.6
Net interest income	96.0	92.4	278.8	280.8	377.3

STOREBRAND BANK ASA

(NOK million)	Q3			Full Year	
	2016	2015	30.09.2016	30.09.2015	2015
Interest and other income on loans to and deposits with credit institutions	10.3	10.3	28.5	36.6	46.1
Interest and other income on loans to and due from customers	90.2	110.3	275.7	356.1	460.1
Interest on commercial paper, bonds and other interest-bearing securities	18.1	26.4	57.7	88.7	110.4
Other interest income and related income	0.5	1.8	2.1	4.2	5.7
Total interest income	119.1	148.8	364.0	485.6	622.3
Interest and other expenses on debt to credit institutions	-2.1	-1.0	-6.8	-5.9	-7.2
Interest and other expenses on deposits from and due to customers	-28.4	-68.9	-94.0	-252.8	-303.6
Interest and other expenses on securities issued	-19.2	-17.1	-55.0	-55.9	-72.6
Interest and expenses on subordinated loan capital	-2.7	-2.5	-8.2	-11.8	-14.7
Other interest expenses and related expenses		-4.0	-14.5	-12.1	-16.2
Total interest expenses	-52.4	-93.5	-178.4	-338.6	-414.2
Net interest income	66.7	55.3	185.6	147.0	208.1

Note 13 | Off balance sheet liabilities and contingent liabilities

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2015	30.09.2016	NOK million	30.09.2016	31.12.2015
49.2	48.8	Guarantees	48.8	49.2
6 035.0	6 327.1	Undrawn credit limits	3 797.2	3 763.2
1 981.3	2 761.7	Lending commitments retail market	2 761.7	1 981.3
8 065.5	9 137.6	Total contingent liabilities	6 607.6	5 793.7
		Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank		
1 312.1	919.4		919.4	650.6
708.4	403.9	Booked value of bonds pledged as security with other credit institutions		
2 020.5	1 323.3	Total book value of off balance sheet liabilities	919.4	650.6

Guarantees are mainly payment guarantees and contract guarantees. Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on flexible mortgages. Undrawn credit limits reported in Storebrand Bank ASA as of 30 September 2016 includes NOK 4.3 billion to the subsidiary Storebrand Boligkreditt AS (see note 5). The Bank Group has received collateral of NOK 37.2 million for derivatives. Per 30 September 2016 the Group has not pledged any collateral.

Non-performing loans and loan losses

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2015	30.09.2016	NOK million	30.09.2016	31.12.2015
		Non-performing loans		
50.7	50.7	Non-performing loans without evidence of impairment	100.7	87.4
82.8	79.0	Loss-exposed loans with evidence of impairment	96.3	99.5
133.5	129.7	Gross non-performing and loss-exposed loans	196.9	186.9
-55.7	-24.9	Loan loss provisions on individual loans	-27.8	-57.9
77.9	104.8	Net non-performing and loss-exposed loans	169.2	129.0
		Key figures		
-28.9	-26.7	Loan loss provisions on groups of loans (NOK million)	-27.9	-30.7
-84.6	-51.5	Total loan loss provisions (NOK million)	-55.7	-88.6
67 %	31 %	Level of provisioning for individual loss-exposed loans ¹⁾	29 %	58 %
63 %	40 %	Total level of provisioning ²⁾	28 %	47 %

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

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

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

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

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

Storebrand Bank ASA			Storebrand Bank Group	
30.09.2015	30.09.2016	NOK million	30.09.2016	30.09.2015
		Losses on loans and guarantees etc. during period		
-12.8	30.9	Change in individual loan loss provisions	30.3	-13.4
-10.7	1.2	Change in grouped loan loss provisions	1.7	-11.1
0.1		Other effects on loan loss provisions		0.1
	-35.5	Realised losses specifically provided for previously	-35.5	
-0.9	-5.7	Realised losses not specifically provided for previously	-5.7	-0.9
0.9	0.7	Recoveries on previous realised losses	0.7	0.9
-23.4	-8.3	Loan losses for the period	-8.4	-24.4

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

Note | Quarterly income statement
15

STOREBRAND BANK GROUP

	Q3	Q2	Q1	Q4	Q3
(NOK million)	2016	2016	2016	2015	2015
Interest income	189.5	190.6	198.9	208.1	225.9
Interest expense	-93.6	-95.8	-110.9	-111.7	-133.6
Net interest income	96.0	94.8	88.0	96.4	92.4
Fee and commission income from banking services	19.3	14.5	11.3	12.8	11.1
Fee and commission expenses for banking services	-2.9	-3.2	-3.0	-2.9	-3.0
Net fee and commission income	16.4	11.3	8.4	9.9	8.1
Net gains on financial instruments	31.8	43.4	7.0	0.4	-31.2
Other income				-0.2	-0.3
Total other operating income	31.8	43.4	7.0	0.2	-31.4
Staff expenses	-31.0	-19.2	-25.8	-31.5	-27.3
General administration expenses	-10.6	-8.6	-13.5	-15.5	-12.6
Other operating cost	-36.5	-35.9	-35.0	-23.9	-24.4
Total operating costs	-78.1	-63.6	-74.2	-70.9	-64.3
Operating profit before loan losses	66.1	85.9	29.1	35.6	4.7
Loan losses for the period	-3.2	2.8	-8.1	-21.0	-7.5
Profit before tax	62.9	88.7	21.1	14.6	-2.8
Tax	-16.4	-17.4	-6.0	-7.0	0.8
Result after tax sold/discontinued operations					-0.1
Profit for the year	46.5	71.2	15.1	7.6	-2.1

STOREBRAND BANK ASA

	Q3	Q2	Q1	Q4	Q3
(NOK million)	2016	2016	2016	2015	2015
Interest income	119.1	116.6	128.3	136.7	148.8
Interest expense	-52.4	-53.9	-72.1	-75.6	-93.5
Net interest income	66.7	62.6	56.3	61.1	55.3
Fee and commission income from banking services	34.5	29.3	25.8	26.8	13.9
Fee and commission expenses for banking services	-2.8	-3.2	-3.0	-2.9	-3.0
Net fee and commission income	31.6	26.0	22.8	23.9	10.9
Net gains on financial instruments	32.4	48.2	13.0	7.7	-43.6
Other income				101.8	0.0
Total other operating income	32.4	48.2	13.0	109.5	-43.6
Staff expenses	-31.0	-19.1	-25.7	-31.5	-27.3
General administration expenses	-10.6	-8.5	-13.4	-15.4	-12.6
Other operating cost	-34.6	-34.4	-34.2	-23.2	-23.6
Total operating costs	-76.2	-62.0	-73.3	-70.2	-63.5
Operating profit before loan losses	54.6	74.9	18.7	124.3	-41.0
Loan losses for the period	-4.2	3.8	-7.8	-20.2	-7.6
Profit before tax	50.4	78.6	10.9	104.2	-48.6
Tax	-13.3	-14.9	-3.4	-43.3	12.1
Profit for the year	37.1	63.7	7.5	60.9	-36.4

Translation from the original Norwegian version

To the Board of Directors of Storebrand Bank ASA

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statement of financial position of Storebrand Bank ASA (the Group) as of 30 September 2016, and the related income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the nine-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by EU.

Oslo, 25 October 2016
Deloitte AS

Henrik Woxholt
State Authorized Public Accountant (Norway)

Translation has been made for information purposes only

Financial calendar 2017



8 February	Result Q4 2016
27 April	Result Q1 2017
13 July	Result Q2 2017
25 October	Result Q3 2017
February 2018	Result Q4 2017

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