



Interim report Q1 2019

Storebrand Bank ASA

(unaudited)

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This document may contain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Storebrand Group's control. As a result, the Storebrand Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in these forward-looking statements. Important factors that may cause such a difference for the Storebrand Group include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) market related risks such as changes in equity markets, interest rates and exchange rates, and the performance of financial markets generally. The Storebrand Group assumes no responsibility to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make.

Storebrand Bank Group

- Quarterly report for the first quarter of 2019

(Profit figures for the corresponding period in 2018 are shown in brackets. Balance sheet figures in brackets are for the end of 2018).

- Stable loan portfolio and increased competition in the quarter
- Low volume of non-performing loans
- Good cost control

Loans outstanding increased by NOK 0.8 billion during the quarter. The home mortgage portfolio managed on behalf of Storebrand Livsforsikring AS decreased by NOK 0.9 billion during the quarter.

Storebrand Bank ASA decided in 2013 to wind up the corporate market at the bank. By the end of 2018, the remaining corporate market portfolio was insignificant. Therefore, from 2019, the Storebrand Bank Group no longer distinguishes between different segments in its reporting.

FINANCIAL PERFORMANCE

The bank group achieved pre-tax profits of NOK 67 million (NOK 30 million) in the first quarter.

Net interest income was NOK 97 million (NOK 93 million) in the first quarter. The interest margin was negatively influenced by competitive pricing and increased interbank rates. Net interest income as a percentage of average total assets was 1.16 per cent (1.16 per cent) in the first quarter.

Net commission revenues represented NOK 25 million (NOK 22 million) in the first quarter. Compared to the first quarter of 2018, there was a positive effect on the bank's commission revenues due to the increase in loans managed on behalf of Storebrand Livsforsikring AS.

Other revenues amounted to NOK 9 million (minus NOK 7 million) in the first quarter. This development is primarily due to changes in value of derivatives and other financial instruments.

Operating costs decreased in the quarter and totalled NOK 63 million (NOK 66 million) in the first quarter, mainly due to reduced staff expenses.

NOK 1 million was recognised as expenses (NOK 12 million) for write-downs on lending in the first quarter.

BALANCE SHEET PERFORMANCE

The loan portfolio, including loans managed on behalf of Storebrand Livsforsikring AS, amounted to NOK 46.5 billion (NOK 46.7 billion) at the end of the first quarter, of which the share to Storebrand Livsforsikring AS was NOK 17.3 billion (NOK 18.2 billion). Lending to customers in the bank group totalled NOK 29.2 billion (NOK 28.5 billion) at the end of the quarter.

The bank group's portfolio mainly consists of low risk home mortgages. The weighted average loan-to-value ratio in the bank group is approxima-

tely 58 per cent for home mortgage loans, compared with 56 per cent at the end of 2018.

The total volume of non-performing loans decreased by NOK 23 million in the first quarter and accounts for 0.4 per cent (0.4 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 48 million (NOK 71 million) at the end of the quarter. Non-performing impaired loans amounted to NOK 55 million (NOK 55 million) at the end of the quarter, where impairment gives loan loss provisions of NOK 20 million (NOK 21 million).

LIQUIDITY RISK AND FUNDING

The bank has established solid liquidity buffers and puts great importance on a balanced funding structure with varying time to maturity and issuances in various markets. The volume of deposits from customers was NOK 14.6 billion (NOK 14.4 billion) at the end of the quarter, which represents a deposit-to-loan ratio of 49.8 per cent (50.6 per cent).

In the first quarter of 2019 Storebrand Bank ASA issued senior bonds of NOK 0.55 billion (maturity 2022), new additional tier 1 capital of NOK 0,125 billion (call 2024) and tier 2 capital of NOK 0,125 billion (call 2025). The long term counterparty credit rating is unchanged A- (stable) from S&P Global.

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 bank group must comply with an LCR of 100 per cent. The bank group's LCR was 188 per cent at the end of the quarter.

CAPITAL ADEQUACY

The bank group has had an increase in the risk-weighted balance sheet of NOK 0.5 billion in the year to date. The Storebrand Bank Group had a net capital base of NOK 2.5 billion at the end of the quarter. The capital adequacy ratio was 19.2 per cent and the Core Equity Tier 1 (CET1) ratio was 14.5 per cent at the end of the quarter, compared with 18.9 per cent and 15.2 per cent, respectively, at the end of 2018. The combined requirements for capital and CET1 were 17.3 per cent and 13.8 per cent respectively at the end of the first quarter. The countercyclical capital buffer requirement will increase by 0.5 per cent from 31 December 2019.

The bank group aims to comply with the applicable buffer capital requirements at any given time. The bank group has satisfactory financial strength and liquidity based on its operations. The bank group, parent bank and Storebrand Boligkreditt AS satisfied the combined capital and capital buffer requirements by a good margin as of 31 March 2019.

PERFORMANCE OF STOREBRAND BANK ASA

In the first quarter, Storebrand Bank ASA achieved a pre-tax profit of NOK 58 million (NOK 13 million).

Net interest income for Storebrand Bank ASA totalled NOK 60 million (NOK 51 million) in the first quarter.

NOK 2 million (NOK 11 million) was expensed for write-downs on loans for the first quarter.

STRATEGY AND FUTURE PROSPECTS

In 2019, the Storebrand Bank group will continue to work on improving the business' profitability, combined with growth within strategic segments in the retail market. The development in the housing market in different parts of the country is closely monitored. The bank will also prioritise maintaining a moderate to low risk profile with a strong balance sheet and funding composition.

The bank will continue to work on developing attractive products and digital services that support Storebrand's focus on sustainability. Improving competitiveness through better efficiency is a priority and the bank will continue to reduce costs and increase the degree of automation in customer and work processes.

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 the future. The bank will continue to closely monitor developments in non-performing loans and loan losses. Developments in the Norwegian and international capital markets, interest rates, unemployment and the property market, particularly in Oslo, is regarded as the key risk factors that can affect the results of the Storebrand Bank group in the going forward.

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, 7 May 2019

The Board of Directors of Storebrand Bank ASA

Storebrand Bank Group

Income statement

NOK million	note	Q1		Full Year
		2019	2018	2018
Interest income from financial instruments valued at amortised cost		15.3	25.4	55.3
Interest income from financial instruments valued at fair value		187.1	161.7	660.3
Interest expense		-105.5	-94.1	-340.0
Net interest income	11	96.9	93.0	375.6
Fee and commission income from banking services		29.2	24.7	121.8
Fee and commission expenses for banking services		-3.8	-2.7	-11.3
Net fee and commission income		25.4	22.0	110.5
Net gains on financial instruments valued at amortised cost		-7.0	-1.7	-3.1
Net gains on other financial instruments		15.9	-5.2	8.8
Total other operating income		8.9	-6.9	5.7
Staff expenses		-16.6	-18.8	-94.4
General administration expenses		-16.9	-15.6	-60.4
Other operating costs		-29.9	-31.6	-109.5
Total operating costs		-63.4	-66.0	-264.2
Operating profit before loan losses		67.9	42.1	227.5
Loan losses for the period	13	-1.2	-12.2	-28.7
Profit before tax		66.6	29.9	198.7
Tax	3	-16.7	-7.7	-51.3
Result after tax sold/discontinued operations		-0.1	0.0	-0.1
Profit for the period		49.8	22.2	147.3
Profit for the period is attributable to:				
Portion attributable to shareholders		47.4	19.5	138.0
Portion attributable to additional Tier 1 capital holders		2.4	2.6	9.3
Profit for the period		49.8	22.2	147.3

Consolidated statement of comprehensive income

(NOK million)	Q1		Full Year
	2019	2018	2018
Profit for the period	49.8	22.2	147.3
Pension experience adjustments			-0.2
Tax on pension experience adjustments			0.1
Total other result elements not to be classified to profit/loss	0.0	0.0	-0.2
Change unrealised gain/loss financial instruments at fair value through OCI		19.6	19.6
Total other result elements that may be classified to profit/loss	0.0	19.6	19.6
Total comprehensive income for the period	49.8	41.7	166.7
Total comprehensive income for the period is attributable to:			
Portion attributable to shareholders	47.4	39.1	157.5
Portion attributable to additional Tier 1 capital holders	2.4	2.6	9.3
Total comprehensive income for the period	49.8	41.7	166.7

Storebrand Bank Group

Statement of financial position

NOK million	note	31.03.2019	31.03.2018	31.12.2018
Cash and deposits with central banks		160.2	331.6	376.0
Loans to and deposits with credit institutions	6	213.8	367.7	318.1
Loans to customers	6, 13	29,227.6	27,723.5	28,459.7
Financial assets designated at fair value through profit and loss:				
Equity instruments	6	43.3	40.3	41.7
Bonds and other fixed-income securities	6, 12	3,301.3	3,546.9	2,697.9
Derivatives	6	99.9	145.6	95.1
Bonds at amortised cost	6, 12	947.4	496.4	694.0
Tangible assets		0.0	0.1	0.0
Intangible assets and goodwill		82.7	70.3	76.3
Deferred tax assets	3	0.0	14.3	5.1
Other current assets	6	22.4	28.3	42.2
Total assets		34,098.5	32,765.0	32,806.2
Liabilities to credit institutions	6	2.2	1.4	2.4
Deposits from and due to customers	6	14,583.2	14,875.6	14,419.4
Other financial liabilities:				
Derivatives	6	71.9	110.2	72.0
Commercial papers and bonds issued	6, 8	16,638.5	14,972.1	15,715.4
Other liabilities	6	226.8	88.5	110.4
Provision for accrued expenses and liabilities	13	7.3	13.2	8.1
Deferred tax		7.0	0.0	0.3
Pension liabilities		6.0	11.6	6.0
Subordinated loan capital	6, 8	331.7	276.1	276.3
Total liabilities		31,874.6	30,348.7	30,610.3
Paid in capital		1,590.9	1,590.9	1,590.9
Retained earnings		361.7	563.0	429.1
Additional Tier 1 capital		271.4	262.5	176.0
Total equity	9	2,223.9	2,416.4	2,196.0
Total equity and liabilities		34,098.5	32,765.0	32,806.2

Lysaker, 7 May 2019
The Board of Directors of Storebrand Bank ASA

Storebrand Bank ASA

Income statement

NOK million	note	Q1		Full Year
		2019	2018	2018
Interest income from financial instruments valued at amortised cost		20.9	33.3	103.4
Interest income from financial instruments valued at fair value		83.2	71.3	285.4
Interest expense		-44.1	-53.8	-164.6
Net interest income	11	60.1	50.8	224.2
Fee and commission income from banking services		47.7	40.4	189.9
Fee and commission expenses for banking services		-3.8	-2.7	-11.2
Net fee and commission income		44.0	37.7	178.7
Net gains on financial instruments valued at amortised cost		-2.0	-0.5	-1.4
Net gains on other financial instruments		20.4	1.2	15.0
Other income		0.0	0.0	64.4
Total other operating income		18.4	0.7	78.0
Staff expenses		-16.6	-18.7	-94.0
General administration expenses		-16.8	-15.5	-60.2
Other operating costs		-29.1	-31.0	-106.2
Total operating costs		-62.5	-65.2	-260.5
Operating profit before loan losses		59.9	23.9	220.4
Loan losses for the period	13	-1.6	-10.9	-28.2
Profit before tax		58.3	13.0	192.2
Tax	3	-15.2	-3.9	-49.3
Profit for the period		43.1	9.1	142.9
Profit for the period is attributable to:				
Portion attributable to shareholders		40.7	6.5	133.6
Portion attributable to additional Tier 1 capital holders		2.4	2.6	9.3
Profit for the period		43.1	9.1	142.9

Statement of comprehensive income

NOK mill.	Q1		Full Year
	2019	2018	2018
Profit for the period	43.1	9.1	142.9
Pension experience adjustments			-0.2
Tax on pension experience adjustments			0.1
Total other result elements not to be classified to profit/loss	0.0	0.0	-0.2
Change unrealised gain/loss financial instruments at fair value through OCI		19.6	19.6
Total other result elements that may be classified to profit/loss	0.0	19.6	19.6
Total comprehensive income for the period	43.1	28.7	162.3
Total comprehensive income for the period is attributable to:			
Portion attributable to shareholders	40.7	26.0	153.0
Portion attributable to additional Tier 1 capital holders	2.4	2.6	9.3
Total comprehensive income for the period	43.1	28.7	162.3

Storebrand Bank ASA

Statement of financial position

NOK million	note	31.03.2019	31.03.2018	31.12.2018
Cash and deposits with central banks		160.2	331.6	376.0
Loans to and deposits with credit institutions	6	1,047.6	3,129.1	3,071.8
Loans to customers	6, 13	11,349.9	10,557.8	9,975.0
Financial assets designated at fair value through profit and loss:				
Equity instruments	6	43.3	40.3	41.7
Bonds and other fixed-income securities	6, 12	5,276.9	4,744.4	4,167.1
Derivatives	6	62.5	59.8	55.6
Bonds at amortised cost	6, 12	947.4	496.4	694.0
Tangible assets		0.0	0.1	0.0
Intangible assets		82.7	70.3	76.3
Deferred tax assets	3	0.0	10.4	4.5
Other current assets		1,550.6	1,141.6	1,571.1
Total assets		20 521.2	20,581.8	20,033.0
Liabilities to credit institutions	6	2.2	1.4	2.4
Deposits from and due to customers	6	14 585.2	14,877.5	14,421.1
Other financial liabilities:				
Derivatives	6	71.9	110.2	72.0
Commercial papers and bonds issued	6, 8	3,019.7	3,114.5	2,887.4
Other liabilities	6	274.6	365.4	283.9
Provision for accrued expenses and liabilities	13	7.3	13.2	8.1
Pension liabilities		6.0	11.6	6.0
Subordinated loan capital	6, 8	331.7	276.1	276.3
Total liabilities		18,308.7	18,769.9	17,957.3
Paid in capital		1,832.2	1,762.4	1,832.2
Retained earnings		108.9	54.4	67.6
Additional Tier 1 capital		271.4	262.5	176.0
Total equity	9	2,212.5	2,079.3	2,075.8
Total equity and liabilities		20,521.2	20,849.2	20,033.0

Lysaker, 7 May 2019
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 31.12.2017	960.6	156.0	474.3	1,590.9	536.0	536.0	226.0	2,352.9
Effect of implementing IFRS 9 in equity 01.01.2018						-12.7	-12.7	-12.7
Profit for the period					138.0	138.0	9.3	147.3
Total other result elements not to be classified to profit/loss					-0.2	-0.2		-0.2
Total other result elements that may be classified to profit/loss					19.6	19.6		19.6
Total comprehensive income for the period	0.0	0.0	0.0	0.0	157.5	157.5	9.3	166.7
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					2.3	2.3	-50.0	-47.7
Payment to additional Tier 1 holders							-9.2	-9.2
Provision for group contribution					-254.0	-254.0		-254.0
Equity at 31.12.2018	960.6	156.0	474.3	1,590.9	429.1	429.1	176.0	2,196.0
Profit for the period					47.4	47.4	2.4	49.8
Total other result elements not to be classified to profit/loss								0.0
Total other result elements that may be classified to profit/loss								0.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	47.4	47.4	2.4	49.8
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					0.6	0.6	95.1	95.7
Payment to additional Tier 1 holders							-2.1	-2.1
Provision for group contribution					-115.5	-115.5		-115.5
Equity at 31.03.2019	960.6	156.0	474.3	1,590.9	361.7	361.7	271.4	2,223.9

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 31.12.2017	960.6	156.0	474.3	1,590.9	536.0	536.0	226.0	2,352.9
Effect of implementing IFRS 9 in equity 01.01.2018					-12.7	-12.7		-12.7
Profit for the period					19.5	19.5	2.6	22.2
Total other result elements not to be classified to profit/loss								0.0
Total other result elements that may be classified to profit/loss					19.6	19.6		19.6
Total comprehensive income for the period	0.0	0.0	0.0	0.0	39.1	39.1	2.6	41.7
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					0.7	0.7	36.4	37.1
Payment to additional Tier 1 holders							-2.5	-2.5
Equity at 31.03.2018	960.6	156.0	474.3	1,590.9	563.1	563.1	262.5	2,416.4

Storebrand Bank ASA

Statement of changes in equity

NOK million	Share capital	Share premium	Other paid-in equity	Total paid-in equity	Other equity	Total retained earnings	Additional Tier 1 capital	Total equity
Equity at 31.12.2017	960.6	156.0	645.9	1,762.4	43.2	43.2	226.0	2,031.6
Effect of implementing IFRS 9 in equity 01.01.2018					-15.5	-15.5		-15.5
Profit for the period					133.6	133.6	9.3	142.9
Total other result elements not to be classified to profit/loss					-0.2	-0.2		-0.2
Total other result elements that may be classified to profit/loss					19.6	19.6		19.6
Total comprehensive income for the period	0.0	0.0	0.0	0.0	153.0	153.0	9.3	162.3
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					2.3	2.3	-50.0	-47.7
Payment to additional Tier 1 holders							-9.2	-9.2
Group contribution received			69.8	69.8				69.8
Provision for group contribution					-115.5	-115.5		-115.5
Equity at 31.12.2018	960.6	156.0	715.6	1,832.2	67.6	67.6	176.0	2,075.8
Profit for the period					40.7	40.7	2.6	43.1
Total other result elements not to be classified to profit/loss								0.0
Total other result elements that may be classified to profit/loss								0.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	40.7	40.7	2.4	43.1
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					0.6	0.6	95.1	95.7
Payment to additional Tier 1 holders							-2.1	-2.1
Equity at 31.03.2019	960.6	156.0	715.6	1,832.2	108.9	108.9	271.4	2,212.5

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 31.12.2017	960.6	156.0	645.9	1,762.4	43.2	43.2	226.0	2,031.6
Effect of implementing IFRS 9 in equity 01.01.2018					-15.5	-15.5		-15.5
Profit for the period					6.5	6.5	2.6	9.1
Total other result elements not to be classified to profit/loss								0.0
Total other result elements that may be classified to profit/loss					19.6	19.6		19.6
Total comprehensive income for the period	0.0	0.0	0.0	0.0	26.0	26.0	2.6	28.7
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					0.7	0.7	36.4	37.1
Payment to additional Tier 1 holders							-2.5	-2.5
Equity at 31.03.2018	960.6	156.0	645.9	1,762.4	54.4	54.4	262.5	2,079.3

The share capital is made up of 64 037 183 shares of nominal value NOK 15.

Statement of cash flow

Storebrand Bank ASA			Storebrand Bank Group	
31.03.2018	31.03.2019	NOK million	31.03.2019	31.03.2018
		Cash flow from operations		
124.4	129.5	Receipts of interest, commissions and fees from customers	236.0	207.7
-7.5	-9.1	Payments of interest, commissions and fees to customers	-9.1	-7.5
2,162.3	-1,375.6	Net disbursements/payments on customer loans	-764.6	-466.4
211.2	146.4	Net receipts/payments of deposits from banking customers	146.2	211.2
-1,634.2	-1,328.5	Net receipts/payments - securities	-828.8	-1,639.8
-84.9	-52.4	Payments of operating costs	-69.7	-93.5
771.3	-2,489.8	Net cash flow from operating activities	-1,290.1	-1,788.3
		Cash flow from investment activities		
-2.1	-10.2	Net payments on purchase/sale of fixed assets etc.	-10.2	-2.1
-2.1	-10.2	Net cash flow from investment activities	-10.2	-2.1
		Cash flow from financing activities		
	-424.0	Payments - repayments of loans and issuing of bond debt	-641.3	-614.0
	550.0	Receipts - new loans and issuing of bond debt	1,543.9	2,498.7
-17.3	-11.3	Payments - interest on loans	-68.0	-59.1
	125.0	Receipts - subordinated loan capital	125.0	
	-69.5	Payments - repayments of subordinated loan capital	-69.5	
-1.6	-2.6	Payments - interest on subordinated loan capital	-2.6	-1.6
100.0	125.0	Receipts - new additional Tier 1 capital	125.0	100.0
-63.6	-29.9	Payments of additional Tier 1 capital	-29.9	-63.6
-2.6	-2.1	Payments - interest on additional Tier 1 capital	-2.1	-2.6
-153.6	-0.2	Net receipts/payments of liabilities to credit institutions	-0.2	-153.6
	0.6	Receipts - group contribution		
	-0.8	Payments - group contribution / dividends		
-138.7	260.1	Net cash flow from financing activities	980.3	1,704.1
630.4	-2,239.9	Net cash flow in the period	-320.0	-86.3
2,830.2	3,447.7	Cash and bank deposits at the start of the period	694.0	785.6
3,460.7	1,207.8	Cash and bank deposits at the end of the period	374.0	699.3
		Cash and bank deposits consist of:		
331.6	160.2	Cash and deposits with central banks	160.2	331.6
3,129.1	1,047.6	Loans to and deposits with credit institutions	213.8	367.7
3,460.7	1,207.8	Total cash and bank deposits in the balance sheet	374.0	699.3

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 contain all the information that is required in full annual financial statements.

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 2018 annual report, and the interim financial statements are prepared with respect to these accounting policies.

There are new accounting standards that entered into effect in 2019.

IFRS 16

IFRS 16 Leases replaces the current standard IAS 17, and entered into force from 1 January 2019. IFRS 16 sets out principles for recognition, measurement, presentation and publication of leases. The new leasing standard do not entail any major changes for lessors, but significantly change lessees' accounting. IFRS 16 requires that lessees must, as a starting point, recognise all lease contracts in the balance sheet according to a simplified model that resembles accounting of financial leases under IAS 17. The present value of total lease payments must be recognised as a lease liability and an asset that reflect a right of use of the asset during the lease period. The recognised asset is amortised over the lease period, and the depreciation cost is recognised in the income statement on an ongoing basis as an operating cost. Interest charges on the lease commitment are recognised as a financial cost.

IFRS 16 can be implemented either in accordance with the full retrospective method or modified retrospective method, and Storebrand has selected the modified retrospective method. This means that comparable figures are not restated and the effect is entered in the balance sheet for the implementation year of 2019. Upon implementation, the `right of use` asset and liability is the same amount and have no effect on equity. Storebrand Bank ASA did not have any lease agreements according to IFRS 16 as of 1 January 2019.

Storebrand Bank ASA has no lease agreements according to IFRS 16 at the end of the first quarter of 2019.

Note 02 | Estimates

Critical accounting estimates and judgements are described in the 2018 annual financial statements in note 2 and valuation of financial instruments at fair value are described in note 8.

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 judgement at the time the financial statements were prepared.

Actual results may differ from these estimates.

Note 03 | Tax

In December 2018, the Norwegian Parliament (Stortinget) agreed to reduce the company tax rate from 23 to 22 per cent with effect from 1 January 2019. It was also agreed to maintain the tax rate at 25 per cent for companies subject to the financial tax. The Storebrand Bank Group includes companies that are both subject to and not subject to the financial tax. Therefore, when capitalizing deferred tax/deferred tax assets in the consolidated financial statements, the company tax rate that applies for the individual Group companies is used.

Note 04 | Related Parties

Covered bonds issued by Storebrand Boligkreditt AS

Storebrand Bank ASA has invested a total of NOK 2.0 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 March 2019. The investments are included in the liquidity portfolio in the parent company and are classified at fair value through profit or loss. 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. 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. In 2019, there has been sold loans of total NOK 0.7 billion. The total portfolio of loans sold as of 31 March 2019 is NOK 29.4 billion. As the buyer, Storebrand Livsforsikring AS has acquired both cash flows and most of the risk and control. The loans were therefore derecognised in the bank's balance sheet in accordance with IFRS 9. Storebrand Bank ASA receives management fees for the work being done with the sold portfolio. The bank has recognised NOK 17.6 million as revenue in the accounts for the first quarter of 2019.

Credit facilities with Storebrand Boligkreditt AS

The bank has issued two credit facilities to Storebrand Boligkreditt AS. One of these facilities is a normal overdraft facility, with a commitment of NOK 6 billion. This has no expiry date, but can be terminated by the bank on 15 months' notice. The amount of the other facility is the payment obligations of Storebrand Boligkreditt the following 31 days on interest and principal amounts regarding Covered Bonds, including any connected derivatives. This facility may not be terminated by Storebrand Bank ASA until at least 3 months after the maturity date of the covered bond and the associated derivatives with the longest period to maturity. In 2019 all covenant requirements are fulfilled.

Other related parties

Storebrand Bank ASA conducts transactions with related parties as part of its normal business activities. The terms for transactions with senior employees and related parties are stipulated in notes 37 and 38 in the 2018 annual report for Storebrand Bank ASA.

Note 05 | Financial risk

Storebrand Bank ASA's financial assets and liabilities fluctuate in value due to the risk in the financial markets. Notes 4 to 8 in the 2018 annual report provide a more detailed overview of the bank group's financial risk which is also applicable for the financial risk as at 31 March 2019. The bank's corporate market portfolio has declined since the end of 2018, and this has significantly changed the risk in the remaining portfolio.

Note 06 | Valuation of financial instruments

The Storebrand group categorises financial instruments on three different levels. Criteria for the categorisation and processes associated with valuing are described in more detail in note 8 in the 2018 annual report for Storebrand Bank ASA.

The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

STOREBRAND BANK GROUP

VALUATION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

NOK million	Fair value 31.03.2019	Fair value 31.12.2018	Book value 31.03.2019	Book value 31.12.2018
Financial assets				
Loans to and deposits with credit institutions	213.8	318.1	213.8	318.1
Loans to customers - corporate market				
Loans to customers - retail market	316.0	315.8	316.0	315.8
Bonds classified as loans and receivables	950.7	695.3	947.4	694.0
Total financial assets 31.12.2018	1,480.5		1,477.2	
Total financial assets 31.12.2017		1,329.2		1,327.9
Financial liabilities				
Liabilities to credit institutions	2.2	2.4	2.2	2.4
Deposits from and due to customers	14,583.2	14,419.4	14,583.2	14,419.4
Commercial papers and bonds issued	16,777.9	15,735.5	16,638.5	15,715.4
Subordinated loan capital	334.2	277.4	331.7	276.3
Total financial liabilities 31.12.2018	31,697.6		31,555.6	
Total financial liabilities 31.12.2017		30,434.7		30,413.5

STOREBRAND BANK GROUP

VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)

NOK million	Level 1	Level 2	Level 3	Book value 31.03.2019	Book value 31.12.2018
	Quoted prices	Observable assumptions	Non-observable assumptions		
Assets:					
Equities		25.8	17.5	43.3	41.7
Total equities 31.03.2019	0.0	25.8	17.5	43.3	
Total equities 31.12.2018	0.0	26.4	15.3		41.7
Loans to customers - Corporate Market				0.0	0.0
Loans to customers - Retail Market			319.1	319.1	220.2
Total loans to customers 31.03.2019	0.0	0.0	319.1	319.1	
Total loans to customers 31.12.2018	0.0	0.0	220.2		220.2
Government and government guaranteed bonds		865.2		865.2	760.9
Credit bonds					
Mortgage and asset backed bonds		2,436.1		2,436.1	1,937.0
Total bonds 31.03.2019	0.0	3,301.3	0.0	3,301.3	
Total bonds 31.12.2018	0.0	2,697.9			2,697.9
Interest derivatives		28.0		28.0	23.1
Total derivatives 31.03.2019	0.0	28.0	0.0	28.0	
Derivatives with a positive fair value		99.9		99.9	95.1
Derivatives with a negative fair value		-71.9		-71.9	-72.0
Total derivatives 31.12.2018					23.1

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

VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

NOK million	Level 1	Level 2	Level 3	Book value	Book value
	Quoted prices	Observable assumptions	Non-observable assumptions	31.03.2019	31.12.2018
Loans to customers - corporate market			16.6	16.6	17.3
Loans to customers - retail market			28,575.9	28,575.9	27,906.3
Total loans to customers 31.03.2019			28,592.5	28,592.5	
Total loans to customers 31.12.2018			27,923.6		27,923.6

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

NOK million	Equities	Loans to customers	Loans to customers at
		at faire value through profit and loss	fair value through other comprehensive income
Book value 01.01.2019	15.3	220.2	27,923.6
Net gains/losses on financial instruments	2.2	-0.1	1.7
Supply / disposal		111.1	3,581.0
Sales / due settlements		-12.1	-2,913.8
Transferred from observable assumptions to non-observable assumptions			
Translation differences			
Other			
Book value 31.03.2019	17.5	319.1	28,592.5

SENSITIVITY ANALYSIS

LOANS 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 consist of shares in VN Norge AS which the bank have received in connection with a taxfree conversion of VISA Norge FLI. At the end of the quarter, the value of the shares were changed according to changes in share price of C-shares in VISA Inc. The shares are valued at fair value through profit and loss and changes in value are included in profit and loss.

(NOK million)	Floating loans to customers		Floating loans to customers		Equities	
	Fair value through other comprehensive income (OCI)		Fair value through other comprehensive income (OCI)		Change in value	
	Changes in market spread	Changes in market spread	Changes in market spread	Changes in market spread	Change in value	Change in value
	+ 10 BP	- 10 BP	+ 25 bp	- 25 bp		
Increase/reduction in fair value at 31.03.2019	-3.3	3.3	-8.2	8.2	0.3	-0.3
Increase/reduction in fair value at 31.12.2018	-3.2	3.2	-8.0	8.0	0.3	-0.3

Note 07 | Segment information

PROFIT AND LOSS BY SEGMENT:

NOK million	Corporate			Retail		
	Q1 2019	2018	Full Year 2018	Q1 2019	2018	Full Year 2018
Profit and loss items:						
Net interest income		1.6	3.7		97.7	382.5
Net fee and commission income		0.1	0.3		21.9	110.2
Other income			-13.5		0.0	
Total operating costs		-2.1	-7.2		-63.8	-257.0
Operating profit before loan losses	0.0	-0.5	-16.8	0.0	55.8	235.8
Loan losses		-7.6	-3.5	-23.0	-4.6	-23.0
Ordinary profit from continuing operations	0.0	-8.0	-20.3	-23.0	51.1	212.8
Ordinary profit from discontinued businesses	0.0	0.0	0.0	0.0	0.0	0.0
Balance sheet items:						
Gross loans to customers		68.8	29.0		27,710.0	28,477.4
Deposits from and due to customers		351.4	7.6		14,218.9	14,345.8
Key figures:						
Net interest income as % of total assets		2,31 %	2,76 %		1,28 %	1,22 %
Cost/income ratio		128 %	-76 %		53 %	52 %
Deposits from customers as % of gross loans		511 %	26 %		51 %	50 %
Total level of provisioning		87 %	48 %		23 %	41 %

(NOK million)	Other			Total		
	Q1 2019	2018	Full Year 2018	Q1 2019	2018	Full Year 2018
Profit and loss items:						
Net interest income		-6.3	-10.7	96.9	93.0	375.6
Net fee and commission income				25.4	22.0	110.5
Other income		-6.9	19.2	8.9	-6.9	5.7
Total operating costs				-63.4	-66.0	-264.2
Operating profit before loan losses	0.0	-13.2	8.4	67.9	42.1	227.5
Loan losses			-2.2	-1.2	-12.2	-28.7
Ordinary profit from continuing operations	0.0	-13.2	6.2	66.6	29.9	198.7
Ordinary profit from discontinued businesses		0.0	-0.1	-0.1	0.0	-0.1
Balance sheet items:						
Gross loans to customers		3.1	0.0	29,270.9	27,781.9	28,506.4
Deposits from and due to customers		305.3	66.0	14,583.2	14,875.6	14,419.4
Key figures:						
Net interest income as % of total assets				1,16 %	1,16 %	1,16 %
Cost/income ratio				48 %	61 %	54 %
Deposits from customers as % of gross loans				50 %	54 %	51 %
Total level of provisioning				48 %	44 %	42 %

DESCRIPTION OF THE SEGMENTS:

Storebrand Bank ASA decided in 2013 to wind up the corporate market at the bank. By the end of 2018, the remaining corporate market portfolio was insignificant. Therefore, from 2019, the Storebrand Bank Group no longer distinguishes between different segments in its reporting.

DESCRIPTION OF THE SEGMENTS IN 2019:

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 decided in 2013 to wind up the corporate market at the bank.

RETAIL MARKET

Deposits from and loans to retail market customers, including credit cards, and deposits from corporate customers without property interests. Loans primarily comprise 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.

TREASURY / OTHER

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

Securities issued and subordinated loan capital

(NOK million)	Storebrand Bank Group	
	31.03.2019	31.12.2018
Bond loans	16,638.5	15,715.4
Subordinated loan capital	331.7	276.3
Total securities issued and subordinated loan capital	16,970.1	15,991.7

SPECIFICATION OF COMMERCIAL PAPERS, BONDS ISSUED AND SUBORDINATED LOAN CAPITAL AS OF 31 MARCH 2019 - STOREBRAND BANK GROUP

ISIN code	Issuer	Net nominal value	Currency	Interest	Maturity 1)	Book value
						31.03.2019
Bond loans						
NO0010660806	Storebrand Bank ASA	240.0	NOK	Fixed	08.10.2019	246.7
NO0010762891	Storebrand Bank ASA	500.0	NOK	Fixed	19.04.2021	501.6
NO0010787963	Storebrand Bank ASA	315.0	NOK	Floating	26.09.2019	315.1
NO0010729387	Storebrand Bank ASA	600.0	NOK	Floating	14.01.2020	602.3
NO0010794217	Storebrand Bank ASA	400.0	NOK	Floating	29.05.2020	400.6
NO0010831571	Storebrand Bank ASA	400.0	NOK	Floating	06.09.2021	400.0
NO0010841562	Storebrand Bank ASA	550.0	NOK	Floating	18.01.2022	553.4
Total bond loans		3,005.0				3,019.7

ISIN code	Issuer	Net nominal value	Currency	Interest	Maturity 1)	Book value
						31.12.2019
Covered bonds						
NO0010548373	Storebrand Boligkreditt AS	1,035.5	NOK	Fixed	28.10.2019	1,075.8
NO0010736903	Storebrand Boligkreditt AS	2,500.0	NOK	Floating	17.06.2020	2,499.3
NO0010760192	Storebrand Boligkreditt AS	4,000.0	NOK	Floating	16.06.2021	4,020.6
NO0010786726	Storebrand Boligkreditt AS	4,000.0	NOK	Floating	15.06.2022	4,017.9
NO0010813959	Storebrand Boligkreditt AS	2,000.0	NOK	Floating	20.06.2023	2,005.3
Total covered bonds ²⁾		13,535.5				13,618.8
Total commercial papers and bonds issued 31.03.2019		16,540.5				16,638.5
Total commercial papers and bonds issued 31.12.2018		15,629.0				15,715.4

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

2) For issued covered bonds, a regulatory requirement for over-collateralisation of 102 per cent and an over-collateralisation requirement of 109.5 per cent for bonds issued before 21 June 2017 apply. In 2019 all covenants are fulfilled

(NOK million) ISIN code	Issuer	Net nominal value	Currency	Interest	Maturity 1)	Book value 31.03.2019
Dated subordinated loan capital						
NO0010714314	Storebrand Bank ASA	55.5	NOK	Floating	09.07.2019	55.9
NO0010786510	Storebrand Bank ASA	150.0	NOK	Floating	22.02.2022	150.5
NO0010843519	Storebrand Bank ASA	125.0	NOK	Floating	27.02.2025	125.4
Total subordinated loan capital 31.03.2019		330.5				331.7
Total subordinated loan capital 31.12.2018		275.0				276.3
Total securities issued and subordinated loan capital 31.03.2019						16,970.1
Total securities issued and subordinated loan capital 31.12.2018						15,991.7

Note 09 | Capital adequacy

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

The standard method is used for credit risk and market risk and the basis method is used for operational risk. Total requirement to Core Equity Tier 1 (CET1) and eligible capital (Tier 1 capital + Tier 2 capital) are 12 per cent and 15.5 per cent. The countercyclical capital buffer requirement will be increased by 0.5 percentage points from 31 December 2019.

ELIGIBLE CAPITAL

STOREBRAND BANK ASA			Storebrand Bank Group	
31.12.2018	31.03.2019	NOK million	31.03.2019	31.12.2018
960.6	960.6	Share capital	960.6	960.6
1,115.2	1,251.9	Other equity	1,263.4	1,235.4
2,075.8	2,212.5	Total equity	2,223.9	2,196.0
-175.0	-270.1	Additional Tier 1 capital included in total equity	-270.1	-175.0
-1.0	-1.3	Accrued interest on capital instruments included in total equity	-1.3	-1.0
1,899.8	1,941.1	Total equity included in Core Equity Tier 1 (CET1)	1,952.5	2,020.0
		Deductions		
	-43.1	Profit not included in the calculation of eligible capital	-49.8	
-14.0	-16.5	AVA adjustments	-32.3	-31.1
-76.3	-82.7	Intangible assets	-82.7	-76.3
		Provision for group contribution		-114.8
		Addition		
		Group contribution received	69.8	69.8
1,809.4	1,798.8	Core Equity Tier 1 (CET1)	1,857.6	1,867.5
		Other Tier 1 capital		
175.0	270.1	Capital instruments eligible as Additional Tier 1 capital	270.1	175.0
1,984.4	2,068.9	Tier 1 capital	2,127.7	2,042.5
		Tier 2 capital		
275.0	330.5	Subordinated loans	330.5	275.0
		Tier 2 capital deductions		
2,259.4	2,399.4	Eligible capital (Tier 1 capital + Tier 2 capital)	2,458.2	2,317.5

MINIMUM CAPITAL REQUIREMENT

STOREBRAND BANK ASA			Storebrand Bank Group	
31.12.2018	31.03.2019	NOK million	31.03.2019	31.12.2018
663.9	701.7	Credit risk	933.3	910.9
		Of which:		
		States and centralbanks		
0.9	2.7	Local and regional authorities	2.7	1.0
		Public sector owned corporates		
		Multilateral development banks		
		International organisations		
206.9	207.4	Institutions	4.1	6.8
		Corporates	0.1	
277.0	319.3	Loans secured in residential real estate	814.4	788.1
45.4	45.2	Retail market	49.7	52.4
9.2	8.7	Loans past-due	15.3	17.0
108.0	106.0	Covered bonds	22.1	17.9
16.4	12.2	Other	25.0	27.8
663.9	701.7	Total minimum requirement for credit risk	933.3	910.9
		Settlement risk		
0.0	0.0	Total minimum requirement for market risk	0.0	0.0
55.5	64.5	Operational risk	75.0	70.3
0.2	13.7	CVA risk ¹⁾	13.9	0.8
		Deductions		
		Loan loss provisions on groups of loans		
719.5	779.9	Minimum requirement for net primary capital	1,022.2	982.0

CAPITAL ADEQUACY

Storebrand Bank ASA		Storebrand Bank Group	
31.12.2018	31.03.2019	31.03.2019	31.12.2018
25,1 %	24,6 %	19,2 %	18,9 %
22,1 %	21,2 %	16,7 %	16,6 %
20,1 %	18,5 %	14,5 %	15,2 %

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

BASIS OF CALCULATION (RISK-WEIGHTED VOLUME)

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2018	31.03.2019	NOK million	31.03.2019	31.12.2018
8,298.7	8,770.7	Credit risk	11,666.6	11,386.6
		Of which:		
		States and centralbanks		
11.3	34.1	Local and regional authorities	34.1	12.8
		Public sector owned corporates		
		Multilateral development banks		
		International organisations		
2,586.8	2,593.0	Institutions	50.9	84.7
0.6	0.8	Corporates	0.8	
3,463.1	3,990.9	Loans secured in residential real estate	10,180.6	9,851.2
567.5	564.6	Retail market	620.6	654.9
115.0	108.6	Loans past-due	190.9	212.1
1,349.5	1,325.6	Covered bonds	276.4	223.5
205.0	152.9	Other	312.4	347.4
8,298.7	8,770.7	Total basis of calculation credit risk	11,666.6	11,386.6
		Settlement risk		
0.0	0.0	Total basis of calculation market risk	0.0	0.0
693.9	806.3	Operational risk	937.5	878.6
2.1	171.5	CVA risk	173.5	9.8
		Deductions		
		Loan loss provisions on groups of loans		
8,994.8	9,748.4	Total basis of calculation of minimum requirements for capital base	12,777.6	12,274.9

Key figures

NOK million and percentage	Storebrand Bank Group		
	Q1 2019	2018	Full Year 2018
Profit and Loss account: (as % of avg. total assets)			
Net interest income	1,12 %	1,16 %	1,16 %
Other operating income ²⁾	0,18 %	0,27 %	0,36 %
Main balance sheet figures:			
Total assets	34,098.5	32,765.0	32,806.2
Average total assets ¹⁾	33,798.5	32,615.2	32,476.5
Gross loans to customers	29,270.9	27,781.9	28,506.4
Deposits from customers	14,583.2	14,875.6	14,419.4
Deposits from customers as % of gross loans	49,8 %	53,5 %	50,6 %
Equity	2,223,9	2,416,4	2,196,0
Other key figures:			
Loan losses and provisions as % of average total loans ⁴⁾	0,17 %	0,18 %	0,10 %
Gross non-performing and loss-exposed loans as % of total loans	0,4 %	0,6 %	0,4 %
Cost/income ratio ³⁾	61,1 %	61,1 %	53,7 %
Return on equity after tax ⁶⁾	4,0 %	3,8 %	6,6 %
Core equity Tier 1 (CET1) capital ratio	14,5 %	14,5 %	15,2 %
LCR ⁵⁾	188,0 %	162,0 %	198,0 %

(NOK million)	Storebrand Bank ASA		
	Q1		Full Year
	2019	2018	2018
Profit and Loss account: (as % of avg. total assets)			
Net interest income	1,01 %	0,97 %	1,07 %
Other operating income ²⁾	0,76 %	0,73 %	1,23 %
Main balance sheet figures:			
Total assets	20,521.2	20,849.2	20,033.0
Average total assets ¹⁾	20,438.5	20,862.7	20,880.0
Gross lending to customers	11,392.3	10,613.0	10,020.4
Deposits from customers	14,585.2	14,877.5	14,421.1
Deposits from customers as % of gross loans	128,0 %	140,2 %	143,9 %
Equity	2,212.5	2,079.3	2,075.8
Other key figures:			
Loan losses and provisions as % of average total loans ⁴⁾	0,41 %	0,38 %	0,26 %
Gross non-performing and loss-exposed loans as % of total loans	0,7 %	1,2 %	0,9 %
Cost/income ratio ³⁾	73,2 %	73,2 %	54,2 %
Return on equity after tax ⁶⁾	1,7 %	1,8 %	7,0 %
Core equity Tier 1 (CET1) capital ratio	18,5 %	19,2 %	20,1 %
LCR ⁵⁾	177,0 %	134,0%	171,0 %

Definitions:

- 1) Average total assets is calculated on the basis of monthly total assets for the quarter and for the year to date respectively.
- 2) Other operating income includes net fee and commission income.
- 3) Total operating expenses as % of total income.
- 4) Loan losses and provisions for Storebrand Bank Group includes the items loan losses for the period and losses real estate at fair value, assets repossessed, in the profit & loss account.
- 5) Liquidity coverage requirement.
- 6) Annualised profit after tax for continued operations as % of average equity.

Net interest income

STOREBRAND BANK GROUP

(NOK million)	Q1		Full Year
	2019	2018	2018
<i>Interest on financial assets valued at amortised cost</i>			
Interest on loans to credit institutions	1.3	1.9	6.4
Interest on loans to customer	10.7	22.1	42.8
Interest on commercial papers, bonds and other interest-bearing securities	3.2	1.4	6.0
Total interest on financial assets valued at amortised cost	15.3	25.4	55.3
<i>Interest on financial assets valued at fair value through other comprehensive income (OCI)</i>			
Interest on loans to customer	173.3	146.7	608.8
Total interest on financial assets valued at fair value through other comprehensive income (OCI)	173.3	146.7	608.8
<i>Interest on financial assets valued at fair value through profit and loss</i>			
Interest on commercial papers, bonds and other interest-bearing securities	11.9	9.9	38.7
Interest on loans to customer	1.9	3.7	11.1
Other interest income	0.1	1.4	1.6
Total interest on financial assets valued at fair value through profit and loss	13.8	15.0	51.4
Total interest income	202.4	187.1	715.5
<i>Interest on financial liabilities valued at amortised cost</i>			
Interest on debt to credit institutions	-0.3		-0.7
Interest on deposits from customers	-23.0	-22.2	-84.1
Interest on securities issued	-76.5	-67.2	-235.9
Interest on subordinated loan capital	-2.5	-1.7	-7.5
Other interest expenses	-3.1	-2.9	-11.6
Total interest on financial liabilities valued at amortised cost	-105.5	-94.1	-339.8
<i>Interest on financial liabilities valued at fair value through profit and loss</i>			
Interest on debt to credit institutions			-0.1
Total interest on financial liabilities valued at fair value through profit and loss	0.0	0.0	-0.1
Total interest expenses	-105.5	-94.1	-340.0
Net interest income	96.9	93.0	375.6

STOREBRAND BANK ASA

(NOK million)	Q1		Full Year
	2019	2018	2018
<i>Interest on financial assets valued at amortised cost</i>			
Interest on loans to credit institutions	6.9	9.9	54.5
Interest on loans to customer	10.7	22.1	42.8
Interest on commercial papers, bonds and other interest-bearing securities	3.2	1.4	6.0
Other interest income			
Total interest on financial assets valued at amortised cost	20.9	33.3	103.4
<i>Interest on financial assets valued at fair value through other comprehensive income (OCI)</i>			
Interest on loans to customer	60.5	52.5	215.4
Total interest on financial assets valued at fair value through other comprehensive income (OCI)	60.5	52.5	215.4
<i>Interest on financial assets valued at fair value through profit and loss</i>			
Interest on commercial papers, bonds and other interest-bearing securities	20.7	13.8	57.3
Interest on loans to customer	1.9	3.7	11.1
Other interest income	0.1	1.4	1.6
Total interest on financial assets valued at fair value through profit and loss	22.7	18.9	70.0
Total interest income	104.1	104.6	388.8
<i>Interest on financial liabilities valued at amortised cost</i>			
Interest on debt to credit institutions	-0.3		-0.7
Interest on deposits from customers	-23.0	-22.2	-84.1
Interest on securities issued	-15.1	-27.0	-60.5
Interest on subordinated loan capital	-2.5	-1.7	-7.5
Other interest expenses	-3.1	-2.9	-11.6
Total interest on financial liabilities valued at amortised cost	-44.1	-53.8	-164.4
<i>Interest on financial liabilities valued at fair value through profit and loss</i>			
Interest on debt to credit institutions			-0.1
Total interest on financial liabilities valued at fair value through profit and loss	0.0	0.0	-0.1
Total interest expenses	-44.1	-53.8	-164.6
Net interest income	60.1	50.8	224.2

Note 12 | Off balance sheet liabilities and contingent liabilities

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2018	31.03.2019	NOK million	31.03.2019	31.12.2018
1.4	2.3	Guarantees	2.3	1.4
4,958.8	6,977.9	Unused credit limits	3,304.2	3,361.7
1,671.8	2,106.0	Loan commitments retail market	2,106.0	1,671.8
6,632.0	9,086.2	Total contingent liabilities	5,412.5	5,034.9
1,204.6	1,207.5	Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank	804.4	803.7
150.5	151.1	Booked value of bonds pledged as security with other credit institutions	50.3	50.3
1,355.1	1,358.6	Total book value of off balance sheet liabilities	854.7	854.0

Guarantees essentially encompass payment guarantees and contract guarantees. Unused credit facilities encompass granted and any unused credit accounts and credit cards, as well as, any unused flexible mortgage facilities.

Unused credit facilities reported in Storebrand Bank ASA as of 31 March 2019 includes NOK 5.1 billion to the subsidiary Storebrand Boligkredit AS (see note 4).

Note 13 | Non-performing loans and loan losses

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2018	31.03.2019	NOK million	31.03.2019	31.12.2018
		Non-performing loans		
45.5	39.0	Non-performing loans without evidence of impairment	47.9	70.6
49.7	42.6	Loss-exposed loans with evidence of impairment	54.7	55.3
95.2	81.7	Gross non-performing and loss-exposed loans	102.6	125.9
-21.0	-19.9	Loan loss provisions on individual loans excl. statistical provisions (IFRS9)	-20.2	-21.2
74.1	61.7	Net non-performing and loss-exposed loans	82.4	104.6
		Key figures		
-45.5	-42.4	Total loan loss provisions (NOK million)	-43.3	-46.7
42 %	47 %	Level of provisioning for individual loss-exposed loans ¹⁾	37 %	38 %
48 %	52 %	Total level of provisioning ²⁾	42 %	37 %

1) Provisions for individual loan losses excl. statistical provisions 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 and the overdraw amount minimum is NOK 2,000
- when an ordinary mortgage has arrears older than 90 days and the arrears minimum is NOK 2,000
- when a credit card has arrears older than 90 days

When one of the three situations described above occurs, the specific loan is considered as non-performing without taking into account the customer's other engagements. This is a change in the definition of non-performing loans compared to earlier periods and therefore the comparable figures are restated in the note.

LOSSES ON LOANS, GUARANTEES AND UNUSED CREDITS

Storebrand Bank ASA			Storebrand Bank Group		
31.12.2018	31.03.2019	NOK million	31.03.2019	31.12.2018	
0.2	-0.2	The periods change in impairment losses stage 1			
-4.0	1.5	The periods change in impairment losses stage 2	1.7	-4.4	
6.8	2.4	The periods change in impairment losses stage 3	2.3	8.1	
-34.5	-5.4	Realised losses	-5.4	-35.7	
2.8	0.1	Recoveries on previously realised losses	0.1	2.8	
-0.1		Credit loss on interest-bearing securities		-0.1	
0.5		Other changes		0.6	
-28.2	-1.6	Loss expense for the period	-1.2	-28.7	

LOAN PORTFOLIO AND GUARANTEES

(NOK million)	Storebrand Bank ASA		Storebrand Bank Group	
	31.03.2019 Book value	31.12.2018 Book value *)	31.03.2019 Book value	31.12.2018 Book value *)
Loans to customers at amortised cost	337.2	338.7	337.2	338.7
Loans to customers at fair value through profit and loss	319.1	220.2	319.1	220.2
Loans to customers at fair value through other comprehensive income (OCI)	10,736.0	9,461.4	28,614.6	27,947.4
Total gross loans to customers	11,392.3	10,020.4	29,270.9	28,506.4
Provision for expected loss Stage 1	-2.6	-2.6	-2.8	-3.0
Provision for expected loss Stage 2	-2.3	-3.0	-2.7	-3.7
Provision for expected loss Stage 3	-37.5	-39.8	-37.8	-40.1
Net loans to customers	11,349.9	9,975.0	29,227.6	28,459.7

CHANGE IN GROSS LOANS TO CUSTOMERS VALUED AT AMORTISED COST

STOREBRAND BANK GROUP				
(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2019	262.4	46.2	30.1	338.7
Transfer to stage 1	7.3	-7.0	-0.4	0.0
Transfer to stage 2	-9.8	9.9	-0.1	0.0
Transfer to stage 3	-2.0	-2.0	3.9	0.0
New loans	15.8	0.3		16.1
Derecognition	-14.3	-3.4	-6.0	-23.8
Other changes	4.5	2.0	-0.4	6.1
Gross loans 31.03.2019	264.0	46.0	27.2	337.2
STOREBRAND BANK ASA				
Gross loans 01.01.2019	262.4	46.2	30.1	338.7
Transfer to stage 1	7.3	-7.0	-0.4	0.0
Transfer to stage 2	-9.8	9.9	-0.1	0.0
Transfer to stage 3	-2.0	-2.0	3.9	0.0
New loans	15.8	0.3		16.1
Derecognition	-14.3	-3.4	-6.0	-23.8
Other changes	4.5	2.0	-0.4	6.1
Gross loans 31.03.2019	264.0	46.0	27.2	337.2

CHANGE IN GROSS LOANS TO CUSTOMERS VALUED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)

STOREBRAND BANK GROUP				
(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2019	26,322.4	1,529.3	95.8	27,947.4
Transfer to stage 1	191.9	-191.9	0.0	0.0
Transfer to stage 2	-245.4	264.7	-19.3	0.0
Transfer to stage 3	-0.1	-14.1	14.1	0.0
New loans	3,545.5	35.5		3,581.0
Derecognition	-2,562.3	-139.4	-15.0	-2,716.7
Other changes	-181.3	-15.6	-0.2	-197.1
Gross loans 31.03.2019	27,070.7	1,468.6	75.3	28,614.6
STOREBRAND BANK ASA				
Gross loans 01.01.2019	8,906.1	490.3	65.1	9,461.4
Transfer to stage 1	34.3	-34.3		0.0
Transfer to stage 2	-72.7	73.4	-0.7	0.0
Transfer to stage 3	-0.1	-5.3	5.4	0.0
New loans	3,279.3	29.5		3,308.8
Derecognition	-1,855.3	-77.6	-15.0	-1,947.9
Other changes	-78.7	-7.3	-0.4	-86.4
Gross loans 31.03.2019	10,212.9	468.6	54.4	10,736.0

CHANGE IN GROSS LOANS TO CUSTOMERS VALUED AT FAIR VALUE THROUGH PROFIT AND LOSS (PL)

STOREBRAND BANK GROUP

(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2019	193.3	26.9		220.2
Transfer to stage 1				0.0
Transfer to stage 2				0.0
Transfer to stage 3				0.0
New loans	110.9			110.9
Derecognition	-11.2			-11.2
Other changes	-0.7	-0.1		-0.8
Gross loans 31.03.2019	292.3	26.8	0.0	319.1

STOREBRAND BANK ASA

Gross loans 01.01.2018	193.3	26.9		220.2
Transfer to stage 1				0.0
Transfer to stage 2				0.0
Transfer to stage 3				0.0
New loans	110.9			110.9
Derecognition	-11.2			-11.2
Other changes	-0.7	-0.1		-0.8
Gross loans 31.03.2019	292.3	26.8	0.0	319.1

CHANGE IN MAXIMUM EXPOSURE FOR GUARANTEES AND UNUSED CREDITS

STOREBRAND BANK GROUP

(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2019	3,252.2	110.8	0.1	3,363.1
Transfer to stage 1	21.3	-21.3		0.0
Transfer to stage 2	-6.1	6.1		0.0
Transfer to stage 3	-0.1	-0.1	0.2	0.0
New loans	45.7	1.7		47.4
Derecognition	-105.5	-4.7		-110.2
Other changes	6.5	-2.4	-0.2	3.9
Gross loans 31.03.2019	3,214.0	90.1	0.0	3,304.2

STOREBRAND BANK ASA

Gross loans 01.01.2019	1,855.0	107.0	0.1	1,962.0
Transfer to stage 1	20.1	-20.1		0.0
Transfer to stage 2	-5.2	5.2		0.0
Transfer to stage 3	-0.1	-0.1	0.2	0.0
New loans	45.8	1.7		47.4
Derecognition	-69.1	-4.6		-73.8
Other changes	-12.3	-2.1	-0.2	-14.6
Gross loans 31.03.2019	1,834.2	86.9	0.0	1,921.1

CHANGE IN LOAN LOSS PROVISIONS

STOREBRAND BANK GROUP

(NOK million)	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL - no objective evidence of impairment	Lifetime ECL - objective evidence of impairment	
Loan loss provisions 01.01.2019	7.6	6.9	40.1	54.6
Transfer to stage 1 (12-month ECL)	0.8	-0.8	-0.1	0.0
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)	-0.1	0.2	-0.1	0.0
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)		-0.2	0.2	0.0
Net remeasurement of loan losses	-0.5	0.2	1.6	1.3
New financial assets originated or purchased	0.2			0.3
Financial assets that have been derecognised	-0.3	-0.4	-0.6	-1.3
ECL changes of balances on financial assets without changes in stage in the period	-0.2	-0.7	0.5	-0.4
ECL allowance on written-off (financial) assets			-3.9	-3.9
Loan loss provisions 31.03.2019	7.6	5.2	37.8	50.6
Loan loss provisions on loans to customers valued at amortised cost	1.9	1.7	17.6	21.2
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	1.0	1.0	20.1	22.1
Loan loss provisions on guarantees and unused credit limits	4.8	2.6		7.3
Total loans loss provisions	7.6	5.2	37.7	50.6

STOREBRAND BANK ASA

(NOK million)	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL - no objective evidence of impairment	Lifetime ECL - objective evidence of impairment	
Loan loss provisions 01.01.2019	7.2	6.3	39.9	53.4
Transfer to stage 1 (12-month ECL)	0.8	-0.7	-0.1	0.0
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)	-0.1	0.1	-0.1	0.0
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)		-0.1	0.2	0.0
Net remeasurement of loan losses	-0.5	0.2	1.6	1.3
New financial assets originated or purchased	0.2			0.2
Financial assets that have been derecognised	-0.2	-0.4	-0.6	-1.2
ECL changes of balances on financial assets without changes in stage in the period		-0.5	0.4	-0.1
ECL allowance on written-off (financial) assets			-3.9	-3.9
Loan loss provisions 31.03.2019	7.3	4.8	37.5	49.7
Loan loss provisions on loans to customers valued at amortised cost	1.9	1.7	17.6	21.2
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	0.7	0.6	19.9	21.2
Loan loss provisions on guarantees and unused credit limits	4.8	2.6		7.3
Total loans loss provisions	7.3	4.8	37.5	49.7

Periodic changes in individual write-downs, expected losses on loans (ECL), loan obligations and guarantees are listed above. Booked losses in the period are not included in overview above.

Storebrand Bank Group does not have any expected write-downs (ECL) related to loans given to Norges Bank, credit institutions, certificates and bonds.

Note | Quarterly income statement
14

STOREBRAND BANK GROUP

	Q1	Q4	Q3	Q2	Q1
NOK million	2019	2018	2018	2018	2018
Interest income	202.4	191.0	176.9	160.5	187.1
Interest expense	-105.5	-91.3	-82.4	-72.1	-94.1
Net interest income	96.9	99.6	94.5	88.4	93.0
Fee and commission income from banking services	29.2	33.9	32.1	31.2	24.7
Fee and commission expenses for banking services	-3.8	-2.6	-2.6	-3.4	-2.7
Net fee and commission income	25.4	31.3	29.5	27.8	22.0
Net gains/losses on financial instruments	8.9	-2.2	4.4	10.5	-6.9
Total other operating income	8.9	-2.2	4.4	10.5	-6.9
Staff expenses	-16.6	-26.4	-25.1	-24.1	-18.8
General administration expenses	-16.9	-17.9	-14.3	-12.6	-15.6
Other operating cost	-29.9	-18.2	-30.4	-29.2	-31.6
Total operating costs	-63.4	-62.5	-69.8	-65.9	-66.0
Operating profit before loan losses	67.9	66.2	58.5	60.7	42.1
Loan losses for the period	-1.2	-16.0	1.0	-1.6	-12.2
Profit before tax	66.6	50.2	59.6	59.1	29.9
Tax	-16.7	-12.7	-17.7	-13.1	-7.7
Result after tax sold/discontinued operations	-0.1				
Profit for the year	49.8	37.4	41.8	46.0	22.2

STOREBRAND BANK ASA

	Q1	Q4	Q3	Q2	Q1
NOK million	2019	2018	2018	2018	2018
Interest income	104.1	102.9	99.8	81.5	104.6
Interest expense	-44.1	-42.4	-40.6	-27.7	-53.8
Net interest income	60.1	60.5	59.1	53.8	50.8
Fee and commission income from banking services	47.7	51.6	49.3	48.6	40.4
Fee and commission expenses for banking services	-3.8	-2.5	-2.6	-3.4	-2.7
Net fee and commission income	44.0	49.1	46.7	45.3	37.7
Net gains/losses on financial instruments	18.4	-3.8	5.2	11.5	0.7
Other income		64.4			
Total other operating income	18.4	60.6	5.2	11.5	0.7
Staff expenses	-16.6	-26.3	-24.9	-24.1	-18.7
General administration expenses	-16.8	-17.9	-14.3	-12.6	-15.5
Other operating cost	-29.1	-17.1	-29.4	-28.7	-31.0
Total operating costs	-62.5	-61.3	-68.5	-65.4	-65.2
Operating profit before loan losses	59.9	108.9	42.5	45.1	23.9
Loan losses for the period	-1.6	-15.6	0.7	-2.4	-10.9
Profit before tax	58.3	93.2	43.2	42.8	13.0
Tax	-15.2	-22.7	-13.3	-9.3	-3.9
Profit for the year	43.1	70.5	29.9	33.4	9.1

Financial Calendar 2019



12 July	Results 2Q 2019
23 October	Results 3Q 2019
February 2020	Results 4Q 2019

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