storebrand

Interim report 4th quarter 2018

Storebrand Bank ASA

(unaudited)

Contents

Storebrand Bank Group
- Interim report for the fourth quarter of 2018
(Profit figures for the corresponding period in 2017 are shown in brackets. Balance sheet figures in brackets are for the end of 2017.)

- Continued growth in the retail market portfolio
- Low volume of non-performing loans
- Good cost control

Loans in the retail market portfolio managed by Storebrand Bank ASA increased by NOK 0.9 billion during the quarter and has increased by NOK 4.4 billion year to date. The home mortgage portfolio managed on behalf of Storebrand Livsforsikring AS remained unchanged during the quarter and increased by NOK 2.9 billion year to date.

FINANCIAL PERFORMANCE
The bank group achieved a pre-tax profit of NOK 50 million (NOK 39 million) in the fourth quarter and a pre-tax profit of NOK 199 million (NOK 194 million) year to date.

Net interest income was NOK 100 million (NOK 98 million) for the fourth quarter and NOK 376 million (NOK 374 million) year to date. The interest margin improved in the quarter, but was negatively influenced by competitive pricing in the retail market and increased interbank rates. Net interest income as a percentage of average total assets was 1.18 per cent (1.19 per cent) for the fourth quarter and 1.16 per cent (1.14 per cent) year to date. In the retail market net interest income as a percentage of average total assets was 1.21 per cent (1.22 per cent) for the fourth quarter and 1.22 per cent (1.20 per cent) year to date.

Net commission revenues represented NOK 31 million (NOK 19 million) in the fourth quarter, and NOK 111 million (NOK 76 million) year to date. There was a positive effect on the bank's commission income due to the increase in loans managed on behalf of Storebrand Livsforsikring AS.

Other revenues amounted to minus NOK 2 million (income of NOK 9 million) for the fourth quarter, and NOK 6 million (NOK 54 million) for the year. This development is primarily due to changes in value of fixed-rate loans at fair value, derivatives and other financial instruments.

Operating costs decreased in the quarter and totalled NOK 63 million (NOK 85 million) in the fourth quarter and NOK 264 million (NOK 300 million) year to date, mainly due to decreased costs from services from sister companies in the Storebrand Group.

NOK 16 million was recognised as expenses (NOK 1 million) for write-downs on lending in the fourth quarter, and NOK 29 million has been recognised as expenses (NOK 9 million) year to date. Increase in write-downs on lending is primarily due to change in model for loss provisions.

BALANCE SHEET PERFORMANCE
The loan portfolio in the retail market, including loans managed on behalf of Storebrand Livsforsikring AS, amounted to NOK 46.5 billion (NOK 42.1 billion) at the end of the fourth quarter, of which the share to Storebrand Livsforsikring AS was net NOK 18.1 billion (NOK 15.2 billion). Retail market loans in the bank group amounted to NOK 28.4 billion (NOK 26.9 billion) at the end of the fourth quarter. The corporate portfolio amounted to less than NOK 0.1 billion at the end of the fourth quarter and is reduced according to plan. The volume of corporate loans syndicated to Storebrand Livsforsikring AS amounted to NOK 0.1 billion (NOK 0.2 billion) at the end of the fourth quarter. Gross lending in the bank group totalled NOK 28.5 billion at the end of the fourth quarter (NOK 27.3 billion).

The bank group's retail market portfolio represents 99.9 per cent (98.6 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 56 per cent for home mortgage loans, and largely unchanged from the end of 2017. Corporate market lending accounts for 0.1 per cent (1 per cent) of the portfolio.

The total volume of non-performing loans decreased by NOK 11 million in the fourth quarter and accounts for 0.5 per cent (0.6 per cent) of gross lending at the end of the fourth quarter. The bank considers the portfolio quality to be good. Non-performing loans without impairment amounted to NOK 71 million (NOK 150 million) at the end of the fourth quarter. Non-performing impaired loans amounted to NOK 55 million (NOK 114 million) at the end of the fourth quarter, where impairment gives loan loss provisions of NOK 21 million (NOK 43 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 14.4 billion (NOK 14.6 billion) at the end of the fourth quarter, which represents a deposit-to-loan ratio of 51 per cent (54 per cent).

In the fourth quarter of 2018 Storebrand Boligkreditt AS issued a covered bond of NOK 1.0 billion (maturity 2021), of which NOK 0.5 billion is being held by the parent bank at year end. Standard & Poor's revised the outlook of the credit rating of Storebrand Bank ASA from positive to stable and affirmed the rating of A- in the quarter. The credit rating of Storebrand Boligkreditt AS is AAA.

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 198 per cent at the end of the fourth quarter.

CAPITAL ADEQUACY

The bank has had an increase in the risk-weighted balance sheet of NOK 0.1 billion in the year. The Storebrand Bank Group had capital (Tier 1 capital + Tier 2 capital) of NOK 2.3 billion at the end of the fourth quarter. The capital adequacy ratio was 18.9 per cent and the Core Equity Tier 1 (CET1) ratio was 15.2 per cent at the end of the fourth quarter, compared to 18.9 per cent and 14.8 per cent, respectively, at the end of 2017. The combined requirements for capital and CET1 were 17.3 per cent and 13.8 per cent respectively at the end of the fourth quarter.

The bank group has adapted to the new capital requirements and aims to comply with the applicable buffer capital requirements at any given time. The bank group has satisfactory financial strength and liquidity based on its operations. The bank group, parent bank and Storebrand Boligkreditt AS satisfied the combined capital and capital buffer requirements by a good margin as of 31 December 2018.

Performance of Storebrand Bank ASA
Storebrand Bank ASA achieved a pre-tax profit of NOK 93 million (NOK 96 million) for the fourth quarter, and NOK 192 million (NOK 194 million) for the year.

Net interest revenues for Storebrand Bank ASA totalled NOK 60 million (NOK 55 million) for the fourth quarter and NOK 224 million (NOK 221 million) for the year.

NOK 16 million was recognised as expenses (NOK 1 million recognised as expenses) from loan write-downs in the fourth quarter and NOK 28 million has been recognised as expenses (NOK 7 million recognised as expenses) for the year. Increase in write-downs on lending is primarily due to change in model for loss provisions.

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.

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

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

Sound management of the bank's credit and liquidity risk, and control of the operational risk in key work processes will also be a vital focus in 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, are 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, 12 February 2019
The Board of Directors of Storebrand Bank ASA

Storebrand Bank Group
Income statement

		Q4		Full Year	
NOK million	note	2018	2017	2018	2017
Interest income from financial instruments valued at amortised cost		14.3	174.3	55.3	679.4
Interest income from financia instruments valued at fair value		176.6	8.3	660.3	49.9
Interest expense		-91.3	-84.5	-340.0	-355.3
Net interest income	**11**	**99.6**	**98.1**	**375.6**	**374.0**
Fee and commission income from banking services		33.9	24.3	121.8	91.0
Fee and commission expenses for banking services		-2.6	-5.7	-11.3	-15.0
Net fee and commission income		**31.3**	**18.5**	**110.5**	**76.0**
Net gains on financial instruments valued at amortised cost		-0.8	0.0	-3.1	-5.5
Net gains on other financial instruments		-1.4	9.2	8.8	59.2
Total other operating income		**-2.2**	**9.2**	**5.7**	**53.7**
Staff expenses		-26.4	-31.0	-94.4	-105.8
General administration expenses		-17.9	-18.2	-60.4	-59.8
Other operating costs		-18.2	-35.8	-109.5	-134.6
Total operating costs		**-62.5**	**-85.1**	**-264.2**	**-300.2**
Operating profit before loan losses		**66.2**	**40.7**	**227.5**	**203.5**
Loan losses for the period	13	-16.0	-1.4	-28.7	-9.4
Profit before tax		**50.2**	**39.2**	**198.7**	**194.1**
Tax	3	-12.7	-7.3	-51.3	-48.1
Result after tax sold/discontinued operations		0.0	-0.1	-0.1	-0.3
Profit for the period		**37.4**	**31.8**	**147.3**	**145.8**
Profit for the period is attributable to:					
Portion attribuable to shareholders		35.5	29.2	138.0	135.1
Portion attribuable to additional Tier 1 capital holders		1.9	2.6	9.3	10.6
Profit for the period		**37.4**	**31.8**	**147.3**	**145.8**

Consolidated statement of comprehensive income

	Q4		Full Year	
(NOK million)	2018	2017	2018	2017
Profit for the period	37.4	31.8	147.3	145.8
Pension experience adjustments	-0.2	0.4	-0.2	0.4
Tax on pension exeperience adjustments	0.1	-0.1	0.1	-0.1
Total other result elements not to be classified to profit/loss	**-0.2**	**0.3**	**-0.2**	**0.3**
Change unrealised gain/loss financial instruments at fair value through OCI	0.0	1.6	19.6	7.6
Total other result elements that may be classified to profit/loss	**0.0**	**1.6**	**19.6**	**7.6**
Total comprehensive income for the period	**37.2**	**33.7**	**166.7**	**153.7**
Total comprehensive income for the period is attributable to:				
Portion attributable to shareholders	35.3	31.1	157.5	143.0
Portion attributable to additional Tier 1 capital holders	1.9	2.6	9.3	10.6
Total comprehensive income for the period	**37.2**	**33.7**	**166.7**	**153.7**

Storebrand Bank Group
Statement of financial position

NOK million		31.12.2018	31.12.2017
Cash and deposits with central banks		376.0	472.2
Loans to and deposits with credit institutions	6	318.1	313.5
Loans to customers	6, 13	28,459.7	27,257.0
Financial assets designated at fair value through profit and loss:			
Equity instruments	6	41.7	40.8
Bonds and other fixed-income securities	6, 12	2,697.9	3,213.5
Derivatives	6	95.1	179.8
Bonds at amortised cost	6, 12	694.0	380.4
Tangible assets		0.0	0.1
Intangible assets and goodwill		76.3	71.4
Deferred tax assets	3	5.1	16.1
Other current assets	6	42.2	37.3
Total assets		**32,806.2**	**31,982.2**
Liabilities to credit institutions	6	2.4	155.0
Deposits from and due to customers	6	14,419.4	14,628.0
Other financial liabilities:			
Derivatives	6	72.0	138.6
Commercial papers and bonds issued	6, 8	15,715.4	14,304.2
Other liabilities	6	110.4	109.9
Provision for accrued expenses and liabilities	13	8.1	6.0
Deferred tax		0.3	0.0
Pension liabilities		6.0	11.6
Subordinated loan capital	6, 8	276.3	276.1
Total liabilities		**30,610.3**	**29,629.3**
Paid in capital		1,590.9	1,590.9
Retained earnings		429.1	536.0
Additional Tier 1 capital		176.0	226.0
Total equity	**9**	**2,196.0**	**2,352.9**
Total equity and liabilities		**32,806.2**	**31,982.2**

Lysaker, 12 February 2019
The Board of Directors of Storebrand Bank ASA

Storebrand Bank ASA
Income statement

NOK million	note	Q4 2018	Q4 2017	Full Year 2018	Full Year 2017
Interest income from financial instruments valued at amortised cost		27.0	93.4	103.4	358.2
Interest income from financia instruments valued at fair value		75.9	8.2	285.4	50.8
Interest expense		-42.4	-46.5	-164.6	-188.4
Net interest income	11	**60.5**	**55.1**	**224.2**	**220.6**
Fee and commission income from banking services		51.6	39.5	189.9	150.8
Fee and commission expenses for banking services		-2.5	-5.7	-11.2	-14.7
Net fee and commission income		**49.1**	**33.8**	**178.7**	**136.1**
Net gains on financial instruments valued at amortised cost		-0.8	0.0	-1.4	1.3
Net gains on other financial instruments		-2.9	10.0	15.0	62.0
Other income		64.4	81.7	64.4	75.4
Total other operating income		**60.6**	**91.7**	**78.0**	**138.7**
Staff expenses		-26.3	-31.0	-94.0	-105.6
General administration expenses		-17.9	-18.2	-60.2	-59.6
Other operating costs		-17.1	-34.5	-106.2	-129.6
Total operating costs		**-61.3**	**-83.6**	**-260.5**	**-294.9**
Operating profit before loan losses		**108.9**	**96.9**	**220.4**	**200.5**
Loan losses for the period	13	-15.6	-0.8	-28.2	-6.9
Profit before tax		**93.2**	**96.1**	**192.2**	**193.6**
Tax	3	-22.7	-21.3	-49.3	-49.3
Profit for the period		**70.5**	**74.7**	**142.9**	**144.3**
Profit for the period is attributable to:					
Portion attributable to shareholders		68.6	72.1	133.6	133.7
Portion attributable to additional Tier 1 capital holders		1.9	2.6	9.3	10.6
Profit for the period		**70.5**	**74.7**	**142.9**	**144.3**

Statement of comprehensive income

NOK mill.	Q4 2018	Q4 2017	Full Year 2018	Full Year 2017
Profit for the period	70.5	74.7	142.9	144.3
Pension experience adjustments	-0.2	0.4	-0.2	0.4
Tax on pension exeperience adjustments	0.1	-0.1	0.1	-0.1
Total other result elements not to be classified to profit/loss	**-0.2**	**0.3**	**-0.2**	**0.3**
Change unrealised gain/loss financial instruments at fair value through OCI	0.0	1.6	19.6	7.6
Total other result elements that may be classified to profit/loss	**0.0**	**1.6**	**19.6**	**7.6**
Total comprehensive income for the period	**70.4**	**76.7**	**162.3**	**152.2**
Total comprehensive income for the period is attributable to:				
Portion attributable to shareholders	68.5	74.1	153.0	141.6
Portion attributable to additional Tier 1 capital holders	1.9	2.6	9.3	10.6
Total comprehensive income for the period	**70.4**	**76.7**	**162.3**	**152.2**

Storebrand Bank ASA
Statement of financial position

NOK million		31.12.2018	31.12.2017
Cash and deposits with central banks		376.0	472.2
Loans to and deposits with credit institutions	6	3,071.8	2,358.1
Loans to customers	6, 13	9,975.0	12,719.5
Financial assets designated at fair value through profit and loss:			
Equity instruments	6	41.7	40.8
Bonds and other fixed-income securities	6, 12	4,167.1	3,458.6
Derivatives	6	55.6	92.6
Bonds at amortised cost	6, 12	694.0	380.4
Tangible assets		0.0	0.1
Intangible assets		76.3	71.4
Deferred tax assets	3	4.5	13.7
Other current assets		1,571.1	1,143.1
Total assets		**20,033.0**	**20,750.4**
Liabilities to credit institutions	6	2.4	155.0
Deposits from and due to customers	6	14,421.1	14,629.9
Other financial liabilities:			
Derivatives	6	72.0	138.6
Commercial papers and bonds issued	6, 8	2,887.4	3,115.6
Other liabilities	6	283.9	386.1
Provision for accrued expenses and liabilities	13	8.1	6.0
Deferred tax		0.0	0.0
Pension liabilities		6.0	11.6
Subordinated loan capital	6, 8	276.3	276.1
Total liabilities		**17,957.3**	**18,718.8**
Paid in capital		1,832.2	1,762.4
Retained earnings		67.6	43.2
Additional Tier 1 capital		176.0	226.0
Total equity	**9**	**2,075.8**	**2,031.6**
Total equity and liabilities		**20,033.0**	**20,750.4**

Lysaker, 12 February 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 31.12.2016	**960.6**	**156.0**	**474.3**	**1,590.9**	**729.4**	**729.4**	**226.0**	**2,546.3**
Profit for the period					135.1	135.1	10.6	145.8
Total other result elements not to be classified to profit/loss					0.3	0.3		0.3
Total other result elements that may be classified to profit/loss					7.6	7.6		7.6
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**143.0**	**143.0**	**10.6**	**153.7**
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					2.7	2.7		2.7
Payment to additional Tier 1 holders						0.0	-10.7	-10.7
Provision for group contribution					-339.0	-339.0		-339.0
Other changes					-0.1	-0.1		-0.1
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						0.0	-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**

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 31.12.2016	**960.6**	**156.0**	**645.9**	**1,762.4**	**152.9**	**152.9**	**226.0**	**2,141.4**
Profit for the period					133.7	133.7	10.6	144.3
Total other result elements not to be classified to profit/loss					0.3	0.3		0.3
Total other result elements that may be classified to profit/loss					7.6	7.6		7.6
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**141.6**	**141.6**	**10.6**	**152.2**
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					2.7	2.7		2.7
Payment to additional Tier 1 holders						0.0	-10.7	-10.7
Provision for group contribution				0.0	-254.0	-254.0		-254.0
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						0.0	-9.2	-9.2
Equity at 31.12.2018	**960.6**	**156.0**	**715.6**	**1,832.2**	**67.6**	**67.6**	**176.0**	**2,075.8**

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	
31.12.2017	31.12.2018	NOK million	31.12.2018	31.12.2017
		Cash flow from operations		
518.9	510.9	Receipts of interest, commissions and fees from customers	850.5	839.8
-117.7	-95.5	Payments of interest, commissions and fees to customers	-95.5	-117.7
1,163.3	2,749.9	Net disbursements/payments on customer loans	-1,185.6	-6.7
-618.1	-208.8	Net receipts/payments of deposits from banking customers	-208.6	-610.4
843.0	-965.0	Net receipts/payments - securities	238.9	833.5
0.0	0.0	Payments - taxes	0.0	0.0
-340.2	-301.7	Payments of operating costs	-368.3	-414.6
1,449.2	**1,689.9**	**Net cash flow from operating activities**	**-768.6**	**523.8**
		Cash flow from investment activities		
2.6	0.0	Net receipts from sale of subsidiaries and associated companies	0.0	0.0
-0.2	-315.0	Net payments on purchase/capitalisation of subsidiaries	0.0	0.0
-3.9	-19.8	Net payments on purchase/sale of fixed assets etc.	-19.8	-3.9
-1.5	**-334.8**	**Net cash flow from investment activities**	**-19.8**	**-3.9**
		Cash flow from financing activities		
-409.0	-621.0	Payments - repayments of loans and issuing of bond debt	-2,746.0	-3,474.0
900.0	400.0	Receipts - new loans and issuing of bond debt	3,471.3	3,897.9
-85.4	-81.5	Payments - interest on loans	-223.3	-252.7
150.0	0.0	Receipts - subordinated loan capital	0.0	150.0
-150.0	0.0	Payments - repayments of subordinated loan capital	0.0	-150.0
-10.1	-7.3	Payments - interest on subordinated loan capital	-7.3	-10.1
0.0	100.0	Receipts - new additional Tier 1 capital	100.0	0.0
0.0	-150.0	Payments of additional Tier 1 capital	-150.0	0.0
-11.0	-9.2	Payments - interest on additional Tier 1 capital	-9.2	-11.0
-251.7	-152.6	Net receipts/payments of liabilities to credit institutions	553.4	-251.7
62.0	81.9	Receipts - group contribution	0.0	0.0
-498.6	-297.8	Payments - group contribution / dividends	-292.0	-369.2
-303.8	**-737.6**	**Net cash flow from financing activities**	**696.8**	**-470.8**
1,143.9	**617.5**	**Net cash flow in the period**	**-91.6**	**49.1**
1,686.3	2,830.2	Cash and bank deposits at the start of the period	785.6	736.6
2,830.2	**3,447.7**	**Cash and bank deposits at the end of the period**	**694.1**	**785.6**
		Cash and bank deposits consist of:		
472.2	376.0	Cash and deposits with central banks	376.0	472.2
2,358.1	3,071.8	Loans to and deposits with credit institutions	318.1	313.5
2,830.2	**3,447.7**	**Total cash and bank deposits in the balance sheet**	**694.0**	**785.6**

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 2017 annual report, and the interim financial statements are prepared with respect to these accounting policies and the accounting principles due to implementing new accounting standard IFRS 9 as described below.

There are new accounting standards that entered into effect in 2018.

IFRS 9
IFRS 9 Financial Instruments replaced the current IAS 39. IFRS 9 is applicable from 1 January 2018. IFRS 9 covers recognition, classification and measurement, impairment, derecognition and general hedge accounting. Implementation of IFRS 9 has significantly impacted accounting of financial instruments in Storebrand Bank ASAs financial statements. Storebrand Bank ASA did not early adopt the standard.

Transitional rules
IFRS 9 is applied retrospectively, with the exception of hedge accounting. Retrospective application means that Storebrand Bank ASA has calculated the opening balance for 1 January 2018 as if the company always has applied the new principles. Storebrand Bank ASA has not restated the comparative figures for 2017 in the interim financial statements of fourth quarter 2018 due to IFRS 9. The effects of the new principles on the opening balance for 2018 are recognised in equity.

Storebrand Bank ASA has chosen to introduce hedge accounting pursuant to IFRS 9, which includes similar hedging instruments used under IAS 39.

Implementation of IFRS 9 has changed recognition, classification and measurement of financial instruments and impairment of financial assets in Storebrand Banks ASAs financial statements. The introduction of IFRS 9 has resulted in significant changes in standards pertaining to note information for financial instruments, IFRS 7 Financial Instruments – disclosures.

Classification and measurement of financial instruments
Financial assets
Under IFRS 9, financial assets shall be classified into three measurement categories: fair value through profit and loss, fair value through other comprehensive income (OCI) and at amortised cost. The classification is based on whether the instruments are held in a business model for the purpuse to receive contractual cash flows, for both to receive contractual cash flows and for sale or in another business model, and whether contractual cash flows are solely payments of principal and interest on specified dates (pass the SPPI-test, "Solely payment of principal and interest"). Debt instruments are all financial assets that are not derivatives or equity instruments.

Financial assets that are debt instruments
Debt instruments with contractual cash flows that consist solely of payment of principal and interest on specified dates and which are held in a business model for the purpose of receiving contractual cash flows shall be measured at amortised cost. Instruments with contractual cash flows that are solely payments of principal and interest (SPPI) on specified dates and which are held in a business model for the purpose of receiving contractual cash flows and for sale shall be measured at fair value through OCI, with interest income, foreign currency effects and impairments through profit and loss. Any value adjustments through other OCI are recycled through to profit and loss on sale or other disposal of the assets. Other debt instruments are measured at fair value through profit and loss. This applies to instruments with cash flows that are not only payment of principal and interest, and instruments held in a business model where the main objective is not receipt of contracted cash flows.

Instruments that are to be measured at amortised cost or at fair value through OCI may be designated for measurement at fair value through profit and loss if this eliminates or significantly reduces an accounting mismatch.

Derivatives and investments in equity instruments
In principle, all derivatives shall be measured at fair value with all fair value adjustments recognised in profit and loss; but derivatives designated as hedging instruments shall be recognised in accordance with the principles governing hedge accounting. Investments in equity instruments shall be measured at fair value in the balance sheet. Adjustments in value must as a general rule be reported in profit and loss, but an equity instrument not held for trading purposes and which is not a conditional consideration after a transfer of business may be designated as measured at fair value with value changes presented in OCI.

Changes to classification and measurement of financial assets
Storebrand Bank ASA's financial assets, which were measured at fair value under IAS 39, are also measured at fair value under IFRS 9. The following changes were made to the classification of the company's financial assets when implementing IFRS 9:

Accounts receivables and cash equivalents
The instruments were previously classified as Loans and Receivables measured at amortised cost under IAS 39, and are held to receive contractual cash flows consisting exclusively of the payment of interest and principal amounts on specified dates. The instruments are classified as debt instruments at amortised cost under IFRS 9.

Loans to and receivables from customers with variable interest
The instruments were previously classified as Loans and Receivables measured at amortised cost under IAS 39, but are now measured as debt instruments at fair value through OCI. Storebrand Bank ASA expects not only to hold the instruments to receive contractual cash flows, but also to sell substantial units relatively often.

Loans to and receivables from customers with fixed interest
The instruments were previously classified as At fair value through profit or loss according to the fair value option (FVO) in order to eliminate or substantially reduce the accounting mismatch that would otherwise have arisen since interest rate derivatives have been entered into to bring the exposure back to variable interest loans. IFRS 9 allows for several alternative classification options for these types of instruments that include terms for early payment, as well as the possibility of negative compensation. Measurement at fair value through profit or loss will still eliminate or substantially reduce accounting mismatch that would otherwise have arisen. Storebrand Bank ASA has chosen to classify loans with fixed interest rates at fair value with change in value through profit or loss under IFRS 9.

Shares and units
Storebrand Bank ASA has an investment that was classified under IAS 39 as Available for Sale, measured at fair value with changes in value through OCI. The Available for Sale category in IAS 39 has not been continued for IFRS 9. Shares classified as Available for Sale must therefore be classified and measured either at fair value with change in value through profit or loss, or at fair value through OCI without reclassification under IFRS 9. It was decided to classify the investment at fair value with change in value through profit or loss in accordance with IFRS 9.

Storebrand Bank ASA has investments which, under IAS 39, were classified as At fair value through profit or loss according to the fair value option (FVO) based on the portfolio being followed up on a fair value basis. The issuer classifies these investments as equity instruments. Under IFRS 9, the investments are classified as equity instruments and measured at fair value through profit or loss.

Bonds and securities - Long-term liquidity portfolio
The instruments were previously classified as Loans and receivables measured at amortised cost under IAS 39. The purpose of the portfolio is liquidity management and Storebrand Bank ASA holds the instruments to receive cash flows consisting solely payments of principal and interest of the principal amount outstanding at specified dates. Sale can occur if this is expected to increase future returns, but is not part of the business model and is expected to be very limited. The instruments are therefore classified at amortised cost under IFRS 9.

Bonds and securities - Short-term liquidity portfolio
The instruments were previously classified as At fair value through profit or loss according to the fair value option (FVO). The purpose of the portfolio is liquidity management and Storebrand Bank ASA holds the instruments to receive cash flows consisting solely payments of principal and interest of the principal amount outstanding on specified dates and for sale. The portfolio is held to continually have satisfactory liquidity allocated to strategies and policies and is freely traded to be best placed in terms of liquidity and to maximise the return within specified frameworks. The frequency and volume will vary a great deal. FVO under IAS 39 was used when the portfolio was followed up on fair value basis. The business model has not been changed and it is therefore mandatory under IFRS 9 to classify the portfolio at fair value with change in value through profit or loss.

Financial liabilities
There are no changes in the classification and measurement of Storebrand Bank ASA's financial liabilities arising from the implementation of IFRS 9. Financial liabilities that are not derivatives are measured at amortised cost. Financial derivatives that are liabilities are measured as financial derivatives that are assets.

Hedge accounting IFRS 9 simplifies the requirements pertaining to hedge accounting in that hedge effectiveness is linked more closely to the management's risk management. The 80–125 per cent hedge effectiveness requirement has been removed and replaced by more qualitative requirements, including that there must be an economic relationship between the hedging instrument and the hedged item, and that credit risk must not dominate the value adjustments in the hedging instrument. Hedging documentation is still required.

Changes in write-downs on lending
In IAS 39, impairment losses on lending were only recognised when there was objective evidence that a loss event had occurred following initial recognition. Under IFRS 9, the loss provisions are recognised based on expected credit loss (ECL). The general model for write-down on financial assets in IFRS 9 applies to financial assets measured at amortised cost or at fair value with changes in value through OCI, and which had not accrued credit losses at initial recognition. Loan commitments, financial guarantee contracts that are not measured at fair value through profit or loss and lease receivables are also included.

The measurement of the provision for expected losses in the general model depends on whether the credit risk has increased significantly since initial recognition. At initial recognition and when the credit risk has not increased significantly following initial recognition, provisions must be made for 12 months expected loss. 12 months expected loss is the loss that is expected to occur over the economic life of the instrument, but that cannot be linked to events that occur during the first 12 months. If the credit risk has increased significantly since initial recognition, provisions must be made for expected losses over the entire economic life. Expected credit losses are calculated based on the present value of all cash flows over the remaining expected economic life, i.e. the difference between the contractual cash flows in accordance with the contract and the cash flow that is expected to be received, discounted by the effective interest on the instruments.

In addition to the general model, there are separate principles for issued loans, including renegotiated loans that are treated as new loans and purchased loans for which credit losses are accrued at initial recognition. An effective interest rate shall be calculated for these that takes into account expected credit losses and, in the event of changes in expected cash flows, the change must be discounted by the originally stipulated effective interest rate and charged to the income statement. Thus, for these assets there is no need to monitor whether there has been a significant increase in the credit risk after initial recognition because expected losses over the entire economic life will be taken into account regardless.

For loans with accrued credit losses, an interest income is calculated and presented based on effective interest from amortised cost. For loans without accrued credit losses, an interest income is calculated and presented based on the effective interest on gross carrying amount before loss provisions.

A simplified model is used for accounts receivables without significant financing components, where provisions are made for expected loss over the entire economic life from initial recognition. As an accounting principle, Storebrand Bank ASA has chosen to also use the simplified model for accounts receivables with significant financing elements and lease receivables.

Effects of the transition to IFRS 9
In connection of transition to IFRS 9, Storebrand Bank ASA conducted a detailed analysis of business models and associated cash flow characteristics for the correct classification and measurement of their financial instruments under IFRS 9. See note 2 in the annual report 2017 for the effects of transition to IFRS 9. Note 2 in the 2017 annual report also consist of a more detailed description of the new impairment model due to implementaion IFRS 9 at 1 January 2018.

IFRS 15
The new standard IFRS 15 for recognising revenue from contracts with customers entered into force from 1 January 2018, and replaced the current IAS 18. Revenue recognition in the Storebrand Bank Group are primarily regulated by IFRS 9. Revenue that will be recognised under Other Income is assessed in relation to IFRS 15. The implementation of IFRS 15 have no significant impact on the Group result in Storebrand Bank's consolidated financial statements.

New standards and changes in standards that have not come into effect

IFRS 16

IFRS 16 Leases replaces the current standard IAS 17 and comes into force from 1 January 2019. IFRS 16 sets out principles for recognition, measurement, presentation and publication of leases. The new leasing standard will not entail any major changes for lessors, but will entail substantial changes for lessees' accounting. IFRS 16 requires that lessees shall in principle recognise all lease contracts in the balance sheet in accordance with a simplified model similar to the accounting of financial leases under IAS 17. The present value of the total lease payments shall be recognised as a liability and an asset that reflect the right of use of the asset in 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 will be the same amount and will be the same amount and will not have any effect on equity.

Storebrand Bank ASA has no lease agreements according to IFRS 16 at year end 2018.

Note 02 Estimates

Critical accounting estimates and judgements are described in the 2017 annual financial statements in note 3 and valuation of financial instruments at fair value are described in note 9.

In preparing the Group's financial statements the management are required to make judgements, estimates and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis and 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 2017, the Norwegian Parliament (Stortinget) agreed to reduce the company tax rate from 24 to 23 per cent with effect from 1 January 2018. 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 capitalising 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 1.5 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 December 2018. The investments are included in the liquidity portfolio in the parent company and are classified at fair value throug 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 2018, there has been sold loans of total NOK 8.1 billion. The total portfolio of loans sold as of 31 December 2018 is NOK 28.7 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 68.1 million as revenue in the accounts for 2018.

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 2018 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 38 and 39 in the 2017 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 2017 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 December 2018. The bank's corporate market portfolio has declined since the end of 2017, 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 9 in the 2017 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 31.12.2018	Fair value 31.12.2017	Book value 31.12.2018	Book value 31.12.2017
Financial assets				
Loans to and deposits with credit institutions	318.1	313.5	318.1	313.5
Loans to customers - corporate market		299.1		322.9
Loans to customers - retail market	315.8	26,354.1	315.8	26,354.2
Bonds classified as loans and receivables	695.3	380.9	694.0	380.4
Total financial assets 31.12.2018	**1,329.2**		**1,327.9**	
Total financial assets 31.12.2017		27,347.6		27,370.9
Financial liabilities				
Liabilities to credit institutions	2.4	155.0	2.4	155.0
Deposits from and due to customers	14,419.4	14,628.0	14,419.4	14,628.0
Commercial papers and bonds issued	15,735.5	14,341.1	15,715.4	14,304.2
Subordinated loan capital	277.4	279.0	276.3	276.1
Total financial liabilities 31.12.2018	**30,434.6**		**30,413.5**	
Total financial liabilities 31.12.2017		29,403.1		29,363.3

STOREBRAND BANK GROUP

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

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Book value 31.12.2018	Book value 31.12.2017
Assets:					
Equities		26.4	15.3	41.7	40.8
Total equities 31.12.2018	**0.0**	**26.4**	**15.3**	**41.7**	
Total equities 31.12.2017		27.0	13.8		40.8
Loans to customers - Retail Market			220.2	220.2	580.0
Total loans to customers 31.12.2018	**0.0**	**0.0**	**220.2**	**220.2**	
Total loans to customers 31.12.2017			580.0		580.0
Government and government guaranteed bonds		760.9		760.9	764.2
Credit bonds					50.5
Mortage and asset backed bonds		1,937.0		1,937.0	2,398.9
Total bonds 31.12.2018	**0.0**	**2,697.9**	**0.0**	**2,697.9**	
Total bonds 31.12.2017		3,213.5			3,213.5
Interest derivatives		23.1		23.1	41.2
Total derivatives 31.12.2018	**0.0**	**23.1**	**0.0**	**23.1**	
Derivatives with a positive fair value		160.3		160.3	179.8
Derivatives with a negative fair value		-76.8		-76.8	-138.6
Total derivatives 31.12.2017					41.2
Liabilities:					
Liabilities to credit institutions				0.0	0.0
Liabilities to credit institutions 31.12.2018	**0.0**	**0.0**	**0.0**	**0.0**	
Liabilities to credit institutions 31.12.2017					0.0

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	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Book value 31.12.2018
Loans to customers - corporate market			17.3	17.3
Loans to customers - retail market			27,906.3	27,906.3
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 at faire value through profit and loss	Loans to customers at fair value through other comprehensive income
Book value 01.01.2018	13.8	580.0	26,382.5
Net gains/losses on financial instruments	1.5	-5.3	20.7
Supply / disposal		110.1	14,323.3
Sales / due settlements		-464.5	-12,802.9
Transferred from observable assumptions to non-observable assumptions			
Translation differences			
Other			
Book value 31.12.2018	**15.3**	**220.2**	**27,923.6**

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.

	Floating loans to customers Fair value through other comprehensive income (OCI)		Floating loans to customers Fair value through other comprehensive income (OCI)		Equities	
	Changes in market spread		Changes in market spread		Change in value	
(NOK million)	+ 10 BP	- 10 BP	+ 25 bp	- 25 bp		
Increase/reduction in fair value at 31.12.2018	**-3.2**	**3.2**	**-8.0**	**8.0**	**-2.7**	**2.7**
Increase/reduction in fair value at 31.12.2017					0.3	-0.3

Note 07

Segment information

PROFIT AND LOSS BY SEGMENT:

	Corporate				Retail			
	Q4		Full Year		Q4		Full Year	
NOK million	2018	2017	31.12.2018	31.12.2017	2018	2017	31.12.2018	31.12.2017
Net interest income	0.0	2.4	3.7	21.3	97.7	96.6	382.5	366.0
Net fee and commission income	0.0	-2.1	0.3	-0.3	31.3	20.6	110.2	76.3
Other income	0.0	0.0	-13.5	0.0	0.0	0.0	0.0	0.0
Total operating costs	-1.5	-6.5	-7.2	-19.4	-61.0	-78.8	-257.0	-280.9
Operating profit before loan losses	**-1.5**	**-6.2**	**-16.8**	**1.7**	**68.0**	**38.3**	**235.8**	**161.5**
Loan losses	1.9	1.1	-3.5	0.1	-17.9	-3.7	-23.0	-9.5
Ordinary profit from continuing operations	**0.3**	**-5.1**	**-20.3**	**1.8**	**50.2**	**34.7**	**212.8**	**152.0**
Ordinary profit from discontinued businesses	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Balance sheet items:								
Gross loans to customers			29.0	359.8			28,477.4	26,941.0
Deposits from and due to customers			7.6	234.8			14,345.8	14,361.4
Key figures:								
Net interest income as % of total assets	-0.37 %	1.47 %	2.76 %	1.69 %	1.21 %	1.22 %	1.22 %	1.20 %
Cost/income ratio	-	-	-76 %	92 %	47 %	67 %	52 %	63 %
Deposits from customers as % of gross loans			26 %	65 %			50 %	53 %
Total level of provisioning			48 %	49 %			41 %	33 %

	Treasury / Other				Total			
	Q4		Full Year		Q4		Full Year	
(NOK million)	2018	2017	31.12.2018	31.12.2017	2018	2017	31.12.2018	31.12.2017
Profit and loss items:								
Net interest income	1.9	-0.9	-10.7	-13.4	99.6	98.1	375.6	374.0
Net fee and commission income	0.0	0.0	0.0	0.0	31.3	18.5	110.5	76.0
Other income	-2.2	9.2	19.2	53.7	-2.2	9.2	5.7	53.7
Total operating costs	-0.1	0.2	0.0	0.0	-62.5	-85.1	-264.2	-300.2
Operating profit before loan losses	**-0.3**	**8.5**	**8.4**	**40.4**	**66.2**	**40.7**	**227.5**	**203.5**
Loan losses	0.0	1.2	-2.2	0.0	-16.0	-1.4	-28.7	-9.4
Ordinary profit from continuing operations	**-0.3**	**9.6**	**6.2**	**40.4**	**50.2**	**39.2**	**198.7**	**194.1**
Ordinary profit from discontinued businesses	**0.0**	**-0.1**	**-0.1**	**-0.3**	**0.0**	**-0.1**	**-0.1**	**-0.3**
Balance sheet items:								
Gross loans to customers			0.0	25.6			28,506.4	27,326.4
Deposits from and due to customers			66.0	31.8			14,419.4	14,628.0
Key figures:								
Net interest income as % of total assets					1.18 %	1.19 %	1.16 %	1.14 %
Cost/income ratio					49 %	68 %	54 %	60 %
Deposits from customers as % of gross loans							51 %	54 %
Total level of provisioning							42 %	26 %

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, 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.

Note 08

Securities issued and subordinated loan capital

(NOK million)	Storebrand Bank Group 31.12.2018	31.12.2017
Bond loans	15,715.4	14,304.2
Subordinated loan capital	276.3	276.1
Total securities issued and subordinated loan capital	**15,991.7**	**14,580.3**

SPECIFICATION OF COMMERCIAL PAPERS, BONDS ISSUED AND SUBORDINATED LOAN CAPITAL AS OF 31 DECEMBER 2018 - STOREBRAND BANK GROUP

NOK million ISIN code	Issuer	Net nominal value	Currency	Interest	Maturity 1)	Book value 31.12.2018
Bond loans						
NO0010660806	Storebrand Bank ASA	300.0	NOK	Fixed	08.10.2019	306.2
NO0010762891	Storebrand Bank ASA	500.0	NOK	Fixed	19.04.2021	499.3
NO0010729387	Storebrand Bank ASA	600.0	NOK	Floating	14.01.2020	602.0
NO0010758980	Storebrand Bank ASA	179.0	NOK	Floating	04.03.2019	179.3
NO0010787963	Storebrand Bank ASA	500.0	NOK	Floating	26.09.2019	500.1
NO0010794217	Storebrand Bank ASA	400.0	NOK	Floating	29.05.2020	400.5
NO0010831571	Storebrand Bank ASA	400.0	NOK	Floating	06.09.2021	400.0
Total bond loans		**2,879.0**				**2,887.4**

(NOK million) ISIN code	Issuer	Net nominal value	Currency	Interest	Maturity 1)	Book value 31.12.2018
Covered bonds						
NO0010548373	Storebrand Boligkreditt AS	1,250.0	NOK	Fixed	28.10.2019	1,293.3
NO0010736903	Storebrand Boligkreditt AS	2,500.0	NOK	Floating	17.06.2020	2,498.8
NO0010760192	Storebrand Boligkreditt AS	4,000.0	NOK	Floating	16.06.2021	3,514.8
NO0010786726	Storebrand Boligkreditt AS	4,000.0	NOK	Floating	15.06.2022	4,018.4
NO0010813959	Storebrand Boligkreditt AS	2,500.0	NOK	Floating	20.06.2023	1,502.6
Total covered bonds 2)		**14,250.0**				**12,828.0**
Total commercial papers and bonds issued 2018		**17,129.0**				**15,715.4**
Total commercial papers and bonds issued 2017		14,475.0				14,304.2

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 2018 all covenants are fulfilled

(NOK million) ISIN code	Issuer	Net nominal value	Currency	Interest	Call date	Book value 31.12.2018
Dated subordinated loan capital						
NO0010714314	Storebrand Bank ASA	125.0	NOK	Floating	09.07.2019	125.8
NO0010786510	Storebrand Bank ASA	150.0	NOK	Floating	22.02.2022	150.5
Total subordinated loan capital 2018		**275.0**				**276.3**
Total subordinated loan capital 2017						276.1
Total securities issued and subordinated loan capital 2018						**15,991.7**
Total securities issued and subordinated loan capital 2017						14,580.3

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.

ELIGIBLE CAPITAL

STOREBRAND BANK ASA			Storebrand Bank Group	
31.12.2017	31.12.2018	NOK million	31.12.2018	31.12.2017
960.6	960.6	Share capital	960.6	960.6
1,071.0	1,115.2	Other equity	1,234.4	1,392.3
2,031.6	**2,075.8**	**Total equity**	**2,195.0**	**2,352.9**
-225.0	-175.0	Additional Tier 1 capital included in total equity	-175.0	-225.0
-1.0	-1.0	Accrued interest on capital instruments included in total equity	0.0	-1.0
1,805.6	**1,899.8**	**Total equity included in Core Equity Tier 1 (CET1)**	**2,020.0**	**2,126.9**
		Deductions		
		Profit not included in the calculation of eligible capital		
-4.3	-14.0	AVA justments	-31.1	-4.1
-71.4	-76.3	Intangible assets	-76.3	-71.4
		Provision for group contribution	-114.8	-254.0
		Addition		
		Group contribution received	69.8	0.0
1,730.0	**1,809.4**	**Core Equity Tier 1 (CET1)**	**1,867.5**	**1,797.4**
		Other Tier 1 capital		
225.0	175.0	Capital instruments eligible as Additional Tier 1 capital	175.0	225.0
		Addition		
1,955.0	**1,984.4**	**Tier 1 capital**	**2,042.5**	**2,022.4**
		Tier 2 capital		
275.0	275.0	Subordinated loans	275.0	275.0
		Tier 2 capital decuctions		
2,230.0	**2,259.4**	**Eligible capital (Tier 1 capital + Tier 2 capital)**	**2,317.5**	**2,297.4**

MINIMUM CAPITAL REQUIREMENT

STOREBRAND BANK ASA			Storebrand Bank Group	
31.12.2017	31.12.2018	NOK million	31.12.2018	31.12.2017
706.2	663.9	Credit risk	910.9	899.3
		Of which:		
3.5	0.9	Local and regional authorities	1.0	4.0
180.6	206.9	Institutions	6.8	9.3
374.2	277.0	Loans secured in residential real estate	788.1	780.1
45.1	45.4	Retail market	52.4	48.2
14.2	9.2	Loans past-due	17.0	20.7
81.3	108.0	Covered bonds	17.9	20.0
7.2	16.4	Other	27.8	17.0
706.2	**663.9**	**Total minimum requirement for credit risk**	**910.9**	**899.3**
		Settlement risk		
0.0	**0.0**	**Total minimum requirement for market risk**	**0.0**	**0.0**
50.0	55.5	Operational risk	70.3	71.4
2.9	0.2	CVA risk [1)]	0.8	4.7
		Deductions		
-1.9	0.0	Loan loss provisions on groups of loans	0.0	-2.1
757.2	**719.5**	**Minimum requirement for net primary capital**	**982.0**	**973.3**

CAPITAL ADEQUACY

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2017	31.12.2018		31.12.2018	31.12.2017
23.6 %	25.1 %	Capital ratio	18.9 %	18.9 %
20.7 %	22.1 %	Tier 1 capital ratio	16.6 %	16.6 %
18.3 %	20.1 %	Core equity Tier 1 (CET1) capital ratio	15.2 %	14.8 %

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

BASIS OF CALCULATION (RISK-WEIGHTED VOLUME)

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2017	31.12.2018	NOK million	31.12.2018	31.12.2017
8,827.3	8,298.7	Credit risk	11,386.6	11,240.9
		Of which:		
44.2	11.3	Local and regional authorities	12.8	50.4
2,257.8	2,586.8	Institutions	84.7	116.0
0.1	0.6	Corporates	0.0	0.1
4,678.1	3,463.1	Loans secured in residential real estate	9,851.2	9,751.0
563.3	567.5	Retail market	654.9	602.9
176.9	115.0	Loans past-due	212.1	258.8
1,016.8	1,349.5	Covered bonds	223.5	249.7
90.0	205.0	Other	347.4	212.0
8,827.3	**8,298.7**	**Total basis of calculation credit risk**	**11,386.6**	**11,240.9**
		Settlement risk		
0.0	**0.0**	**Total basis of calculation market risk**	**0.0**	**0.0**
625.2	693.9	Operational risk	878.6	892.5
35.7	2.1	CVA risk	9.8	59.3
		Deductions		
-23.2	0.0	Loan loss provisions on groups of loans	0.0	-26.5
9,465.0	**8,994.8**	**Total basis of calculation of minimum requirements for capital base**	**12,274.9**	**12,166.2**

Note 10 Key figures

	Storebrand Bank Group			
	Q4		Full Year	
NOK million and percentage	2018	2017	2018	2017
Profit and Loss account: *(as % of avg. total assets)*				
Net interest income	1.18 %	1.19 %	1.16 %	1.14 %
Other operating income [2)]	0.37 %	0.33 %	0.36 %	0.40 %
Main balance sheet figures:				
Total assets			32,806.2	31,982.2
Average total assets [1)]	33,411.5	32,783.8	32,476.5	32,709.2
Gross loans to customers			28,506.4	27,326.4
Deposits from customers			14,419.4	14,628.0
Deposits from customers as % of gross loans			50.6 %	53.5 %
Equity			2,196.0	2,352.9
Other key figures:				
Loan losses and provisions as % of average total loans [4)]	0.22 %	0.02 %	0.10 %	0.03 %
Gross non-performing and loss-exposed loans as % of total loans			0.4 %	1.0 %
Cost/income ratio [3)]	48.6 %	67.7 %	53.7 %	59.6 %
Return on equity after tax [6)]			6.6 %	6.2 %
Core equity Tier 1 (CET1) capital ratio			15.2 %	14.8 %
LCR [5)]			198.0 %	154.0 %

	Storebrand Bank ASA			
	Q4		Full Year	
(NOK million)	2018	2017	2018	2017
Profit and Loss account: *(as % of avg. total assets)*				
Net interest income	1.13 %	1.03 %	1.07 %	1.06 %
Other operating income [2]	2.05 %	2.34 %	1.23 %	1.30 %
Main balance sheet figures:				
Total assets			20,033.0	20,750.4
Average total assets [1]	21,180.3	21,272.4	20,880.0	21,179.4
Gross lending to customers			10,020.4	12,784.1
Deposits from customers			14,421.1	14,629.9
Deposits from customers as % of gross loans			143.9 %	114.4 %
Equity			2,075.8	2,031.6
Other key figures:				
Loan losses and provisions as % of average total loans [4]	0.60 %	0.03 %	0.26 %	0.05 %
Gross non-performing and loss-exposed loans as % of total loans			0.9 %	1.5 %
Cost/income ratio [3]	36.0 %	46.3 %	54.2 %	59.5 %
Return on equity after tax [6]			7.0 %	6.7 %
Core equity Tier 1 (CET1) capital ratio			20.1 %	18.3 %
LCR [5]			171.0 %	139.0 %

Definitions:

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

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

3) Total operating expenses as % of total income.

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

5) Liquidity coverage requirement.

6) Annualised profit after tax for continued operations as % of average equity.

Note 11 Net interest income

STOREBRAND BANK GROUP

(NOK million)	Q4 2018	Q4 2017	Full Year 2018	Full Year 2017
Interest on financial assets valued at amortised cost				
Interest on lons to creditinstitutions	1.6	0.9	6.4	6.0
Interest on loans to customer	10.9	164.2	43.1	668.6
Interest on commercial papers, bonds and other interest-bearing securities	2.1	0.8	6.0	4.9
Total interest on financial assets valued at amortised cost	**14.6**	**165.9**	**55.5**	**679.4**
Interest on financial assets valued at fair value through other comprehensive income (OCI)				
Interest on loans to customer	164.7	0.0	608.6	0.0
Total interest on financial assets valued at fair value through other comprehensive income (OCI)	**164.7**	**0.0**	**608.6**	**0.0**
Interest on financial assets valued at fair value throug profit and loss				
Interest on commercial papers, bonds and other interest-bearing securities	9.5	9.8	38.7	41.5
Interest on loans to customer	2.1	-1.7	11.1	6.8
Other interest income	0.1	0.2	1.6	1.5
Total interest on financial assets valued at fair value throug profit and loss	**11.6**	**8.3**	**51.4**	**49.9**
Total interest income	**191.0**	**174.2**	**715.5**	**729.3**
Interest on financial liabilities valued at amortised cost				
Interest on debt to credit institutions	-0.3	-0.3	-0.9	-1.1
Interest on deposits from customers	-21.5	-26.3	-84.1	-103.0
Interest on securities issued	-64.6	-52.5	-235.9	-227.8
Interest on subordinated loan capital	-1.9	-1.8	-7.5	-8.9
Ohter interes expenses	-2.9	-3.2	-11.6	-12.7
Total interest on financial liaibilities valued at amortised cost	**-91.3**	**-84.2**	**-340.0**	**-353.5**
Interest on financial liabilities valued at fair value through profit and loss				
Interest on debt to credit institutions	0.0	-0.3	0.0	-1.8
Total interest on financial liabilities valued at fair value throug profit and loss	**0.0**	**-0.3**	**0.0**	**-1.8**
Total interest expenses	**-91.3**	**-84.5**	**-340.0**	**-355.3**
Net interest income	**99.6**	**89.7**	**375.6**	**374.0**

STOREBRAND BANK ASA

(NOK million)	Q4 2018	Q4 2017	Full Year 2018	Full Year 2017
Interest on financial assets valued at amortised cost				
Interest on lons to creditinstitutions	14.3	8.9	54.5	39.1
Interest on loans to customer	10.6	83.7	42.8	314.2
Interest on commercial papers, bonds and other interest-bearing securities	2.1	0.8	6.0	4.9
Total interest on financial assets valued at amortised cost	**27.0**	**93.4**	**103.4**	**358.2**
Interest on financial assets valued at fair value through other comprehensive income (OCI)				
Interest on loans to customer	59.8	0.0	215.4	0.0
Total interest on financial assets valued at fair value through other comprehensive income (OCI)	**59.8**	**0.0**	**215.4**	**0.0**
Interest on financial assets valued at fair value throug profit and loss				
Interest on commercial papers, bonds and other interest-bearing securities	14.0	9.7	57.3	42.5
Interest on loans to customer	2.1	-1.7	11.1	6.8
Other interest income	0.1	0.2	1.6	1.5
Total interest on financial assets valued at fair value throug profit and loss	**16.1**	**8.2**	**70.0**	**50.8**
Total interest income	**102.9**	**101.5**	**388.8**	**409.0**
Interest on financial liabilities valued at amortised cost				
Interest on debt to credit institutions	-0.3	-0.3	-0.9	-1.1
Interest on deposits from customers	-21.5	-26.3	-84.1	-103.0
Interest on securities issued	-15.8	-14.5	-60.5	-60.9
Interest on subordinated loan capital	-1.9	-1.8	-7.5	-8.9
Ohter interes expenses	-2.9	-3.2	-11.6	-12.7
Total interest on financial liaibilities valued at amortised cost	**-42.4**	**-46.2**	**-164.6**	**-186.6**
Interest on financial liabilities valued at fair value through profit and loss				
Interest on debt to credit institutions	0.0	-0.3	0.0	-1.8
Total interest on financial liabilities valued at fair value throug profit and loss	**0.0**	**-0.3**	**0.0**	**-1.8**
Total interest expenses	**-42.4**	**-46.5**	**-164.6**	**-188.4**
Net interest income	**60.5**	**55.1**	**224.2**	**220.6**

Note 12 Off balance sheet liabilities and contingent liabilities

Storebrand Bank ASA 31.12.2017	Storebrand Bank ASA 31.12.2018	NOK million	Storebrand Bank Group 31.12.2018	Storebrand Bank Group 31.12.2017
19.7	1.4	Guarantees	1.4	19.7
5,663.8	4,958.8	Unused credit limits	3,361.7	3,474.0
2,007.2	1,671.8	Loan commitments retail market	1,671.8	2,007.2
7,690.8	**6,632.0**	**Total contingent liabilities**	**5,034.9**	**5,501.0**
887.8	1,204.6	Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank	803.7	887.8
302.1	150.5	Booked value of bonds pledged as security with other credit institutions	50.3	302.1
1,189.9	**1,355.1**	**Total book value of off balance sheet liabilities**	**854.0**	**1,189.9**

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 December 2018 includes NOK 3.0 billion to the subsidiary Storebrand Boligkreditt AS (see note 4).

Note 13 Non-performing loans and loan losses

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2017	31.12.2018	NOK million	31.12.2018	31.12.2017
		Non-performing loans		
90.0	45.5	Non-performing loans without evidence of impairment	70.6	150.4
97.5	49.7	Loss-exposed loans with evidence of impairment	55.3	114.4
187.5	**95.2**	**Gross non-performing and loss-exposed loans**	**125.9**	**264.8**
-41.4	-21.0	Loan loss provisions on individual loans excl. statistical provisions (IFRS9)	-21.2	-42.8
146.1	**74.1**	**Net non-performing and loss-exposed loans**	**104.6**	**222.0**
		Key figures		
-64.6	-45.5	Total loan loss provisions (NOK million)	-46.7	-69.3
42 %	42 %	Level of provisioning for individual loss-exposed loans [1]	38 %	37 %
34 %	48 %	Total level of provisioning [2]	37 %	26 %

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 overdrawn amount minimum is NOK 2,000
- when an ordinary mortgage has arrears older than 90 days and thee 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 customers 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	
31.12.2017	31.12.2018	NOK million	31.12.2018	31.12.2017
	0.2	The periods change in impairment losses stage 1	0.0	
	-4.0	The periods change in impairment losses stage 2	-4.4	
	6.8	The periods change in impairment losses stage 3	8.1	
-16.7		Change in loan loss provisions on individual loans for the period (IAS 39)		-15.2
13.8		Change in loan loss provisions on groups of loans for the period (IAS 39)		11.7
	-34.5	Realises losses	-35.7	
-0.4		Realised losses on commitments specifically provided for previously (IAS 39)		-2.5
-4.9		Realised losses on commitments not specifically provided for previously (IAS 39)		-4.9
1.3	2.8	Recoveries on previously realised losses	2.8	1.5
	-0.1	Credit loss on interest-bearing securities	-0.1	
	0.5	Other changes	0.6	
-6.9	**-28.2**	**Loss expense for the period**	**-28.7**	**-9.4**

Provisions for loan losses and losses for period have been calculated according with the new accounting principles in IFRS 9 and are based on expected credit loss (ECL) with use of a three-stage method.

Comparable figures for 2017 are reported in accordance with IAS 39 and modelled losses are not directly comarable with figures from 2018.

LOAN PORTFOLIO AND GUARANTEES

	Storebrand Bank ASA		Storebrand Bank Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
(NOK million)	Book value	Book value *)	Book value	Book value *)
Loans to customers at amortised cost	338.7	12,204.1	338.7	26,746.4
Loans to customers at fair value through profit and loss	220.2	580.0	220.2	580.0
Loans to customers at fair value through other comprehensive income (OCI)	9,461.4		27,947.4	
Total gross loans to customers	**10,020.4**	**12,784.1**	**28,506.4**	**27,326.4**
Loan loss provisions on individual loans (IAS 39)		-41.4		-42.8
Loan loss provisions on groups of loans (IAS 39)		-23.2		-26.5
Provision for expected loss Stage 1	-2.6		-3.0	
Provision for expected loss Stage 2	-3.0		-3.7	
Provision for expected loss Stage 3	-39.8		-40.1	
Net loans to customers	**9,975.0**	**12,719.5**	**28,459.7**	**27,257.0**

*) IAS 39.

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 01.01.2018	249.3	27.9	18.2	295.5
Transfer to stage 1	6.3	-6.1	-0.2	0.0
Transfer to stage 2	-23.3	23.5	-0.2	0.0
Transfer to stage 3	-8.5	-3.3	11.8	0.0
New loans	41.0	6.6	3.8	51.4
Derecognition	-13.6	-7.1	-6.5	-27.2
Other changes	11.3	4.8	3.1	19.1
Gross loans 31.12.2018	**262.4**	**46.2**	**30.1**	**338.7**
STOREBRAND BANK ASA				
Gross loans 01.01.2018	249.3	27.9	18.2	295.5
Transfer to stage 1	6.3	-6.1	-0.2	0.0
Transfer to stage 2	-23.3	23.5	-0.2	0.0
Transfer to stage 3	-8.5	-3.3	11.8	0.0
New loans	41.0	6.6	3.8	51.4
Derecognition	-13.6	-7.1	-6.5	-27.2
Other changes	11.3	4.8	3.1	19.1
Gross loans 31.12.2018	**262.5**	**46.2**	**30.1**	**338.7**

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 01.01.2018	25,074.8	1,214.4	137.9	26,427.1
Transfer to stage 1	329.7	-329.7		0.0
Transfer to stage 2	-773.3	784.7	-11.4	0.0
Transfer to stage 3	-13.8	-32.3	46.1	0.0
New loans	10,202.3	227.6	2.1	10,432.1
Derecognition	-7,918.6	-306.7	-76.5	-8,301.7
Other changes	-578.6	-28.8	-2.5	-609.9
Gross loans 31.12.2018	**26,322.4**	**1,529.3**	**95.8**	**27,947.4**

STOREBRAND BANK ASA

(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2018	11,225.5	546.5	112.8	11,884.8
Transfer to stage 1	105.2	-105.2		0.0
Transfer to stage 2	-194.6	202.2	-7.7	0.0
Transfer to stage 3	-8.4	-12.7	21.1	0.0
New loans	5,702.9	135.2	2.1	5,840.2
Derecognition	-7,733.1	-254.8	-60.6	-8,048.5
Other changes	-191.5	-21.0	-2.7	-215.1
Gross loans 31.12.2018	**8,906.1**	**490.3**	**65.1**	**9,461.4**

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 01.01.2018	521.5	58.5		580.0
Transfer to stage 1				0.0
Transfer to stage 2	-8.2	8.2		0.0
Transfer to stage 3				0.0
New loans	89.9	9.1		99.0
Derecognition	-401.8	-48.8		-450.6
Other changes	-8.1	-0.1		-8.2
Gross loans 31.12.2018	**193.3**	**26.9**	**0.0**	**220.2**

STOREBRAND BANK ASA

(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2018	521.5	58.5		580.0
Transfer to stage 1				0.0
Transfer to stage 2	-8.2	8.2		0.0
Transfer to stage 3				0.0
New loans	89.9	9.1		99.0
Derecognition	-401.8	-48.8		-450.6
Other changes	-8.1	-0.1		-8.2
Gross loans 31.12.2018	**193.3**	**26.9**	**0.0**	**220.2**

CHANGE IN MAXIMUM EXPOSURE FOR GUARANTEES AND UNSUED CREDITS

STOREBRAND BANK GROUP

(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2018	3,430.5	45.8	17.5	3,493.8
Transfer to stage 1	16.0	-16.0		0.0
Transfer to stage 2	-83.6	84.8	-1.2	0.0
Transfer to stage 3	-1.8	-0.2	2.0	0.0
New loans	264.6	8.5		273.1
Derecognition	-403.5	-6.3	-16.2	-426.0
Other changes	29.9	-5.8	-1.9	22.2
Gross loans 31.12.2018	**3,252.2**	**110.8**	**0.1**	**3,363.1**

STOREBRAND BANK ASA

Gross loans 01.01.2018	1,921.6	40.2	17.5	1,979.3
Transfer to stage 1	15.1	-15.1	0.0	0.0
Transfer to stage 2	-80.9	82.1	-1.2	0.0
Transfer to stage 3	-1.8	-0.2	2.0	0.0
New loans	310.0	8.5		318.5
Derecognition	-294.3	-4.4	-16.2	-314.9
Other changes	-14.7	-4.2	-1.9	-20.8
Gross loans 31.12.2018	**1,855.0**	**107.0**	**0.1**	**1,962.0**

STOREBRAND BANK GROUP

(NOK million)	Stage 1 12-month ECL	Stage 2 Lifetime ECL - no objective evidence of impairment	Stage 3 Lifetime ECL - objective evidence of impairment	Total
Loan loss provisions 31 December 2017 according to IAS 39				69.3
Effect of implementation IFRS 9				-11.0
Loan loss provisions IFRS 9 at 1 January 2018	7.6	2.5	48.2	58.3
Transfer to stage 1 (12-month ECL)	0.7	-0.7		0.0
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)	-0.9	0.9		0.0
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)	-0.1	-0.1	0.3	0.0
Net remeasurement of loan losses	-0.4	3.0	0.9	3.5
New financial assets originated or purchased	1.5	0.5	0.1	2.2
Financial assets that have been derecognised	-0.8	-0.5	-14.8	-16.1
ECL changes of balances on financial assets without changes in stage in the period	0.1	0.8	-0.2	0.7
ECL allowance on written-off (financial) assets	-0.1	-0.1	-12.0	-12.2
Changes in models/risk parameters		0.5	17.7	18.3
Loan loss provisions at 31 December 2018	**7.6**	**6.9**	**40.1**	**54.6**
Loan loss provisions on loans to customers valued at amortised cost	1.8	2.2	18.9	22.9
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	1.2	1.4	21.2	23.8
Loan loss provisions on guarantees and unused credit limits	4.6	3.3		7.9
Total loans loss provisions	**7.6**	**6.9**	**40.1**	**54.6**

STOREBRAND BANK GROUP

(NOK million)	Stage 1 12-month ECL	Stage 2 Lifetime ECL - no objective evidence of impairment	Stage 3 Lifetime ECL - objective evidence of impairment	Total
Loan loss provisions 31 December 2017 according to IAS 39				64.6
Effect of implementation IFRS 9				-8.2
Loan loss provisions IFRS 9 at 1 January 2018	7.4	2.3	46.7	56.4
Transfer to stage 1 (12-month ECL)	0.6	-0.6		0.0
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)	-0.8	0.9		0.0
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)	-0.1	-0.1	0.3	0.0
Net remeasurement of loan losses	-0.3	2.8	0.9	3.4
New financial assets originated or purchased	1.3	0.4	0.1	1.8
Financial assets that have been derecognised	-0.9	-0.5	-14.4	-15.7
ECL changes of balances on financial assets without changes in stage in the period	0.3	0.6	-0.3	0.6
ECL allowance on written-off (financial) assets	-0.1	-0.1	-11.2	-11.3
Changes in models/risk parameters		0.5	17.7	18.3
Loan loss provision at 31 December 2018	**7.2**	**6.3**	**39.9**	**53.4**
Loan loss provisions on loans to customers valued at amortised cost	1.8	2.2	18.9	22.9
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	0.8	0.8	21.0	22.6
Loan loss provisions on guarantees and unused credit limits	4.6	3.3		7.9
Total loans loss provisions	**7.2**	**6.3**	**39.9**	**53.4**

Note 14 Quarterly income statement

STOREBRAND BANK GROUP

NOK million	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Interest income	191.0	176.9	160.5	187.1	182.6
Interest expense	-91.3	-82.4	-72.1	-94.1	-84.5
Net interest income	**99.6**	**94.5**	**88.4**	**93.0**	**98.1**
Fee and commission income from banking services	33.9	32.1	31.2	24.7	24.3
Fee and commission expenses for banking services	-2.6	-2.6	-3.4	-2.7	-5.7
Net fee and commission income	**31.3**	**29.5**	**27.8**	**22.0**	**18.5**
Net gains/losses on financial instruments	-2.2	4.4	10.5	-6.9	9.2
Total other operating income	**-2.2**	**4.4**	**10.5**	**-6.9**	**9.2**
Staff expenses	-26.4	-25.1	-24.1	-18.8	-31.0
General administration expenses	-17.9	-14.3	-12.6	-15.6	-18.2
Other operating cost	-18.2	-30.4	-29.2	-31.6	-35.8
Total operating costs	**-62.5**	**-69.8**	**-65.9**	**-66.0**	**-85.1**
Operating profit before loan losses	**66.2**	**58.5**	**60.7**	**42.1**	**40.7**
Loan losses for the period	-16.0	1.0	-1.6	-12.2	-1.4
Profit before tax	**50.2**	**59.6**	**59.1**	**29.9**	**39.2**
Tax	-12.7	-17.7	-13.1	-7.7	-7.3
Result after tax sold/discontinued operations					-0.1
Profit for the year	**37.4**	**41.8**	**46.0**	**22.2**	**31.8**

STOREBRAND BANK ASA

NOK million	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Interest income	102.9	99.8	81.5	104.6	101.5
Interest expense	-42.4	-40.6	-27.7	-53.8	-46.5
Net interest income	**60.5**	**59.1**	**53.8**	**50.8**	**55.1**
Fee and commission income from banking services	51.6	49.3	48.6	40.4	39.5
Fee and commission expenses for banking services	-2.5	-2.6	-3.4	-2.7	-5.7
Net fee and commission income	**49.1**	**46.7**	**45.3**	**37.7**	**33.8**
Net gains/losses on financial instruments	-3.8	5.2	11.5	0.7	10.0
Other income	64.4				81.7
Total other operating income	**60.6**	**5.2**	**11.5**	**0.7**	**91.7**
Staff expenses	-26.3	-24.9	-24.1	-18.7	-31.0
General administration expenses	-17.9	-14.3	-12.6	-15.5	-18.2
Other operating cost	-17.1	-29.4	-28.7	-31.0	-34.5
Total operating costs	**-61.3**	**-68.5**	**-65.4**	**-65.2**	**-83.6**
Operating profit before loan losses	**108.9**	**42.5**	**45.1**	**23.9**	**96.9**
Loan losses for the period	-15.6	0.7	-2.4	-10.9	-0.8
Profit before tax	**93.2**	**43.2**	**42.8**	**13.0**	**96.1**
Tax	-22.7	-13.3	-9.3	-3.9	-21.3
Profit for the year	**70.5**	**29.9**	**33.4**	**9.1**	**74.7**

Financial Calender 2019

8 May	Results 1Q 2019
13 July	Results 2Q 2019
24 October	Results 3Q 2019
February 2020	Results 4Q 2019

Investor Relations Contacts

Kjetil Ramberg Krøkje	Head of IR	kjetil.r.krokje@storebrand.no	+47 9341 2155
Bernt Uppstad	CEO	bernt.uppstad@storebrand.no	+47 9016 8821

Storebrand Bank ASA
Professor Kohts vei 9
P.O Box 474, N-1327 Lysaker, Norway
Telephone 915 08 880

storebrand.no