



# Interim report 2015

Storebrand Boligkreditt AS

(Unaudited)

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# Storebrand Boligkreditt AS

## – Interim report for the fourth quarter of 2015

(Profit figures for the corresponding period in 2014 are shown in parentheses. Balance sheet figures in parentheses are for the end of 2014.)

- Profit before taxes of NOK 19 million in the fourth quarter and NOK 139 million for the year
- Good portfolio quality
- Stable lending volume for the quarter

### FINANCIAL PERFORMANCE

Profit before taxes in the fourth quarter was NOK 19 million (NOK 55 million) and NOK 139 million (NOK 216 million) for the full year. This performance is in line with general market trends.

Net interest income was NOK 35 million (58 million) for the fourth quarter and NOK 169 million (242 million) for the year. Lending margins are under pressure as a result of greater competition. As a percentage of average total assets, net interest income was 0.95 per cent (1.49 per cent) for the fourth quarter and 1.16 per cent (1.56 per cent) for the full year.

Other operating income amounted to NOK 1 million (NOK 0.4 million) in the fourth quarter and a recognised expense of NOK 0.2 million (recognised expense of NOK 10 million) for the full year and is associated with commission income on loans and gains/losses on the buy-back of issued bonds and the related derivatives.

Operating costs increased in the fourth quarter as a result of higher fees paid to Storebrand Bank ASA for management of the company's loan portfolio from the fourth quarter of 2015, totalling NOK 16 million (NOK 4 million) for the quarter and NOK 27 million (NOK 16 million) for the full year.

Losses in the portfolio are low, and in the fourth quarter the company recognised an expense of NOK 0.9 million (NOK 0.8 million) in loan write-downs and recognised an expense of NOK 2 million (NOK 0.3 million) for the full year.

### BALANCE SHEET PERFORMANCE

The lending volume is on par with the previous year and amounted to NOK 14.3 billion (NOK 14.3 billion). Storebrand Bank ASA and Storebrand Boligkreditt AS operate with conservative lending practices. The average loan-to-value ratio in the portfolio is 50 per cent at the end of the year, compared with 49 per cent at the end of 2014. On the date of transfer, the loan-to-value ratio never exceeds 75 per cent. The risk in the loan portfolio is considered to be very low. The company has over-collateralisation of 126 per cent (135 per cent).

Defaulted loans at the end of the fourth quarter amounted to NOK 27 million (23 million), equivalent to 0.19 per cent of gross loans in the company (0.16 per cent). All the loans have a loan-to-value ratio within 75 per cent of market value or are generally written down. Individual loan write-downs amounted to just over NOK 2 million (NOK 1 million) and group loan write-downs amounted to NOK 2 million (NOK 2 million) at the end of year.

The company's total assets under management as at 31 December 2015 were NOK 14.9 billion compared with NOK 15.0 billion at the end of 2014.

At the end of the year, the company had issued covered bonds totalling NOK 11.6 billion, with remaining terms of approximately 6 months to 5 years. NOK 9.3 billion of these bonds has been placed in the market, while the remaining NOK 2.3 billion is being held in the parent bank.

Storebrand Boligkreditt has two credit facilities with Storebrand Bank ASA. One of these is a normal overdraft facility, with a ceiling of NOK 6 billion. This has no expiry date, but can be terminated by the bank on 15 months' notice. The other facility must have a sufficient ceiling at all times to be able to cover interest and repayment on covered bonds and the associated derivatives for the next 12 months. This drawing right may not be terminated by Storebrand Bank until at least 3 months after the maturity date of the covered bond and the associated derivatives with the longest period to maturity. Standard covenant requirements are linked to the loan agreements entered into. All the terms and conditions have been satisfied for all signed loan agreements in 2015. In accordance with the loan programme, the company's over-collateralisation requirement is satisfied at 109.5 per cent.

Equity in the company at the end of the year amounted to NOK 975 million (1,037 million). The net primary capital at year end amounted to NOK 975 million (NOK 873 million). The company's capital and core (tier 1) capital adequacy were 16.2 per cent (14.4 per cent). The company has adjusted to the new capital requirements and aims to comply with the applicable buffer capital requirements at all times. The company has satisfactory solvency and liquidity based on the company's business activities.

### STRATEGY AND FUTURE PROSPECTS

Storebrand Boligkreditt will continue its core activity, which is the acquisition and management of home mortgages from Storebrand Bank.

The housing market and developments in total non-performing loans will be closely monitored. Efforts to ensure good working procedures and high data quality will continue and thereby ensure that government and rating requirements continue to be fulfilled. Developments in the Norwegian and international capital markets, interest rates, unemployment and the property market are regarded as the key risk factors that can affect the results of Storebrand Boligkreditt in 2016.

New issues of covered bonds will be made available when the company decides it is prudent to do so and there is sufficient security. Storebrand Boligkreditt will continue to contribute to Storebrand Bank having diversified financing.

Since the balance sheet date there have not been any events, changes, occurrences or state of facts that, individually or in the aggregate, have had or could reasonably be expected to have a material effect on the interim financial statements.

Lysaker, 16 February 2016

The Board of Directors of Storebrand Boligkreditt AS

# Storebrand Boligkreditt AS

## Income statement

(NOK million)	Note	Q4		Full Year	
		2015	2014	2015	2014
Interest income	4, 13	92.8	137.1	416.9	567.7
Interest expense	4, 13	-57.8	-79.3	-248.3	-325.9
<b>Net interest income</b>	<b>13</b>	<b>35.1</b>	<b>57.7</b>	<b>168.6</b>	<b>241.8</b>
Net gains on financial instruments		-0.4	-0.1	-2.5	-10.3
Other income		1.4	0.5	2.3	0.6
<b>Total other operating income</b>		<b>1.0</b>	<b>0.4</b>	<b>-0.2</b>	<b>-9.7</b>
Staff expenses		-0.1	-0.1	-0.2	-0.2
General administration expenses		-0.1	0.0	-0.3	-0.5
Other operating costs	4	-16.0	-3.6	-26.9	-15.4
<b>Total operating costs</b>		<b>-16.1</b>	<b>-3.7</b>	<b>-27.4</b>	<b>-16.1</b>
<b>Operating profit before loan losses</b>		<b>19.9</b>	<b>54.5</b>	<b>141.0</b>	<b>216.0</b>
Loan losses for the period	15	-0.9	0.8	-1.9	0.3
<b>Profit before tax</b>		<b>19.0</b>	<b>55.3</b>	<b>139.2</b>	<b>216.3</b>
Tax	3	-5.1	-14.9	-37.6	-58.4
<b>Profit for the year</b>		<b>13.9</b>	<b>40.3</b>	<b>101.6</b>	<b>157.9</b>

## Statement of comprehensive income

(NOK million)	Q4		Full Year	
	2015	2014	2015	2014
Profit for the period	13.9	40.3	101.6	157.9
Other comprehensive income				
<b>Total comprehensive income for the period</b>	<b>13.9</b>	<b>40.3</b>	<b>101.6</b>	<b>157.9</b>

# Storebrand Boligkreditt AS

## Statement of financial position

(NOK million)	Note	31.12.2015	31.12.2014
Loans to and deposits with credit institutions	6	382.0	412.3
Financial assets designated at fair value through profit and loss:			
Derivatives	6	173.2	230.4
Other current assets	4, 6	12.2	28.4
Gross lending	11	14 291.6	14 325.4
- Loan loss provisions on individual loans	15	-2.2	-1.0
- Loan loss provisions on groups of loans	15	-1.8	-1.6
Net lending to customers	6	14 287.6	14 322.8
<b>Total assets</b>		<b>14 855.0</b>	<b>14 993.8</b>
Liabilities to credit institutions	4, 6, 8	2 043.6	2 746.9
Other financial liabilities:			
Commercial papers and bonds issued	6, 9	11 782.6	11 106.7
Other liabilities	4, 6	54.0	101.7
Deferred tax		0.3	1.7
<b>Total liabilities</b>		<b>13 880.4</b>	<b>13 957.0</b>
Paid in equity		844.0	844.0
Retained earnings		130.6	192.7
<b>Total equity</b>	10	<b>974.6</b>	<b>1 036.8</b>
<b>Total liabilities and equity</b>		<b>14 855.0</b>	<b>14 993.8</b>

Lysaker, 16 February 2016  
The Board of Directors of Storebrand Boligkreditt AS

# Storebrand Boligkreditt AS

## Statement of changes in equity

(NOK million)	Share capital	Share premium	Other paid-in equity	Total paid-in equity	Other equity	Total retained earnings	Total equity
<b>Equity at 31.12.2013</b>	<b>455.0</b>	<b>270.1</b>	<b>118.9</b>	<b>844.0</b>	<b>204.3</b>	<b>204.3</b>	<b>1 048.3</b>
Profit for the period	0.0	0.0	0.0	0.0	157.9	157.9	157.9
Other comprehensive income							
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>157.9</b>	<b>157.9</b>	<b>157.9</b>
Equity transactions with the owner:							
Provision for group contribution					-169.5	-169.5	-169.5
<b>Equity at 31.12.2014</b>	<b>455.0</b>	<b>270.1</b>	<b>118.9</b>	<b>844.0</b>	<b>192.7</b>	<b>192.7</b>	<b>1 036.8</b>
Profit for the period					101.6	101.6	101.6
Other comprehensive income							
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>101.6</b>	<b>101.6</b>	<b>101.6</b>
Equity transactions with the owner:							
Provision for group contribution					-163.8	-163.8	-163.8
<b>Equity at 31.12.2015</b>	<b>455.0</b>	<b>270.1</b>	<b>118.9</b>	<b>844.0</b>	<b>130.6</b>	<b>130.6</b>	<b>974.6</b>

Storebrand Boligkreditt AS is 100 per cent owned by Storebrand Bank ASA. Number of shares are 35 000 000 of nominal value NOK 13 per share.

# Storebrand Boligkreditt AS

## Statement of cash flow

(NOK million)	31.12.2015	31.12.2014
<b>Cash flow from operations</b>		
Net receipts/payments of interest, commissions and fees from customers	423.1	541.7
Net disbursements/payments on customer loans	31.4	554.4
Net receipts/payments on securities	-0.1	-15.5
Payments of operating costs	-39.6	-16.1
<b>Net cash flow from operating activities</b>	<b>414.8</b>	<b>1 064.6</b>
<b>Cash flow from financing activities</b>		
Payments - repayments of loans and issuing of bond debt	-1 946.8	-1 084.6
Receipts - new loans and issuing of bond debt	2 000.0	598.4
Payments - interest on loans	-274.0	-334.5
Payments - group contribution	-224.4	-235.4
<b>Net cash flow from financing activities</b>	<b>-445.2</b>	<b>-1 056.1</b>
<b>Net cash flow in the period</b>	<b>-30.3</b>	<b>8.6</b>
Cash and bank deposits at the start of the period	412.3	403.7
<b>Cash and bank deposits at the end of the period</b>	<b>382.0</b>	<b>412.3</b>

Storebrand Boligkreditt has credit facility agreements with Storebrand Bank ASA

The amount drawn on the credit facilities is recognized in the line item "Liabilities to credit institutions" as at 31.12.2015. See also Note 8.

# Storebrand Boligkreditt AS

## Notes

### Note 01 | Accounting principles

The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all the information required in the annual report. The financial statements of Storebrand Boligkreditt AS have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the EU and appurtenant interpretations.

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2014 annual report, and the interim financial statements are prepared with respect to these accounting policies. There are none new nor amended accounting standards that entered into effect as at 1 January 2015 that have caused significant effects on Storebrand Bank's interim financial statements.

In Q1, a reclassification in the Statement of Financial Position has been carried out relating to interest accrued on loans to customers from Other current assets to Gross lending. Corresponding figures have also been changed.

### Note 02 | Estimates

Critical accounting estimates and judgements are described in the 2014 annual financial statements' note 2 and valuation of financial instruments at fair value are described in note 8.

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

Actual results may differ from these estimates.

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

#### Financial instruments at amortised cost

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

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

### Note 03 | Tax

#### TAX CHARGE FOR THE YEAR

(NOK million)	31.12.2015	31.12.2014
Tax payable in profit/loss	-39.0	-60.6
Changes in deferred tax/deferred tax asset	1.4	2.2
<b>Total tax charge</b>	<b>-37.6</b>	<b>-58.4</b>

#### RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

(NOK million)	31.12.2015	31.12.2014
Ordinary pre-tax profit	139.2	216.3
Expected tax on income at nominal rate	-37.6	-58.4
<b>Tax charge</b>	<b>-37.6</b>	<b>-58.4</b>
Tax payable in profit/loss	-39.0	-60.6
- tax effect of group contribution paid		
<b>Tax payable in the balance sheet</b>	<b>-39.0</b>	<b>-60.6</b>



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

(NOK million)	31.12.2015	31.12.2014
Total tax increasing timing differences	156.8	191.7
Total tax reducing timing differences	-155.7	-185.4
<b>Net timing differences</b>	<b>1.1</b>	<b>6.3</b>
Losses/allowances carried forward		
Net base for deferred tax/tax assets	1.1	6.3
<b>Net deferred tax/deferred tax asset in the balance sheet</b>	<b>-0.3</b>	<b>-1.7</b>

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

## Note 04 | Related Parties

### ISSUED COVERED BONDS

Storebrand Bank ASA has invested a total of NOK 2.3 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 December 2015.

### LOANS TRANSFERRED FROM STOREBRAND BANK ASA

Storebrand Bank ASA sells loans to the mortgage company Storebrand Boligkreditt AS. The mortgages are transferred on commercial terms. Once the loans are transferred, Storebrand Boligkreditt AS assumes all the risks and benefits of owning the loan portfolio. It is Storebrand Boligkreditt that receives all the cash flows from the loan customer. 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.

### CREDIT FACILITIES WITH STOREBRAND BANK ASA

Storebrand Boligkreditt AS has two credit facilities with Storebrand Bank ASA. See note 8 for more information.

### OTHER

Storebrand Boligkreditt AS has no employees, and purchases personnel resources from Storebrand Bank ASA and services including accounting functions from Storebrand Livsforsikring AS.

Storebrand Boligkreditt AS conducts transactions with close associates as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with senior employees and related parties are stipulated in note 28 in the 2014 annual report for Storebrand Boligkreditt AS.

## Note 05 | Financial risk

The market value of Storebrand Boligkreditt's financial assets and liabilities varies due to financial market risks. Note 3 to note 7 of the 2014 Annual report explains the company's financial risks which also is representative of the financial risks as per 31 December 2015.

Storebrand Boligkreditt AS is exposed to credit risk, liquidity risk, market risk, operational risk and compliance risk.

**Credit risk**

The risk of losses resulting from a customer's inability or unwillingness to fulfill its obligations. Covers the risk of the collateral being less effective than expected (residual risk) and concentration risk. Credit risk includes counterparty risk.

**Liquidity risk**

The risk of the company being unable to meet its obligations without incurring significant extra costs in the form of low prices of assets which have to be sold, or in the form of particularly expensive funding. See also note 8 and 9.

**Market risk**

The risk of incurring losses on open positions in financial instruments due to changes in market variables and/or market conditions within a specified time horizon. Covers counterparty risk in financial instruments trading, as well as stock market risk, interest rate risk and exchange rate risk.

**Operational risk**

The risk of financial losses resulting from ineffectiv, inadequate or failing internal processes or systems, human error, external events or non-compliance with internal guidelines. Violations of the law and regulations could prevent the company achieving its goals and this part of the compliance risk is covered by operational risk.

**Compliance risk**

The risk that the company incurs public sanctions or financial losses due to failure to comply with external and internal regulations.

Note  
06

## Valuation of financial instruments

Storebrand Boligkreditt AS conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value.

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

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

The company categorises financial instruments on three different levels, for further information see note 8 in the 2014 annual report. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with reference to minimising the uncertainty of valuations.

### VALUATION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

(NOK million)	Fair value 31.12.2015	Fair value 31.12.2014	Book value 31.12.2015	Book value 31.12.2014
<b>Financial assets</b>				
Loans to and deposits with credit institutions	382.0	412.3	382.0	412.3
Net lending to customers	14 287.6	14 322.8	14 287.6	14 322.8
Other current assets	12.2	28.4	12.2	28.4
<b>Financial liabilities</b>				
Liabilities to credit institutions	2 043.6	2 746.9	2 043.6	2 746.9
Commercial papers and bonds issued	11 740.8	11 211.2	11 782.6	11 106.7
Other liabilities	54.0	101.7	54.0	101.7

## VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

(NOK million)	Level 1	Level 2	Level 3	Book value	Book value
	Quoted prices	Observable assumptions	Non-observable assumptions	31.12.2015	31.12.2014
Interest rate derivatives		173.2		173.2	230.4
<b>Total derivatives</b>	<b>0.0</b>	<b>173.2</b>	<b>0.0</b>	<b>173.2</b>	<b>230.4</b>
Derivatives with a positive fair value		173.2		173.2	230.4
Derivatives with a negative fair value					
Total derivatives 31.12.2014		230.4			

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

### Note 07 | Segment information

Business segments are the company's primary reporting segments. The company has only one segment, Retail Lending. This segment comprises lending to private individuals, and all loans are purchased from Storebrand Bank ASA. The company's accounts for Q4 2015 therefore relate entirely to the Retail Lending segment.

### Note 08 | Liabilities to credit institutions

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

### Note 09 | Commercial papers and bonds issued

#### COVERED BONDS:

(NOK million)						Book value
ISIN Code	Nominal value	Currency	Interest	Maturity <sup>1)</sup>		31.12.2015
NO0010575913	646.5	NOK	Floating	03.06.2016		647.4
NO0010612294	2 000.0	NOK	Floating	15.06.2016		2 000.7
NO0010635071	2 650.0	NOK	Floating	21.06.2017		2 658.5
NO0010660822	2 540.0	NOK	Floating	20.06.2018		2 557.6
NO0010548373	1 250.0	NOK	Fixed	28.10.2019		1 425.4
NO0010736903	2 500.0	NOK	Floating	17.06.2020		2 493.0
<b>Total commercial papers and bonds issued</b>						<b>11 782.6</b>
Total commercial papers and bonds issued as at 31.12.2014						11 106.7

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

The loan agreements contain standard covenants. In 2015, Storebrand Boligkreditt AS met all terms and conditions with respect to the loan agreements. The company's overcollateralisation requirement of 109.5 per cent is fulfilled and in accordance with the loan programme.

## Capital Adequacy

### NET PRIMARY CAPITAL

(NOK million)	31.12.2015	31.12.2014
Share capital	455.0	455.0
Other equity	519.6	581.8
<b>Total equity</b>	<b>974.6</b>	<b>1 036.8</b>
<b>Deductions</b>		
Provision for group contribution	-105.4	-163.8
<b>Additions</b>		
Group contribution received	105.4	
<b>Core capital exc. Hybrid Tier 1 capital</b>	<b>974.6</b>	<b>873.0</b>
<b>Additional Tier 1 capital</b>		
Capital instruments eligible as Additional Tier 1 capital		
<b>Additions</b>		
<b>Core capital</b>	<b>974.6</b>	<b>873.0</b>
Subordinated loan capital less own holdings		
Tier 2 capital		
Tier 2 capital deductions		
<b>Net primary capital</b>	<b>974.6</b>	<b>873.0</b>

### MINIMUM CAPITAL REQUIREMENT

(NOK million)	31.12.2015	31.12.2014
Credit risk	438.1	445.5
Of which:		
Institutions	13.5	16.7
Retail market		4.7
Loans secured against real estate	411.0	414.4
Loans past-due	2.2	3.4
Other	11.5	6.3
<b>Total minimum requirement for credit risk</b>	<b>438.1</b>	<b>445.5</b>
<b>Total minimum requirement for market risk</b>	<b>0.0</b>	<b>0.0</b>
Operational risk	31.4	22.8
CVA risk *)	11.8	17.2
<b>Deductions</b>		
Loan loss provisions on groups of loans	-0.1	-0.1
<b>Minimum requirement for net primary capital</b>	<b>481.2</b>	<b>485.5</b>

### CAPITAL ADEQUACY

	31.12.2015	31.12.2014
Capital ratio	16.2 %	14.4 %
Core (tier 1) capital ratio	16.2 %	14.4 %
Core capital ratio excl. Hybrid Tier 1 capital	16.2 %	14.4 %

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

The standard method is used for credit risk and market risk, and the basic method for operational risk. New capital requirements came into force from 1 July 2013. The overall requirements for core tier 1 capital and the capital base are 11 and 14.5 per cent respectively as of 30 July 2015 through the introduction of counter-cyclical capital buffer. The level of the countercyclical capital buffer requirement is further increased by 0.5 percent from 30 June 2016 with a corresponding increase in the requirement for Core (tier 1) capital ratio and net primary capital from this date.

#### BASIS OF CALCULATION (RISK-WEIGHTED VOLUME)

(NOK million)	31.12.2015	31.12.2014
Credit risk	5 476.6	5 569.0
Of which:		
Institutions	168.5	208.5
Retail market		58.9
Loans secured against real estate	5 137.7	5 179.6
Loans past-due	26.9	42.9
Other	143.5	79.2
<b>Total basis of calculation credit risk</b>	<b>5 476.6</b>	<b>5 569.0</b>
<b>Total basis of calculation market risk</b>	<b>0.0</b>	<b>0.0</b>
Operational risk	392.2	285.5
CVA risk *)	147.5	215.3
Deductions		
Loan loss provisions on groups of loans	-1.8	-1.6
<b>Total basis of calculation of minimum requirements for capital base</b>	<b>6 014.5</b>	<b>6 068.2</b>

#### Note 11

#### Loan to value ratios and collateral

(NOK million)	31.12.2015	31.12.2014
Gross lending <sup>1)</sup>	14 291.6	14 325.4
Average loan balance	1.6	1.6
No. of loans	8 705	9 184
Weighted average seasoning (months)	39	40
Weighted average remaining term (months)	219	191
Average loan to value ratio	50 %	49 %
Over-collateralisation <sup>2)</sup>	126 %	135 %
<b>Cover pool:</b>		
Residential mortgages <sup>1)</sup>	14 188.9	14 260.4
Supplementary security	380.3	410.0
<b>Total</b>	<b>14 569.2</b>	<b>14 670.4</b>

1) In accordance with the Regulation for credit institutions that issue covered bonds, lending cannot exceed 75% of the value of collateral (i.e. value of properties pledged as collateral). As per 31 December 2015 the company had NOK 63.1 million that exceeds the loan to value limit and has therefore not been included in the cover pool. As per 31 December 2015, the company has 9 non-performing loans without evidence of impairment, equivalent to NOK 9.8 million. There are 8 non-performing loans with evidence of impairment of NOK 16.7 million where the impairment is assessed to be NOK 2.2 million. Non-performing loans with and without evidence of impairment, are not included in the cover pool.

2) Over-collateralisation has been calculated based on total volume of issued covered bonds of NOK 11.6 billion (nominal value).

Note  
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## Key figures

(NOK million)	Q4		Full Year	
	2015	2014	2015	2014
<b>Profit and loss account:</b> (as % of avg. total assets) <sup>1)</sup>				
Net interest income	0.95 %	1.49 %	1.16 %	1.56 %
<b>Main balance sheet figures:</b>				
Total assets			14 855.0	14 993.8
Average total assets	14 641.7	15 365.1	14 573.2	15 488.8
Gross lending to customers			14 291.6	14 325.4
Equity			974.6	1 036.8
<b>Other key figures:</b>				
Loan losses and provisions as % of average total lending	0.03 %	-0.02 %	0.01 %	0.00 %
Individual loan loss provisions as % of gross loss-exposed loans <sup>3)</sup>			10.3 %	9.3 %
Cost/income ratio	44.7 %	6.3 %	16.3 %	6.9 %
Return on equity before tax <sup>2)</sup>			14.3 %	21.7 %
Core (tier 1) capital ratio			16.2 %	14.4 %

Definitions:

- 1) Average total assets is calculated on the basis of monthly total assets for the year.
- 2) Annualised profit before tax adjusted for hedging ineffectiveness as % of average equity.
- 3) Gross loss-exposed loans with evidence of impairment.

Note  
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## Net interest income

(NOK million)	Q4		Full Year	
	2015	2014	2015	2014
Interest and other income on loans to and deposits with credit institutions	1.4	2.2	6.8	8.7
Interest and other income on loans to and due from customers	91.4	134.8	410.1	559.0
Interest on short-term debt instruments, bonds and other interest-bearing securities				
Other interest income				
<b>Total interest income</b>	<b>92.8</b>	<b>137.1</b>	<b>416.9</b>	<b>567.7</b>
Interest and other expenses on debt to credit institutions	-8.2	-17.9	-39.5	-66.2
Interest and other expenses on deposits from and due to customers				
Interest and other expenses on securities issued	-49.6	-61.5	-208.8	-259.7
Interest and other expenses on subordinated loan capital				
Other interest expenses				
<b>Total interest expenses</b>	<b>-57.8</b>	<b>-79.3</b>	<b>-248.3</b>	<b>-325.9</b>
<b>Net interest income</b>	<b>35.1</b>	<b>57.7</b>	<b>168.6</b>	<b>241.8</b>

Note 14 | Off balance sheet liabilities and contingent liabilities

(NOK million)	31.12.2015	31.12.2014
Undrawn credit limits	1 684.6	1 733.9
<b>Total contingent liabilities</b>	<b>1 684.6</b>	<b>1 733.9</b>

Undrawn credit limits relate to the unused portion of credit limits on flexible mortgage loans.

The company has not pledged nor received any collateral.

Note 15 | Non-performing loans and loan losses

(NOK million)	31.12.2015	31.12.2014
<b>Non-performing loans</b>		
Non-performing loans without evidence of impairment	9.8	10.8
Loss-exposed loans with evidence of impairment	16.7	12.5
<b>Gross non-performing and loss-exposed loans</b>	<b>26.5</b>	<b>23.3</b>
Loan loss provisions on individual loans	-2.2	-1.0
<b>Net non-performing and loss-exposed loans</b>	<b>24.3</b>	<b>22.3</b>
<b>Key figures</b>		
Net non-performing and loss-exposed loans as % of gross lending	0.19 %	0.16 %

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

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

When one of the three situations described above occurs, the loans and the rest of the customer's commitments are regarded as non-performing. The number of days is counted from when the arrears exceed NOK 2.000. The account is regarded as active when there are no longer any arrears. The amount in arrears at the time of reporting can be less than NOK 2.000.

(NOK million)	Q4		Full Year	
	2015	2014	2015	2014
Change in individual loan loss provisions	-1.0	0.7	-1.7	1.4
Change in grouped loan loss provisions	0.1		-0.2	-0.9
Other effects on loan loss provisions		0.2		
Realised losses specifically provided for previously		-0.1		-0.1
Realised losses not specifically provided for previously				
Recoveries on previous realised losses				
<b>Loan losses for the period</b>	<b>-0.9</b>	<b>0.8</b>	<b>-1.9</b>	<b>0.3</b>

Quarterly income statement

	Q4	Q3	Q2	Q1	Q4
(NOK million)	2015	2015	2015	2015	2014
Interest income	92.8	99.1	104.7	120.2	137.1
Interest expense	-57.8	-62.0	-62.1	-66.4	-79.3
<b>Net interest income</b>	<b>35.1</b>	<b>37.1</b>	<b>42.7</b>	<b>53.8</b>	<b>57.7</b>
Net gains on financial instruments	-0.4	-0.3	-1.6	-0.2	-0.1
Other income	1.4	0.3	0.3	0.3	0.5
<b>Total other operating income</b>	<b>1.0</b>	<b>0.0</b>	<b>-1.3</b>	<b>0.1</b>	<b>0.4</b>
Staff expenses	-0.1		-0.1		-0.1
General administration expenses	-0.1		-0.1	-0.1	
Other operating cost	-16.0	-3.8	-3.5	-3.7	-3.6
<b>Total operating costs</b>	<b>-16.1</b>	<b>-3.9</b>	<b>-3.7</b>	<b>-3.8</b>	<b>-3.7</b>
<b>Operating profit before loan losses</b>	<b>19.9</b>	<b>33.3</b>	<b>37.7</b>	<b>50.2</b>	<b>54.5</b>
Loan losses for the period	-0.9	0.1	-1.0		0.8
<b>Profit before tax</b>	<b>19.0</b>	<b>33.3</b>	<b>36.6</b>	<b>50.2</b>	<b>55.3</b>
Tax	-5.1	-9.0	-9.9	-13.5	-14.9
<b>Profit for the year</b>	<b>13.9</b>	<b>24.3</b>	<b>26.7</b>	<b>36.6</b>	<b>40.3</b>



## Financial Calendar 2016



<b>27 April</b>	Result Q1 2016
<b>14 July</b>	Result Q2 2016
<b>26 October</b>	Result Q4 2016
<b>February 2017</b>	Result Q4 2016

## Investor Relations Contacts



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