



Interim report 2015

Storebrand Bank ASA

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Storebrand Bank Group

Half-yearly report for the first half 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.)

- Growth in the retail market portfolio
- Good cost control and lower costs
- Low volume of non-performing loans

The retail market area also delivered a good result for the first half year. The lending balance increased and deposits declined somewhat in the first half of the year. Lending margins are under pressure due to greater competition.

The bank's corporate market is being wound up. Its operations will be wound up in a gradual and controlled manner. Existing customers will be well looked after.

The bank has good control over its costs.

FINANCIAL PERFORMANCE

The bank group achieved a profit before tax of NOK 34 million (NOK 63 million) in the second quarter and a profit before tax of NOK 74 million (NOK 83 million) for the first half year. Lower volume due to the planned winding up of the corporate market portfolio is reducing net interest income. Significantly lower losses in the first half of 2015 improved the pre-tax profit compared with the corresponding period last year.

Net interest income was NOK 95 million (NOK 116 million) in the second quarter and NOK 189 million (NOK 243 million) for the first half year. The interest margin contracted due to the reduced proportion of commercial loans and increased competition in the retail market. Net interest income as a percentage of average total assets was 1.16 per cent (1.26 per cent) in the second quarter and 1.14 per cent (1.29 per cent) for the first half year. Net interest income as a percentage of average total assets related to the retail market of the bank group was 1.23 per cent (1.36 per cent) for the quarter and 1.29 per cent (1.36 per cent) for the half year.

As a result of winding up the corporate market portfolio, net commission income fell and amounted to NOK 9 million (NOK 15 million) for the second quarter and NOK 23 million (NOK 31 million) for the first half year. Other income amounted to NOK 2 million (NOK 6 million) in the second quarter and NOK 11 million (NOK 8 million) for the first half year.

Operating expenses totalled NOK 62 million (NOK 81 million) in the second quarter and NOK 131 million (NOK 161 million) for the half year. Costs were reduced due to lower IT costs and the sale of the subsidiary Hadrian Eiendom AS.

NOK 10 million (NOK 7 million recognised as income) was charged as loan write-downs in the second quarter, and NOK 17 million was charged (NOK 37 million recognised as expenses) for the first half year. Group write-downs increased by NOK 4 million during the quarter and NOK 2 million during the first half year.

BALANCE SHEET PERFORMANCE

The loan portfolio in the retail market increased in the second quarter and

the corporate market portfolio continues to shrink as planned.

Gross lending to customers totalled NOK 28.0 billion (28.5 billion) at the end of the first half year. The volume syndicated to Storebrand Life Insurance amounted to NOK 3.0 billion (NOK 4.6 billion) at the end of the first half year.

The bank group's retail market portfolio totalled NOK 24.8 billion, equivalent to 89 per cent of the bank's total lending, and chiefly comprises low risk home mortgages. The weighted average loan-to-value ratio in the bank group for the retail market portfolio is approximately 56 per cent for home commitments, compared with 54 per cent at the end of 2014. Corporate market lending accounts for 11 per cent of the portfolio.

The volume of non-performing loans increased by NOK 49 million in 2015 and makes up 0.7 per cent (0.5 per cent) of gross lending as at 30 June 2015. The bank considers the portfolio quality to be good. Non-performing loans without impairment amounted to NOK 98 million (NOK 76 million) at the end of the first half year.

LIQUIDITY RISK AND FUNDING

The bank has established good liquidity buffers and attaches great importance to having a balanced funding structure with varying terms to maturity and issuances in various markets. The volume of deposits from customers was NOK 18.8 billion (NOK 19.4 billion) at the end of the first half year, which represents a deposit-to-loan ratio of 66.9 per cent (67.9 per cent).

Storebrand Bank ASA expanded a senior bond by NOK 300 million (maturity in 2020) in the second quarter. Storebrand Boligkreditt AS issued a new covered bond in the amount of NOK 2 billion (maturity in 2020), in which Storebrand Bank acquired a net amount of NOK 900 million. In addition, Storebrand Bank ASA sold NOK 700 million from its covered bond holdings (maturity in 2018) issued by Storebrand Boligkreditt to the market.

CAPITAL ADEQUACY

The bank's risk-weighted balance sheet decreased throughout the year due to the planned winding up of the corporate market portfolio. The Storebrand Bank Group had net primary capital of NOK 2.5 billion at the end of the first half year. The capital adequacy ratio was 16.3 per cent and the core (tier 1) capital ratio was 14.5 per cent at the end of the first half of 2015, compared with 15.0 per cent and 13.3 per cent, respectively, at the end of 2014. The bank group, the parent bank, and the home mortgage company all satisfy current statutory requirements.

PERFORMANCE OF STOREBRAND BANK ASA

Storebrand Bank ASA reported a pre-tax loss of NOK 5 million (profit of NOK 14 million) for the second quarter, and a loss of NOK 24 million (loss of NOK 26 million) for the first half year. Net interest income for Storebrand Bank ASA totalled NOK 52 million (NOK 54 million) in the second quarter and NOK 92 million (NOK 116 million) for the first half year.

NOK 9 million (NOK 7 million recognised as income) was charged as loan

write-downs in the second quarter, and NOK 16 million was charged (NOK 38 million) for the first half year.

OTHER

In 2015, Storebrand Bank will continue to work on improving the business's profitability in the retail market area combined with growth. The bank will also maintain a moderate to low risk profile with a good balance sheet and good funding composition.

Work is ongoing to enhance the bank's self-service solutions for both online and mobile users. Increased digitisation and automation should improve the customer processes. In the first quarter, the bank was the first in the Norwegian market to launch the BLU 40 concept, where the age limit for mortgages for young people was changed from 34 to 40. This produced significant growth in the number of loan applications.

As the corporate market is being wound up, the bank does not wish to become involved in new projects, provide new loans or otherwise bring in new customers within the corporate market.

Sound management of the bank's credit and liquidity risk, and control of the operational risk in key work processes are also crucial in 2015, and the bank is continuing to closely monitor developments in non-performing loans and loan losses. Developments in the Norwegian and international capital markets, interest rates, unemployment and the property market are regarded as the key risk factors that can affect the results of the Storebrand Bank Group in 2015.

In the first half of 2015, the bank received no legal claims or notice of claims.

No events of material importance to the interim financial statements have occurred since the balance sheet date.

Lysaker, 14 July 2015
The Board of Directors of Storebrand Bank ASA

Storebrand Bank Group

Income statement

(NOK million)	Note	Q2		01.01 - 30.06		Full Year
		2015	2014	2015	2014	2014
Interest income		243.9	335.0	510.9	696.5	1 328.3
Interest expense		-149.0	-219.5	-322.4	-454.0	-866.5
Net interest income	11	94.9	115.5	188.5	242.6	461.8
Fee and commission income from banking services		11.9	18.8	28.1	37.4	71.6
Fee and commission expenses for banking services		-3.1	-3.4	-5.5	-6.2	-14.9
Net fee and commission income		8.8	15.4	22.6	31.2	56.7
Net gains on financial instruments		2.4	2.0	4.7	2.6	7.3
Other income		-0.3	3.9	6.0	4.9	0.2
Total other operating income		2.1	5.9	10.8	7.5	7.5
Staff expenses		-28.1	-31.1	-58.3	-60.4	-73.1
General administration expenses		-10.3	-13.6	-22.6	-28.9	-54.2
Other operating costs		-23.7	-36.3	-50.4	-71.7	-132.7
Total operating costs		-62.1	-81.0	-131.3	-161.0	-260.0
Operating profit before loan losses		43.7	55.9	90.6	120.2	266.0
Loan losses for the period	13	-9.7	7.4	-16.9	-37.4	-74.2
Profit before tax		34.1	63.2	73.7	82.9	191.8
Tax	3	-9.2	-17.1	-19.9	-22.4	-53.5
Result after tax sold/discontinued operations		-0.1	-0.2	-0.4	-0.4	-1.0
Profit for the period		24.8	46.0	53.5	60.1	137.3
Profit for the period is attributable to:						
Portion attributable to shareholders		21.9	46.0	50.6	60.1	137.3
Portion attributable to additional Tier 1 capital holders		2.9		2.9		
Profit for the period		24.8	46.0	53.5	60.1	137.3

Statement of comprehensive income

(NOK million)	Q2		01.01 - 30.06		Full Year
	2015	2014	2015	2014	2014
Profit for the period	24.8	46.0	53.5	60.1	137.3
Pension experience adjustments					-35.1
Tax on pension experience adjustments					9.5
Total other result elements not to be classified to profit/loss					-25.6
Total comprehensive income for the period	24.8	46.0	53.5	60.1	111.7
Total comprehensive income for the period is attributable to:					
Portion attributable to shareholders	21.9	46.0	50.6	60.1	111.7
Portion attributable to additional Tier 1 capital holders	2.9		2.9		
Total comprehensive income for the period	24.8	46.0	53.5	60.1	111.7

Storebrand Bank Group

Statement of financial position

(NOK million)	Note	30.06.2015	30.06.2014	31.12.2014
Cash and deposits with central banks		242.8	192.0	181.0
Loans to and deposits with credit institutions	6	230.9	551.3	207.1
Financial assets designated at fair value through profit and loss:				
Equity instruments	6	1.9	1.9	2.0
Bonds and other fixed-income securities	6, 12	2 589.4	2 470.6	3 247.8
Derivatives	6	462.8	692.2	742.1
Bonds at amortised cost	6, 12	1 006.6	1 307.2	1 006.7
Other current assets	6	36.0	13.4	9.7
Gross lending, amortised cost	6	26 868.1	29 851.5	27 529.8
Gross lending, FVO	6	1 163.0	1 125.8	988.8
Gross lending		28 031.1	30 977.4	28 518.6
- Loan loss provisions on individual loans	13	-48.8	-121.6	-32.9
- Loan loss provisions on groups of loans	13	-22.8	-21.5	-20.7
Net lending to customers		27 959.5	30 834.2	28 465.0
Tangible assets		5.5	7.5	6.6
Intangible assets and goodwill		102.8	107.4	108.7
Deferred tax assets	3	31.5	17.0	25.8
Assets sold/discontinued operations		0.0	0.1	0.0
Total assets		32 669.7	36 194.8	34 002.4
Liabilities to credit institutions	6	6.0	6.8	19.2
Deposits from and due to customers	6	18 763.7	20 967.7	19 358.1
Other financial liabilities:				
Derivatives	6	335.1	476.8	545.1
Commercial papers and bonds issued	6, 8	10 714.4	11 396.0	10 858.6
Other liabilities		123.5	207.8	140.0
Liabilities sold/discontinued operations		0.0	0.2	0.1
Provision for accrued expenses and liabilities		9.0	14.4	12.2
Pension liabilities		30.8	57.8	30.8
Subordinated loan capital	6, 8	286.8	592.2	511.6
Total liabilities		30 269.3	33 719.7	31 475.7
Paid in capital		1 516.8	1 516.8	1 516.8
Retained earnings		657.5	958.2	1 009.9
Additional Tier 1 capital		226.0	0.0	0.0
Total equity		2 400.4	2 475.1	2 526.7
Total equity and liabilities		32 669.7	36 194.8	34 002.4

Lysaker, 14 July 2015
The Board of Directors of Storebrand Bank ASA

Storebrand Bank ASA

Income statement

(NOK million)	Note	Q2		01.01 - 30.06		Full Year
		2015	2014	2015	2014	2014
Interest income		164.4	225.0	336.8	469.6	899.2
Interest expense		-112.4	-171.2	-245.0	-353.9	-671.8
Net interest income	11	52.0	53.8	91.7	115.7	227.4
Fee and commission income from banking services		14.7	22.0	33.7	43.7	83.8
Fee and commission expenses for banking services		-3.1	-3.4	-5.5	-6.2	-14.9
Net fee and commission income		11.6	18.6	28.2	37.5	68.9
Net gains on financial instruments		1.4	7.9	0.0	7.9	12.7
Other income		0.0	-3.8	1.4	-4.8	214.1
Total other operating income		1.4	4.0	1.4	3.1	226.7
Staff expenses		-28.0	-28.2	-58.2	-55.2	-73.0
General administration expenses		-10.2	-13.0	-22.4	-28.1	-53.7
Other operating costs		-23.1	-28.3	-49.0	-61.1	-113.7
Total operating costs		-61.4	-69.6	-129.7	-144.5	-240.3
Operating profit before loan losses		3.5	6.9	-8.3	11.8	282.6
Loan losses for the period	13	-8.6	7.4	-15.8	-37.6	-74.6
Profit before tax		-5.1	14.2	-24.1	-25.8	208.0
Tax	3	2.2	-5.2	7.4	5.4	-59.3
Profit for the period		-2.8	9.1	-16.7	-20.5	148.8
Profit for the period is attributable to:						
Portion attributable to shareholders		-5.7	9.1	-19.6	-20.5	148.8
Portion attributable to additional Tier 1 capital holders		2.9		2.9		
Profit for the period		-2.8	9.1	-16.7	-20.5	148.8

Statement of comprehensive income

(NOK million)	Q2		01.01 - 30.06		Full Year
	2015	2014	2015	2014	2014
Profit for the period	-2.8	9.1	-16.7	-20.5	148.8
Pension experience adjustments					-35.1
Tax on pension experience adjustments					9.5
Total other result elements not to be classified to profit/loss					-25.6
Total comprehensive income for the period	-2.8	9.1	-16.7	-20.5	123.2
Total comprehensive income for the period is attributable to:					
Portion attributable to shareholders	-5.7	9.1	-19.6	-20.5	123.2
Portion attributable to additional Tier 1 capital holders	2.9		2.9		
Total comprehensive income for the period	-2.8	9.1	-16.7	-20.5	123.2

Storebrand Bank ASA

Statement of financial position

(NOK million)	Note	30.06.2015	30.06.2014	31.12.2014
Cash and deposits with central banks		242.8	192.0	181.0
Loans to and deposits with credit institutions	6	2 024.3	3 754.6	2 848.2
Financial assets designated at fair value through profit and loss:				
Equity instruments	6	1.9	1.9	2.0
Bonds and other fixed-income securities	6, 12	5 623.9	5 569.3	6 181.7
Derivatives	6	272.4	473.6	511.7
Bonds at amortised cost	6, 12	1 006.6	1 307.2	1 006.7
Other current assets		889.9	881.6	1 120.2
Gross lending, amortised cost	6	13 298.6	14 959.0	13 204.4
Gross lending, FVO	6	1 163.0	1 125.8	988.8
Gross lending		14 461.6	16 084.9	14 193.2
- Loan loss provisions on individual loans	13	-47.1	-119.7	-31.9
- Loan loss provisions on groups of loans	13	-20.8	-20.5	-19.1
Net lending to customers		14 393.7	15 944.6	14 142.2
Tangible assets		2.5	4.2	3.6
Intangible assets		102.8	92.0	108.7
Deferred tax assets	3	32.7	23.3	25.2
Total assets		24 593.5	28 244.3	26 131.3
Liabilities to credit institutions	6	314.8	311.0	325.9
Deposits from and due to customers	6	18 774.8	20 989.1	19 366.1
Other financial liabilities:				
Derivatives	6	335.1	476.8	545.1
Commercial papers and bonds issued	6, 8	2 435.1	3 248.4	2 677.2
Other liabilities		107.3	204.1	568.2
Provision for accrued expenses and liabilities		9.0	14.4	12.2
Pension liabilities		30.8	57.8	30.8
Subordinated loan capital	6, 8	286.8	592.2	511.6
Total liabilities		22 293.8	25 893.8	24 037.1
Paid in capital		1 688.3	1 687.4	1 688.3
Retained earnings		385.3	663.1	405.8
Additional Tier 1 capital		226.0	0.0	0.0
Total equity		2 299.7	2 350.5	2 094.1
Total equity and liabilities		24 593.5	28 244.3	26 131.3

Lysaker, 14 July 2015
The Board of Directors of Storebrand Bank ASA

Storebrand Bank Group

Statment 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 31.12.2013	960.6	156.0	400.3	1 516.8	1 048.6	1 048.6	0.0	2 565.5
Profit for the period					137.3	137.3		137.3
Total other result elements not to be classified to profit/loss					-25.6	-25.6		-25.6
Total comprehensive income for the period	0.0	0.0	0.0	0.0	111.7	111.7	0.0	111.7
Equity transactions with owners:								
Group contribution received					31.4	31.4		31.4
Provision for group contribution					-181.4	-181.4		-181.4
Other changes					-0.5	-0.5		-0.5
Equity at 31.12.2014	960.6	156.0	400.3	1 516.8	1 009.9	1 009.9	0.0	2 526.7
Profit for the period					50.6	50.6	2.9	53.5
Total other result elements not to be classified to profit/loss								0.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	50.6	50.6	2.9	53.5
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					-0.8	-0.8	226.0	225.2
Payment to additional Tier 1 holders							-2.9	-2.9
Group contribution paid					-402.2	-402.2		-402.2
Equity at 30.06.2015	960.6	156.0	400.3	1 516.8	657.5	657.5	226.0	2 400.4
Equity at 31.12.2013								
Equity at 31.12.2013	960.6	156.0	400.3	1 516.8	1 048.6	1 048.6	0.0	2 565.5
Profit for the period					60.1	60.1		60.1
Total other result elements not to be classified to profit/loss								0.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	60.1	60.1	0.0	60.1
Equity transactions with owners:								
Group contribution received					31.4	31.4		31.4
Provision for group contribution					-181.4	-181.4		-181.4
Other changes					-0.5	-0.5		-0.5
Equity at 30.06.2014	960.6	156.0	400.3	1 516.8	958.2	958.2	0.0	2 475.1

Storebrand Bank ASA

Statment of changes in equity

(NOK mill.)	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 31.12.2013	960.6	156.0	571.8	1 688.3	682.9	682.9	0.0	2 371.2
Profit for the period					148.8	148.8		148.8
Total other result elements, not to be classified to profit/loss					-25.6	-25.6		-25.6
Total comprehensive income for the period	0.0	0.0	0.0	0.0	123.2	123.2	0.0	123.2
Equity transactions with owners:								
Change in provision for group contribution 2013					0.7	0.7		0.7
Change in group contribution received for 2013					-0.9	-0.9		-0.9
Provision for group contribution					-400.0	-400.0		-400.0
Equity at 31.12.2014	960.6	156.0	571.8	1 688.3	405.8	405.8	0.0	2 094.1
Profit for the period					-19.6	-19.6	2.9	-16.7
Total other result elements, not to be classified to profit/loss								0.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-19.6	-19.6	2.9	-16.7
Equity transactions with owners:								
Additional Tier 1 capital classified as equity					-0.8	-0.8	226.0	225.2
Payment to additional Tier 1 holders							-2.9	-2.9
Equity at 30.06.2015	960.6	156.0	571.8	1 688.3	385.3	385.3	226.0	2 299.7
Equity at 31.12.2013	960.6	156.0	571.8	1 688.4	682.9	682.9	0.0	2 371.2
Profit for the period					-20.5	-20.5		-20.5
Total other result elements, not to be classified to profit/loss								0.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-20.5	-20.5	0.0	-20.5
Equity transactions with owners:								
Change in provision for group contribution 2013					0.7	0.7		0.7
Change in group contribution received for 2013			-0.9	-0.9				-0.9
Equity at 30.06.2014	960.6	156.0	570.9	1 687.4	663.1	663.1	0.0	2 350.5

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

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

The interest is not presented as an interest expense in the income statement, but as a reduction of other equity. Accrued interest is included in the hybrid capital in the equity until the interest has been paid.

Statement of cash flow

Storebrand Bank ASA			Storbrand Bank Group	
30.06.2014	30.06.2015	(NOK million)	30.06.2015	30.06.2014
		Cash flow from operations		
460.8	312.1	Receipts of interest, commissions and fees from customers	517.2	720.5
-113.5	-55.6	Payments of interest, commissions and fees to customers	-55.6	-113.6
2 899.6	-279.6	Net disbursements/payments on customer loans	458.2	2 821.9
44.9	-725.1	Net receipts/payments of deposits from banking customers	-728.2	44.4
499.1	650.3	Net receipts/payments - securities at fair value	623.8	459.2
-150.1	-139.9	Payments of operating costs	-147.6	-157.9
		Net receipts/payments on other operating activities	3.0	-0.6
3 640.8	-237.7	Net cash flow from operating activities	670.8	3 773.9
		Cash flow from investment activities		
-28.4	-3.8	Net payments on purchase/sale of fixed assets etc.	-3.8	-28.4
-28.4	-3.8	Net cash flow from investment activities	-3.8	-28.4
		Cash flow from financing activities		
-785.9	-715.4	Payments - repayments of loans and issuing of bond debt	-2 452.7	-1 728.6
	500.0	Receipts - new loans and issuing of bond debt	2 500.0	
-82.4	-50.4	Payments - interest on loans	-147.3	-192.9
-11.9	-8.1	Payments - interest on subordinated loan capital	-8.1	-11.9
	-2.9	Payments - interest on additional Tier 1 capital	-2.9	
-1 018.1	-11.0	Net receipts/payments of liabilities to credit institutions	-13.2	-1 020.6
274.4	224.4	Receipts - group contribution		31.4
-260.6	-457.1	Payments - group contribution / dividends	-457.1	-251.9
-1 884.5	-520.6	Net cash flow from financing activities	-581.3	-3 174.5
1 727.9	-762.1	Net cash flow in the period	85.6	571.0
2 218.7	3 029.2	Cash and bank deposits at the start of the period	388.1	172.3
3 946.6	2 267.1	Cash and bank deposits at the end of the period	473.7	743.3
		Cash and bank deposits consist of:		
192.0	242.8	Cash and deposits with central banks	242.8	192.0
3 754.6	2 024.3	Loans to and deposits with credit institutions	230.9	551.3
3 946.6	2 267.1	Total cash and bank deposits in the balance sheet	473.7	743.3

Notes

Storebrand Bank Group

Note 01 | Accounting principles

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

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

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2014 annual report, and the interim financial statements are prepared with respect to these accounting policies. There are no new nor amended accounting standards that entered into effect as at 1 January 2015 that have caused significant effects on Storebrand Bank ASA's and Storebrand Bank Group's interim financial statements.

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, and also a reclassification relating to interest accrued on deposits from customers from Other liabilities to Deposits from and due to customers. Corresponding figures have also been changed.

Storebrand Bank ASA's two Hybrid tier 1 capital instruments are reclassified in the quarter from liabilities to equity. The interest is not presented within the line interest expense in the income statement but as a reduction in Other equity. Corresponding figures have not been changed. Also see statement of changes equity for more information.

Note 02 | Estimates

Critical accounting estimates and judgements are described in the 2014 annual financial statements in note 2 and valuation of financial instruments at fair value are described in note 6.

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

Actual results may differ from these estimates.

Note 03 | Tax

Tax cost is based on an expected average tax rate of 27% of company's profit and group profit before tax adjusted for permanent difference if there are any differences.

Note 04 | Related parties

COVERED BONDS ISSUED BY STOREBRAND BOLIGKREDITT AS

Storebrand Bank ASA has invested a total of NOK 3.0 billion in covered bonds issued by Storebrand Boligkreditt AS as of 30 June 2015. The investments are included in the liquidity portfolio in the parent company and are classified at fair value option. The investment has been eliminated in the consolidated accounts against bonds issued by Storebrand Boligkreditt AS.

LOANS TRANSFERRED TO STOREBRAND BOLIGKREDITT AS

Storebrand Bank ASA sells loans to the mortgage company Storebrand Boligkreditt AS. The mortgages are transferred on commercial terms. Once the loans are 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.

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.

CREDIT FACILITIES WITH STOREBRAND BOLIGKREDITT AS

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

OTHER RELATED PARTIES

Storebrand Bank ASA conducts transactions with related parties as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with senior employees and related parties are stipulated in notes 44 and 45 in the 2014 annual report for Storebrand Bank ASA.

Note 05 | Financial risk

The market value of Storebrand Bank's financial assets and liabilities varies due to financial market risks. Note 3 to note 7 of the 2014 annual report explains the banking group's financial risks which also is representative of the financial risks as per 30 June 2015. The bank's corporate market portfolio has declined substantially since the end of 2014, but this has not significantly changed the risk in the remaining portfolio.

Note 06 | Valuation of financial instruments

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

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

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

The Storebrand Group categorises financial instruments on three different levels, for further information see 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	Fair value	Book value	Book value
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Financial assets				
Bonds classified as loans and receivables	1 011.9	1 013.5	1 006.6	1 006.7
Loans to and deposits with credit institutions	230.9	207.1	230.9	207.1
Lending to customers	26 764.0	27 436.2	26 796.5	27 476.2
Other current assets	36.0	62.3	36.0	62.3
Financial liabilities				
Liabilities to credit institutions	6.0	19.2	6.0	19.2
Deposits from and due to customers	18 763.7	19 358.1	18 763.7	19 358.1
Commercial papers and bonds issued	10 832.0	11 024.7	10 714.4	10 858.6
Other liabilities	123.5	140.0	123.5	140.0
Subordinated loan capital	295.3	523.0	286.8	511.6

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	30.06.2015	31.12.2014
Assets:					
Equities		1.9		1.9	2.0
Total equities 31.12.2014		2.0			
Lending to customers			1 163.0	1 163.0	988.8
Total lending to customers 31.12.2014			988.8		
Government and government guaranteed bonds		101.3		101.3	1 000.7
Credit bonds		329.2		329.2	
Mortgage and asset backed bonds		2 158.9		2 158.9	2 247.1
Total bonds	0.0	2 589.4	0.0	2 589.4	
Total bonds 31.12.2014		3 247.8			
Interest derivatives		127.7		127.7	197.0
Total derivatives	0.0	127.7	0.0	127.7	
Derivatives with a positive fair value		462.8		462.8	742.1
Derivatives with a negative fair value		-335.1		-335.1	-545.1
Total derivatives 31.12.2014		197.0			
Liabilities:					
Liabilities to credit institutions		0.0		0.0	0.0
Total liabilities to credit institutions 31.12.2014		0.0			

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

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

(NOK million)	Lending to customers
Book value 01.01.2015	988.8
Net gains/losses on financial instruments	-18.7
Supply / disposal	385.5
Sales / due settlements	-192.6
Transferred from observable assumptions to non-observable assumptions	
Translation differences	
Other	
Book value 30.06.2015	1 163.0

SENSITIVITY ANALYSIS

LENDING TO CUSTOMERS (FIXED-RATE LOANS)

Fixed-rate lending is valued at fair value. The value of these is determined by discounting future contractual cash flows using a discount rate that takes into account margin requirements (market spread). The assumption for calculating the margin requirement is based on an assessment of market conditions at the end of the accounting period, and an assessment that would form the basis for an external investor's investment in a corresponding portfolio.

(NOK million)	Change in market spread	
	+ 10 BP	- 10 BP
Increase/reduction in fair value at 30.06.2015	-3.6	3.6

Segment information

PROFIT AND LOSS BY SEGMENT:

(NOK million)	Corporate					Retail				Full Year 2014
	Q2		01.01 - 30.06			Q2		01.01 - 30.06		
	2015	2014	2015	2014	2014	2015	2014	2015	2014	
Profit and loss items:										
Net interest income	11.2	19.7	19.8	49.6	81.2	87.7	100.0	183.6	196.3	393.4
Net fee and commission income	2.8	2.0	8.1	3.8	7.4	9.7	13.0	20.0	26.3	53.2
Other income	0.6	0.7	1.0	1.5	2.9	0.5	0.7	1.1	1.2	2.4
Total operating costs	-10.6	-15.3	-23.8	-34.9	-54.2	-51.6	-52.6	-107.6	-107.3	-185.9
Operating profit before loan losses	4.1	7.1	5.1	20.0	37.3	46.3	61.0	97.0	116.5	263.0
Loan losses	-10.2	10.5	-16.5	-35.0	-75.5	-0.1	-3.2	-1.0	-2.4	1.3
Ordinary profit from continuing operations	-6.1	17.6	-11.5	-15.0	-38.2	46.2	57.8	96.0	114.2	264.3
Ordinary profit from discontinued businesses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance sheet items:										
Gross lending to customers			3 082.7	6 760.9	3 968.4			24 833.1	24 102.6	24 440.9
Deposits from and due to customers			645.4	984.8	775.2			17 995.6	19 382.1	18 590.9
Key figures:										
Net interest income as % of total assets	1.18 %	2.06 %	0.98 %	1.06 %	1.04 %	1.23 %	1.36 %	1.29 %	1.36 %	1.39 %
Cost/income ratio	72 %	68 %	82 %	64 %	59 %	53 %	46 %	53 %	48 %	41 %
Deposits from customers as % of gross lending			21 %	15 %	20 %			72 %	80 %	76 %
Total level of provisioning			63 %	54 %	29 %			22 %	15 %	21 %

(NOK million)	Q2		Treasury/other			Q2		Total		Full Year
	2015	2014	01.01 - 30.06	2014	2014	2015	2014	01.01 - 30.06	2014	
Profit and loss items:										
Net interest income	-4.1	-4.2	-14.9	-3.2	-12.8	94.9	115.5	188.5	242.6	461.8
Net fee and commission income	-3.7	0.5	-5.5	1.1	-3.9	8.8	15.4	22.6	31.2	56.7
Other income	1.0	4.6	8.8	4.8	2.3	2.1	6.0	10.8	7.5	7.5
Total operating costs	0.1	-13.0	0.1	-18.8	-19.9	-62.1	-81.0	-131.3	-161.0	-260.0
Operating profit before loan losses	-6.7	-12.1	-11.5	-16.2	-34.3	43.7	55.9	90.6	120.2	266.0
Loan losses	0.7	0.0	0.7	0.0	0.0	-9.7	7.3	-16.9	-37.4	-74.2
Ordinary profit from continuing operations	-6.0	-12.2	-10.8	-16.2	-34.3	34.1	63.3	73.7	82.9	191.8
Ordinary profit from sold/discontinued businesses	0.0	0.0	-0.6	-0.6	-1.0	0.0	0.0	-0.6	-0.6	-1.0
Balance sheet items:										
Gross lending to customers			115.2	113.8	56.6			28 031.1	30 977.4	28 518.6
Deposits from and due to customers			122.7	600.8	-8.0			18 763.7	20 967.7	19 358.1
Key figures:										
Net interest income as % of total assets						1.16 %	1.26 %	1.14 %	1.29 %	1.26 %
Cost/income ratio						59 %	59 %	59 %	57 %	49 %
Deposits from customers as % of gross lending								67 %	68 %	68 %
Total level of provisioning								36 %	38 %	35 %

Business segments are the Group's primary reporting segments.

Description of the segments:

CORPORATE MARKET:

The segment includes corporate customers' deposits and loans, mainly property owners and developers. In the first to third quarters of 2014, the segment included a commercial real estate agency for corporate customers (Hadrian Eiendom AS). This company was sold in the fourth quarter of 2014, and the real estate agency has not been included for the year 2014. All capital market business for customers within the bank's corporate market segment is presented under the corporate market segment.

RETAIL MARKET:

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

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

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

The effects of financial risk management and the liquidity portfolio have not been allocated to the business areas and are reported under treasury/other.

Securities issued and subordinated loan capital

(NOK million)	Storebrand Bank Group	
	30.06.2015	31.12.2014
Commercial papers		
Bond loans	10 714.4	10 858.6
Subordinated loan capital	286.8	511.6
Total securities issued and subordinated loan capital	11 001.2	11 370.2

SPECIFICATION OF BONDS ISSUED AND SUBORDINATED LOAN CAPITAL *) AS OF 30 JUNE 2015 - STOREBRAND BANK GROUP

(NOK million)	ISIN code	Issuer	Net nominal value	Currency	Interest	Maturity ¹⁾	Book value
							30.06.2015
Bond loans							
	NO0010513237	Storebrand Bank ASA	300.0	NOK	Fixed	25.05.2016	308.9
	NO0010660806	Storebrand Bank ASA	300.0	NOK	Fixed	08.10.2019	323.5
	NO0010654510	Storebrand Bank ASA	52.0	NOK	Floating	06.07.2015	52.4
	NO0010670979	Storebrand Bank ASA	146.0	NOK	Floating	29.01.2016	146.6
	NO0010641079	Storebrand Bank ASA	800.0	NOK	Floating	27.03.2017	800.8
	NO0010662752	Storebrand Bank ASA	300.0	NOK	Floating	13.11.2017	301.0
	NO0010729387	Storebrand Bank ASA	500.0	NOK	Floating	14.01.2020	501.9
	Total bond loans						2 435.1

(NOK million)	ISIN code	Issuer	Net nominal value	Currency	Interest	Maturity ¹⁾	Book value
							30.06.2015
Covered bonds							
	NO0010548373	Storebrand Boligkreditt	1 250.0	NOK	Fixed	28.10.2019	1 443.7
	NO0010575913	Storebrand Boligkreditt	148.0	NOK	Floating	03.06.2016	146.7
	NO0010612294	Storebrand Boligkreditt	1 215.0	NOK	Floating	15.06.2016	1 212.0
	NO0010635071	Storebrand Boligkreditt	2 575.0	NOK	Floating	21.06.2017	2 584.3
	NO0010660822	Storebrand Boligkreditt	1 780.0	NOK	Floating	20.06.2018	1 793.0
	NO0010736903	Storebrand Boligkreditt	1 100.0	NOK	Floating	17.06.2020	1 099.6
	Total covered bonds						8 279.3
	Total commercial papers and bonds issued						10 714.4

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

(NOK million)			Net				Book
ISIN code	Issuer		nominal value	Currency	Interest	Call date	value
							30.06.2015
Dated subordinated loan capital							
NO0010641657	Storebrand Bank ASA		150.0	NOK	Floating	12.04.2017	151.4
NO0010714314	Storebrand Bank ASA		125.0	NOK	Floating	09.07.2019	125.6
Other subordinated loan capital							
NO00177116	Storebrand Bank ASA		9.3	NOK	Fixed	Perpetual	9.7
Total subordinated loan capital							286.8
Total securities issued and subordinated loan capital							11 001.2

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

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

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. 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.

NET PRIMARY CAPITAL

Storebrand Bank ASA			Storebrand Bank Group		
31.12.2014	30.06.2015	(NOK million)	30.06.2015	31.12.2014	
960.6	960.6	Share capital	960.6	960.6	
1 133.6	1 339.1	Other equity	1 439.8	1 566.2	
2 094.1	2 299.7	Total equity	2 400.4	2 526.7	
		Deductions:			
		Profit not included in the calculation of net primary capital	-53.5		
-108.7	-102.8	Intangible assets	-102.8	-108.7	
-25.2	-32.7	Deferred tax asset	-31.5	-25.8	
	-226.0	Capital instruments eligible as AT1 capital	-226.0		
		Provision for group contribution		-400.0	
1 960.3	1 938.2	Core capital exc. Hybrid Tier 1 capital	1 986.5	1 992.3	
		Additional Tier 1 capital:			
225.0	225.0	Capital instruments eligible as AT1 capital	225.0	225.0	
		Addition			
2 185.3	2 163.2	Core capital	2 211.5	2 217.3	
283.9	284.0	Supplementary capital	284.0	283.9	
		Tier 2 capital			
		Tier 2 capital deductions			
2 469.2	2 447.2	Net primary capital	2 495.6	2 501.3	

MINIMUM CAPITAL REQUIREMENT

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2014	30.06.2015	(NOK million)	30.06.2015	31.12.2014
1 018.6	922.4	Credit risk	1 117.1	1 209.5
		Of which:		
14.4	5.3	Local and regional authorities	5.3	14.4
164.9	165.6	Institutions	12.0	12.7
2.7	1.9	Corporates	1.9	2.7
636.5	576.4	Loans secured in residential real estate	967.9	1 050.9
83.9	71.4	Retail market	73.5	88.6
7.2	10.5	Loans past-due	14.0	10.7
81.9	76.3	Covered bonds	20.3	21.0
27.1	15.1	Other	22.1	8.6
1 018.6	922.4	Total minimum requirement for credit risk	1 117.1	1 209.5
		Settlement risk		
0.0	0.0	Total minimum requirement for market risk	0.0	0.0
79.7	87.1	Operational risk	88.4	89.5
26.4	10.6	CVA risk	19.1	38.6
		Deductions		
-1.5	-1.7	Loan loss provisions on groups of loans	-1.8	-1.7
1 123.1	1 018.4	Minimum requirement for net primary capital	1 222.8	1 336.0

CAPITAL ADEQUACY

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2014	30.06.2015	(NOK million)	30.06.2015	31.12.2014
17.6 %	19.2 %	Capital ratio	16.3 %	15.0 %
15.6 %	17.0 %	Core (tier 1) capital ratio	14.5 %	13.3 %
14.0 %	15.2 %	Core capital ratio excl. Hybrid Tier 1 capital	13.0 %	11.9 %

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)

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2014	30.06.2015	(NOK million)	30.06.2015	31.12.2014
12 732.3	11 530.4	Credit risk	13 963.3	15 119.2
		Of which:		
180.1	66.0	Local and regional authorities	66.0	180.1
2 061.5	2 069.4	Institutions	150.0	158.7
33.5	24.1	Corporates	24.1	33.5
7 956.8	7 204.9	Loans secured on residential real estate	12 098.2	13 136.4
1 048.2	892.9	Retail market	918.9	1 107.1
90.3	131.0	Loans past-due	175.2	133.2
1 023.8	953.8	Covered bonds	253.9	262.7
338.2	188.3	Other	276.8	107.5
12 732.3	11 530.4	Total basis of calculation credit risk	13 963.3	15 119.2
		Settlement risk		
0.0	0.0	Total basis of calculation market risk	0.0	0.0
995.7	1 088.3	Operational risk	1 105.1	1 118.8
330.2	132.1	CVA risk	238.9	482.2
		Deductions		
-19.1	-20.8	Loan loss provisions on groups of loans	-22.8	-20.7
14 039.0	12 730.0	Total basis of calculation of minimum requirements for capital base	15 284.4	16 699.4

Note
10

Key figures

(NOK million)	Storebrand Bank Group				
	Q2		01.01 - 30.06		Full year
	2015	2014	2015	2014	2014
Profit and Loss account: (as % of avg. total assets)					
Net interest income	1.16 %	1.26 %	1.14 %	1.29 %	1.26 %
Other operating income ³⁾	0.13 %	0.23 %	0.20 %	0.21 %	0.18 %
Main balance sheet figures:					
Total assets			32 669.7	36 194.8	34 002.4
Average total assets ¹⁾	32 905.7	36 826.4	33 441.3	37 833.3	36 545.3
Gross lending to customers			28 031.1	30 977.4	28 518.6
Deposits from customers			18 763.7	20 967.7	19 358.1
Deposits from customers as % of gross lending			66.9 %	67.7 %	67.9 %
Equity			2 400.4	2 475.1	2 526.7
Other key figures:					
Total non-interest income as % of total income	10.3 %	15.6 %	15.1 %	13.7 %	12.2 %
Loan losses and provisions as % of average total lending ⁵⁾	0.14 %	-0.09 %	0.12 %	0.23 %	0.24 %
Gross non-performing and loss-exposed loans as % of total average lending			0.7 %	1.2 %	0.5 %
Cost/income ratio banking activities ⁴⁾	58.6 %	54.7 %	60.4 %	52.9 %	46.3 %
Return on equity before tax ²⁾			6.3 %	6.7 %	7.7 %
Core capital ratio			14.5 %	14.8 %	13.3 %

Storebrand Bank ASA					
(NOK million)	Q2		01.01 - 30.06		Full year
	2015	2014	2015	2014	2014
Profit and Loss account: (as % of avg. total assets)					
Net interest income	0.83 %	0.76 %	0.72 %	0.80 %	0.81 %
Other operating income ³⁾	0.21 %	0.32 %	0.23 %	0.28 %	1.05 %
Main balance sheet figures:					
Total assets			24 593.5	28 244.3	26 131.3
Average total assets ¹⁾	25 017.1	28 450.5	25 542.9	29 105.9	28 125.4
Gross lending to customers			14 461.6	16 084.9	14 193.2
Deposits from customers			18 774.8	20 989.1	19 366.1
Deposits from customers as % of gross lending			129.8 %	129.8 %	136.4 %
Equity			2 299.7	2 350.5	2 094.1
Other key figures:					
Total non-interest income as % of total income	20.0 %	29.6 %	24.4 %	26.0 %	56.5 %
Loan losses and provisions as % of average total lending ⁵⁾	0.24 %	-0.18 %	0.23 %	0.44 %	0.46 %
Gross non-performing and loss-exposed loans as % of total average lending			1.1 %	2.0 %	0.7 %
Cost/income ratio	94.6 %	91.0 %	106.8 %	92.5 %	46.0 %
Return on equity before tax ²⁾			-2.3 %	-2.2 %	8.9 %
Core (tier 1) capital ratio			17.0 %	17.2 %	15.6 %

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) Annualised profit before tax for continued operations as % of average equity.
- 3) Other operating income includes net fee and commission income.
- 4) Banking activities consists of Storebrand Bank ASA and Storebrand Boligkreditt AS.
- 5) Loan losses and provisions for Storebrand Bank Group includes the items loan losses for the period and losses real estate at fair value, assets repossessed, in the profit & loss account.

Note 11 | Net interest income

STOREBRAND BANK GROUP

(NOK million)	Q2		01.01 - 30.06		Full year
	2015	2014	2015	2014	2014
Interest and other income on loans to and deposits with credit institutions	2.8	4.4	5.5	7.5	5.8
Interest and other income on loans to and due from customers	222.4	307.7	467.0	643.5	1 232.7
Interest on commercial paper, bonds and other interest-bearing securities	17.7	21.4	35.9	42.7	82.4
Other interest income and related income	1.1	1.5	2.5	2.8	7.3
Total interest income	243.9	335.0	510.9	696.5	1 328.3
Interest and other expenses on debt to credit institutions	-2.1	-1.8	-2.7	-6.5	-7.8
Interest and other expenses on deposits from and due to customers	-82.7	-129.3	-183.5	-265.6	-508.1
Interest and other expenses on securities issued	-57.0	-76.5	-118.8	-158.2	-301.8
Interest and expenses on subordinated loan capital	-3.2	-7.5	-9.3	-14.9	-31.2
Other interest expenses and related expenses	-4.0	-4.4	-8.1	-8.8	-17.6
Total interest expenses	-149.0	-219.5	-322.4	-454.0	-866.5
Net interest income	94.9	115.5	188.5	242.6	461.8

STOREBRAND BANK ASA

(NOK million)	Q2		01.01 - 30.06		Full year
	2015	2014	2015	2014	2014
Interest and other income on loans to and deposits with credit institutions	11.8	20.4	26.3	34.2	68.2
Interest and other income on loans to and due from customers	119.8	165.8	245.8	359.5	681.2
Interest on commercial paper, bonds and other interest-bearing securities	31.7	37.3	62.2	73.1	142.4
Other interest income and related income	1.1	1.5	2.5	2.8	7.3
Total interest income	164.4	225.0	336.8	469.6	899.2
Interest and other expenses on debt to credit institutions	-3.2	-3.1	-4.9	-9.0	-12.8
Interest and other expenses on deposits from and due to customers	-83.1	-129.4	-183.9	-265.8	-508.4
Interest and other expenses on securities issued	-19.0	-26.8	-38.9	-55.4	-101.9
Interest and expenses on subordinated loan capital	-3.2	-7.5	-9.3	-14.9	-31.2
Other interest expenses and related expenses	-4.0	-4.4	-8.1	-8.8	-17.6
Total interest expenses	-112.4	-171.2	-245.0	-353.9	-671.8
Net interest income	52.0	53.8	91.7	115.7	227.4

Storebrand Bank ASA has accrued the levy to The Norwegian Banks' Guarantee Fund over the fiscal year and recognized for six months per 30 June 2015.

Note 12

Off balance sheet liabilities and contingent liabilities

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2014	30.06.2015	(NOK million)	30.06.2015	31.12.2014
89.6	71.6	Guarantees	71.6	89.6
5 302.8	6 137.1	Undrawn credit limits	3 746.3	3 783.7
30.5	21.0	Lending commitments	21.0	30.5
5 422.9	6 229.7	Total contingent liabilities	3 838.9	3 903.8
650.6	650.6	Booked value of bonds pledged as security for the bank's D-loan and F-loan facility with the Norwegian central bank	650.6	650.6
811.7	698.6	Booked value of securities pledged as collateral for the government securities for covered bonds swap scheme		
384.5	383.7	Booked value of bonds pledged as security with other credit institutions		
1 846.7	1 732.9	Total book value of off balance sheet liabilities	650.6	650.6

Undrawn credit limits reported in Storebrand Bank ASA as of 30 June 2015 includes NOK 4.1 billion to the subsidiary Storebrand Boligkreditt AS.

Non-performing loans and loan losses

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2014	30.06.2015	(NOK million)	30.06.2015	31.12.2014
		Non-performing loans		
40.8	61.0	Non-performing loans without evidence of impairment	97.7	76.4
64.0	92.9	Loss-exposed loans with evidence of impairment	103.9	76.5
104.8	153.9	Gross non-performing and loss-exposed loans	201.6	152.9
-31.9	-47.1	Loan loss provisions on individual loans	-48.8	-32.9
73.0	106.8	Net non-performing and loss-exposed loans	152.9	120.1
		Key figures		
-19.1	-20.8	Loan loss provisions on groups of loans (NOK million)	-22.8	-20.7
-51.0	-67.9	Total loan loss provisions (NOK million)	-71.6	-53.6
50 %	51 %	Level of provisioning for individual loss-exposed loans ¹⁾	47 %	43 %
49 %	44 %	Total level of provisioning ²⁾	36 %	35 %

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

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

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

- when a credit facility has been overdrawn for more than 90 days

- when an ordinary mortgage has arrears older than 90 days

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

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

Storebrand Bank ASA			Storebrand Bank Group	
31.12.2014	30.06.2015	(NOK million)	30.06.2015	31.12.2014
		Losses on loans and guarantees etc. during period		
-39.4	-14.3	Change in individual loan loss provisions	-14.9	-38.9
9.0	-1.6	Change in grouped loan loss provisions	-2.1	8.7
9.1	0.1	Other effects on loan loss provisions	0.1	9.0
-16.0		Realised losses specifically provided for previously		-16.0
-0.9	-0.7	Realised losses not specifically provided for previously	-0.7	-0.9
0.6	0.6	Recoveries on previous realised losses	0.6	0.6
-37.6	-15.8	Loan losses for the period	-16.9	-37.4

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

Quarterly income statement

STOREBRAND BANK GROUP

(NOK million)	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Interest income	243.9	267.0	307.0	324.7	335.0
Interest expense	-149.0	-173.4	-197.4	-215.1	-219.5
Net interest income	94.9	93.6	109.6	109.6	115.5
Fee and commission income from banking services	11.9	16.3	14.9	19.4	18.8
Fee and commission expenses for banking services	-3.1	-2.4	-3.7	-5.1	-3.4
Net fee and commission income	8.8	13.9	11.2	14.3	15.4
Net gains on financial instruments	2.4	2.3	1.6	3.1	2.0
Other income	-0.3	6.3	-8.9	4.2	3.9
Total other operating income	2.1	8.7	-7.4	7.4	5.9
Staff expenses	-28.1	-30.2	17.3	-30.1	-31.1
General administration expenses	-10.3	-12.3	-11.4	-13.9	-13.6
Other operating cost	-23.7	-26.7	-23.9	-37.1	-36.3
Total operating costs	-62.1	-69.2	-18.0	-81.1	-81.0
Operating profit before loan losses	43.7	46.9	95.5	50.3	55.9
Loan losses for the period	-9.7	-7.2	-3.1	-33.7	7.4
Profit before tax	34.1	39.7	92.4	16.5	63.2
Tax	-9.2	-10.7	-26.7	-4.5	-17.1
Result after tax sold/discontinued operations	-0.1	-0.3	-0.4	-0.1	-0.2
Profit for the year	24.8	28.7	65.3	11.9	46.0

STOREBRAND BANK ASA

(NOK million)	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Interest income	164.4	172.4	211.0	218.6	225.0
Interest expense	-112.4	-132.6	-151.7	-166.3	-171.2
Net interest income	52.0	39.8	59.4	52.3	53.8
Fee and commission income from banking services	14.7	19.1	17.6	22.6	22.0
Fee and commission expenses for banking services	-3.1	-2.4	-3.7	-5.1	-3.4
Net fee and commission income	11.6	16.7	13.9	17.5	18.6
Net gains on financial instruments	1.4	-1.4	-1.2	6.0	7.9
Other income	0.0	1.4	224.9	-6.0	-3.8
Total other operating income	1.4	0.0	223.6	0.0	4.0
Staff expenses	-28.0	-30.2	11.0	-28.7	-28.2
General administration expenses	-10.2	-12.2	-11.8	-13.7	-13.0
Other operating cost	-23.1	-25.9	-25.9	-26.6	-28.3
Total operating costs	-61.4	-68.3	-26.8	-69.1	-69.6
Operating profit before loan losses	3.5	-11.8	270.1	0.7	6.9
Loan losses for the period	-8.6	-7.2	-3.9	-33.1	7.4
Profit before tax	-5.1	-19.0	266.2	-32.4	14.2
Tax	2.2	5.1	-71.8	7.1	-5.2
Profit for the year	-2.8	-13.9	194.4	-25.2	9.1

Storebrand Bank ASA

Declaration by the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer have today considered and approved the half-yearly report and half-yearly accounts of Storebrand Bank ASA group and Storebrand Bank ASA for the first six months as at 30 June 2015 (the 2015 half-yearly report).

The half-yearly report has been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting as approved by the EU, as well as the additional Norwegian requirements set out in the Securities Trading Act.

The Board of Directors and the Chief Executive Officer hereby confirm that, to the best of their knowledge, the half-yearly accounts for 2015 have been prepared in accordance with the current accounting standards, and the information contained in the accounts gives a true and fair view of the parent company's and the group's assets, liabilities, and financial position taken as a whole as at 30 June 2015. The Board of Directors and the Chief Executive Officer confirm that, to the best of their knowledge, the half-yearly accounts gives a true and fair summary of important events during the accounting period and their effect on the half-yearly accounts Storebrand Bank ASA and Storebrand Bank ASA group. The Board of Directors and the Chief Executive Officer also confirm that, to the best of their knowledge, the description of the most important risk and uncertainty factors that the business faces in the next accounting period, together with the description of material transactions with close associates, provide a true and fair summary.

Lysaker, 14 July 2015

The Board of Directors of Storebrand Bank ASA

Heidi Skaaret
Chairman of the Board

Geir Holmgren
Deputy Chairman of the Board

Inger Roll-Matthiesen

Leif Helmich Pedersen

Maria Skotnes

Bernt Uppstad
Chief Executive Officer

Storebrand Bank ASA

Report on review of interim financial information



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Translation from the original Norwegian version

To the Board of Directors of Storebrand Bank ASA

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statement of financial position of Storebrand Bank ASA (the Group) as of 30 June 2015, and the related income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the six-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Oslo, 14 July 2015
Deloitte AS

Henrik Woxholt
State Authorized Public Accountant (Norway)

Translation has been made for information purposes only

Financial calendar 2015



11 February	Result Q4 2014
29 April	Result Q1 2015
15 July	Result Q2 2015
28 Oktober	Result Q3 2015
February 2016	Result Q4 2015

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