Storebrand Boligkreditt AS
Annual Report 2010

storebrand

COMPANY INFORMATION

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Storebrand Boligkreditt AS
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N-1327 Lysaker
Norway

Telephone:	+ 47 - 22 31 50 50
Website:	www.storebrand.no
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Company registration number:	990 645 515

Senior Management:

Åse Jonassen	Managing Director

Board of Directors:

Truls Nergaard	Chairman
Lars Syse Christiansen	Board Member
Thor Bendik Weider	Board Member
Inger Roll-Matthiesen	Board Member

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Other sources of information:
The Annual Report and interim reports of Storebrand Boligkreditt AS are published on www.storebrand.no

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KEY FIGUES

NOK MILLION	FULL YEAR 2010	FULL YEAR 2009
Profit and Loss account: *(as % of avg. total assets)* 1)		
Net interest income 2)	0.80 %	0.90 %
Main balance sheet figures:		
Total assets	14 669.2	13 692.2
Average total assets	14 638.3	13 057.9
Total lending to customers	13 805.7	12 871.2
Equity	700.9	633.5
Other key figures:		
Total non-interest income as % of total income	-8.14 %	2.63 %
Loan losses and provisions as % of average total lending	0.01 %	0.00 %
Individual impairment loss as % of gross defaulted loans 4)	10.17 %	3.22 %
Costs as % of operating income	12.76 %	12.53 %
Return on equity after tax 3)	10.05 %	12.74 %
Core capital ratio	12.7 %	12.5 %

Definitions:

1) Average total assets is calculated on the basis of monthly total assets for the year.

2) Annualised net interest income adjusted for hedging ineffectiveness.

3) Annualised profit after tax adjusted for hedging ineffectiveness as % of average equity.

4) Gross defaulted loans with identified loss of value .

ANNUAL REPORT

(Figures for 2009 shown in brackets)

MAIN FEATURES

Storebrand Boligkreditt AS is a wholly owned subsidiary of Storebrand Bank ASA. The company is based at Storebrand Bank ASA's head office in Professor Kohts vei 9, 1366 Lysaker, and Bærum.

The company holds a concession from Finanstilsynet to issue covered bonds. In February 2008, the company started normal operations by purchasing residential mortgages from Storebrand Bank ASA. The established loan programme has received an Aaa rating from the ratings agency Moody's, and the company had by year-end 2010 issued NOK 11.6 billion in covered bonds with a remaining term to maturity of 4 months to 9 years. The issued volume has partly been placed in the market and partly on Storebrand Bank ASA's balance sheet and used in, for example, the government's swap scheme. Storebrand Boligkreditt represents an important part of Storebrand Bank ASA's efforts to establish a more long-term and favourable funding profile.

At year-end 2010, the mortgage company had 11,433 mortgages and credit loans secured by property worth NOK 13.8 billion on its balance sheet.

The quality of the portfolio is very good. At year-end 2010, 14 commitments were not performing, corresponding to NOK 18.2 million. This amounted to 0.13 per cent of the portfolio. The average loan-to-collateral value ratio was around 46 per cent.

FINANCIAL PERFORMANCE

The company's profit before losses amounted to NOK 94 million (NOK 105 million) for 2010. Net losses on lending and guarantees recognised as costs amounted to NOK 1 million (NOK 0.4 million) and were entirely linked to group write-downs. Storebrand Boligkreditt's profit for the year after tax amounted to NOK 67 million compared to NOK 76 million for 2009.

Net interest income

Net interest income amounted to NOK 117 million (NOK 117 million) for 2010, unchanged compared to last year despite the increased lending volume. Net interest income as a percentage of average total assets was 0.80 per cent (0.90 per cent) in 2010.

Other income

Other income amounted to minus NOK 9 million (NOK 3 million) for 2010, which was entirely related to changes in the value of the company's investments in securities and derivatives not earmarked for hedge accounting.

Operating costs

Operating costs totalled NOK 14 million (NOK 15 million) in 2010, equivalent to 13 per cent of total operating income for the full year. The company has no employees of its own and primarily purchases services from Storebrand Bank ASA and Storebrand Livsforsikring AS. Services are purchased on commercial terms.

Losses and non-performance

The volume of non-performing and loss exposed loans over 90 days old in Storebrand Boligkreditt was NOK 18.2 million at year-end 2010. The volume is equivalent to 0.13 per cent of gross lending. The non-performing and loss exposed commitments are well collateralised. Most of the commitments have a loan-to-collateral value ratio within 60 per cent of market value. The non-performing commitment with the highest loan-to-collateral value ratio is within 75 per cent of the loan-to-asset value ratio. Non-performance is low, but the situation is nevertheless monitored closely.

BALANCE SHEET

The company's total assets have been stable compared to the previous year and totalled NOK 14.7 billion at year-end 2010. Storebrand Boligkreditt has a balanced, tailored funding structure and its borrowing is based on the issuing of covered bonds, principally in the Norwegian capital market. The unused part of the NOK 5 billion credit facility in Storebrand Bank ASA amounted to NOK 3 billion at year-end 2010.

RISK MANAGEMENT

Storebrand Boligkreditt is proactive with regard to the risks it takes and is always striving to refine its risk management systems and processes.

Storebrand Boligkreditt is exposed to the following important risks: credit risk, liquidity risk, market risk and operational risk.

Credit risk
Following a moderate fall in house prices in 2008, house prices rose significantly in 2009 and then moderately in 2010. The volume of non-performing and loss-exposed loans in Storebrand Boligkreditt fell in 2010. Despite the low volume, non-performance is carefully monitored. Storebrand Bank ASA, which administers the loans in Storebrand Boligkreditt, is relatively conservative in its lending practices when it comes to calculating customers' ability to pay. The collateral is regarded as very good since a large proportion of the loans were granted within 60 per cent of the mortgage value. The average loan-to-collateral ratio in the portfolio is 46 per cent and at the time of transfer the loan-to-collateral ratio can be equal to a maximum 75 per cent. The risk in the lending portfolio is therefore regarded as very low.

The company has not issued any guarantees. Storebrand Boligkreditt has not deposited securities in Norges Bank as collateral.

Liquidity risk
Liquidity risk refers to the risk of Storebrand Boligkreditt being unable to meet all its financial liabilities as they fall due for payment. The liquidity in the mortgage company shall be sufficient to support balance sheet growth and repay funding as it matures. The company manages its liquidity position on the basis of a minimum liquidity holding, maximum volume per issue within a 6 months' period, and net maturity within 12 months.

The liquidity measurements in Storebrand Boligkreditt are within the internally set limits.

Market risk
The company's aggregate interest rate and foreign currency exposure and the maximum loss risk associated with market risk are limited by low exposure limits.
At year-end 2010, the company had no liquidity portfolio of fixed income securities, only bank deposits.

Interest risk
Storebrand Boligkreditt has restrictive limits for interest risk and this is considered low since all the lending is subject to administratively set interest rates and borrowing is subject to either variable interest rates or is swapped for 3 months' variable NIBOR.

Currency risk
At year-end 2010, Storebrand Boligkreditt had no foreign currency risk exposure since the company lends and borrows in NOK only following the redemption of the issued EUR bond.

Operational risk
The company prioritises the establishment of good work and control routines in order to manage operational risk. The most important means of reducing operational risk are systematic risk reviews every quarter and when special events occur. The results of the risk reviews are registered in the internal control system. Given that a substantial proportion of the company's actual operations are outsourced to other companies in the Storebrand Group, special importance is placed on monitoring the quality of these deliveries. Systems for systematically monitoring these service deliveries have therefore been set up.

Storebrand Boligkreditt uses, and is included in, the Storebrand Bank Group's routines and processes for managing operational and compliance risk. The bank's compliance officers, financial crime unit, and internal auditor all carry out spot checks and quality assessments within a number of the business' most important work processes. Other compliance is addressed by the CEO, who determines whether or not internal or external competence should be drawn on at any given time. The results of these and associated measures are reported to corporate bodies in Storebrand Boligkreditt.

CAPITAL MANAGEMENT

Capital adequacy
At year-end 2010, the company's equity after year-end allocations amounted to NOK 701 million (NOK 634 million). At year-end 2010, the company's net primary capital amounted to NOK 701 million (NOK 634 million). This represents a capital adequacy and core (tier 1) capital ratio of 12.7 per cent (12.5 per cent).

The Board of Directors is of the opinion that the company's equity is satisfactory and reasonable based on the activities it carries out.

Continues next page

PERSONNEL, ORGANISATION, CORPORATE BODIES THE ENVIRONMENT

Organisation
The company has concluded an agreement with Storebrand Bank ASA concerning the terms for purchasing, transferring and administering loans. The company's other tasks are carried out by staff in Storebrand Livsforsikring AS and Storebrand Bank ASA. The purchased services are regulated by service agreements and price agreements that are updated annually. The CEO of Storebrand Boligkreditt is formally employed by Storebrand Bank ASA. A new position of Chief Risk Officer (CRO) was established in Storebrand Boligkreditt in 2011. This person is also formally employed by Storebrand Bank ASA.

Personnel
The company had no employees at year-end 2010. Therefore, no special working environment measures have been introduced.

Equality opportunities/diversity
The Board consists of three men and one woman. The CEO is a woman. The Board and management team have a systematic, proactive approach to promoting equal opportunities in the company.

Furthermore, the company' complies with the group's guidelines and regulations concerning corporate responsibility, including discrimination/diversity and ethics.

Code of ethics
The Storebrand Group's code of ethics was revised and considered by the Group's Board in 2010. The Group also has corporate guidelines for reporting and combating corruption. A professional, external channel has been established, which can be used to anonymously report situations worthy of criticism.

Changes to Board composition
The Board of Directors consists of two internal and two external members. Klaus Anders Nysteen retired from the Board in 2010. The new Chairman of the Board is Truls Nergaard, the CEO of Storebrand Bank ASA. Lars Syse Christiansen was appointed as the new member of the Board.

External environment
Storebrand systematically strives to reduce the business operations' impact on the environment in relation to its own operations, investments, purchasing, and property management. The mortgage company takes part in initiatives introduced by the Group.

Corporate responsibility
Storebrand's ambition is to be the Nordic region's leading financial group when it comes to corporate responsibility and socially responsible investments.

STATEMENT CONCERNING COMPANY MANAGEMENT

Storebrand Boligkreditt's systems for internal control and risk management linked to the accounting process comply with the Group's guidelines. The guidelines are adopted by the Board annually as part of the establishment of normative documents. Storebrand Boligkreditt also buys, via service agreements, all the accounting competence, bookkeeping and reporting it requires.

Storebrand Boligkreditt has no special articles of association provisions that regulate the appointment and replacement of board members; instead it abides by the decisions of the Group via the shared Nomination Committee.

The bank has no articles of association provisions and mandates that allow the Board to decide whether or not the company shall buy back or issue its own shares or equity certificates.

GOING CONCERN

In the opinion of the Board, the presented profit and loss account, balance sheet, and notes disclose adequate information about the company's operations and position as per 31 December 2010.

The Board is of the opinion that the prerequisites for the going concern assumption exist and hereby confirms that the annual financial statements for 2010 were prepared on the basis of a going concern assumption.

EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors is unaware of any events that have occurred since the end of the financial year that would be material to the annual financial statements as presented.

ALLOCATION OF THE RESULT FOR THE YEAR

The company's profit for the year was NOK 67.4 million. The Board proposes that a group contribution of NOK 34.5 million before tax (NOK 24.9 million after tax) be distributed to Storebrand Bank ASA. At the same time the company will receive a tax-free group contribution from the parent company of NOK 24.9 million. The Board regards the company's capital situation as good in relation to its risk profile and proposes the following application of the year's profit to the company's Board of Representatives and annual general meeting:

AMOUNTS IN NOK MILLION:

Transferred to other equity	42.6
Allocated group contribution to parent company (after tax)	24.9
Total allocations	**67.4**

The company's distributable equity after the allocated group contribution and received group contribution amounts to NOK 150.7 million as per 31 December 2010.

STRATEGY AND OUTLOOK FOR 2011

Storebrand Boligkreditt will continue its core activity, which is purchasing residential mortgages from Storebrand Bank ASA, in 2011. The company is aiming for moderate growth in collateral during 2011.

The housing market and development of non-performance will be monitored closely. The job of ensuring good work routines and high data quality will be continued and this thus ensures the authorities' and ratings requirements will continue to be met.

At the start of 2011, the financial markets in Norway have stabilised in the wake of the financial crisis, though internationally the economy is still affected by the crisis. This is also affecting the market for covered bonds. New issues will be carried out to the extent the financial markets are accessible and the company has free collateral. Storebrand Boligkreditt will continue to help Storebrand Bank ASA achieve diversified funding.

Lysaker, 15 February 2011

The Board of Directors of Storebrand Boligkreditt AS

Translation – not to be signed

Truls Nergaard
Chairman of the Board

Thor Bendik Weider
Board member

Lars Syse Christiansen
Board member

Inger Roll-Matthiesen
Board member

Åse Jonassen
CEO

Profit and loss account

1 January - 31 December

NOK MILLION	NOTE	2010	2009
Interest income		495.2	503.9
Interest expense		-378.2	-386.6
Net interest income	**10**	**117.0**	**117.3**
Commission income		0.1	0.1
Commission expense			
Net commission income		**0.0**	**0.0**
Net gains on financial instruments at fair value	10	-8.9	3.1
Net income and gains from associated companies			
Other income			
Total other operating income		**-8.9**	**3.1**
Staff expenses	12, 30	-0.2	-0.2
General administration expenses	12	-0.5	-0.3
Other operating costs	11, 12	-13.1	-14.6
Total operating costs		**-13.8**	**-15.1**
Operating profit before losses and other items		**94.4**	**105.4**
Loss provisions on loans and guarantees	13	-0.8	-0.4
Profit before tax		**93.6**	**105.0**
Tax	14	-26.2	-29.4
Profit for the year		**67.4**	**75.6**

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	2010	2009
Other comprehensive income			
Profit for the period		67.4	75.6
Total comprehensive income for the period		**67.4**	**75.6**
Allocations:			
Provision for group contribution		24.9	46.6
Transferred to other equity		42.6	28.9
Total allocations		**67.4**	**75.6**

Statement of financial position

31 December

ASSETS

NOK MILLION	NOTE	2010	2009
Loans to and deposits with credit institutions	4, 15, 16, 17	513.4	58.4
Financial assets designated at fair value through profit and loss:			
Bonds and other fixed-income securities	4, 8, 15, 18		260.4
Derivatives	4, 8, 15, 19	240.2	417.2
Other current assets	15, 24	111.8	86.0
Gross lending	4, 15, 16, 21	13 805.7	12 871.2
Write-downs of loans	4, 15, 16, 23	-1.9	-1.1
Net lending to customers		13 803.8	12 870.2
Deferred tax assets	14		
Total assets		**14 669.2**	**13 692.2**

LIABILITIES AND EQUITY

NOK MILLION	NOTE	2010	2009
Liabilities to credit institutions	5, 15, 16	1 946.1	1 978.4
Other financial liabilities:			
Derivatives	4, 15, 18, 19		90.7
Commercial paper and bonds issued	5, 15, 16	11 927.1	10 918.6
Other liabilities	5, 15, 16, 27	92.2	69.1
Deferred tax	14	2.9	1.8
Provision for accrued expenses and liabilities			
Total liabilities		**13 968.3**	**13 058.7**
Share capital		350.0	350.0
Share premium reserve		200.1	200.1
Other paid-in equity		118.9	54.4
Other equity		31.8	28.9
Total equity		**700.9**	**633.4**
Total liabilities and equity		**14 669.2**	**13 692.2**

Lysaker, 15 February 2011

The Board of Directors of Storebrand Boligkreditt AS

Translation – not to be signed

Truls Nergaard
Chairman of the Board

Thor Bendik Weider
Board member

Lars Syse Christiansen
Board member

Inger Roll-Matthiesen
Board member

Åse Jonassen
CEO

Changes in equity

NOK MILLION	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	TOTAL EQUITY
	CHANGES IN EQUITY				OTHER EQUITY			
Equity at 31.12.2008	350.0	200.1	7.8	557.9				557.9
Profit for the period						75.6	75.6	75.6
Pension experience adjustments								
Total other comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**75.6**	**75.6**	**75.6**
Equity transactions with the owner:								
Group contribution received			46.6	46.6				46.6
Provision for group contribution				0.0		-46.6	-46.6	-46.6
Equity at 31.12.2009	**350.0**	**200.1**	**54.4**	**604.5**	**0.0**	**28.9**	**28.9**	**633.4**
Profit for the period				0.0		67.4	67.4	67.4
Pension experience adjustments								
Total other comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**67.4**	**67.4**	**67.4**
Equity transactions with the owner:								
Change in group contribution received 2009			39.7	39.7				39.7
Group contribution received			24.9	24.9				24.9
Change in provision for group contribution 2009						-39.7	-39.7	-39.7
Provision for group contribution						-24.9	-24.9	-24.9
Equity at 31.12.2010	**350.0**	**200.1**	**118.9**	**629.4**	**0.0**	**31.8**	**31.8**	**700.9**

Storebrand Boligkreditt AS er 100% owned by Storebrand Bank ASA. Number of shares are 35.000.000 at nominal value NOK 10,- per share.

The equity changes with the result for the individual period, equity transactions with the owners and items that are entered directly on the balance sheet. Share capital, the share premium fund and other equity is evaluated and managed together. The share premium fund may be used to cover a loss, and other equity may be used in accordance with the provisions of the Company Act.

Storebrand Boligkreditt AS pays particular attention to the active management of equity in the company. This management is tailored to the business-related financial risk and capital requirements in which the composition of its business areas and their growth will be an important driver for the company's capital requirements. The goal of the capital management is to ensure an effective capital structure and reserve an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. If there is a need for new equity, this must be procured by the parent bank Storebrand Bank ASA.

Storebrand Boligkreditt AS is a credit institution subject to statutory requirements regarding primary capital under the capital adequacy regulations. Primary capital encompasses both equity and subordinated loan capital. For Storebrand Boligkreditt, these legal requirements carry the greatest significance in its capital management.

The company's goal is to achieve a core (tier 1) capital ratio of 10% over time. In general, the equity of the company can be managed without material restrictions if the capital requirements are met and the respective legal entities have adequate solidity.

For further information on the company's fulfilment of the capital requirements, see note 29.

Cash flow statement

1 January - 31 December

NOK MILLION	2010	2009
Cash flow from operations		
Net receipts/payments of interest, commissions and fees from customers	665.9	519.6
Net disbursement/payments on customer loans	-938.4	-1,263.5
Net receipts/payments - securities at fair value	260.5	56.8
Payments of operating costs	-15.5	-14.6
Net cash flow from operating activities	**-27.4**	**-701.7**
Cash flow from investment activities		
Net payments on purchase/sale of fixed assets etc.		
Net cash flow from investment activities	**0.0**	**0.0**
Cash flow from financing activities		
Payments - repayments of loans and issuing of bond debt	-2 118.2	-1 397.5
Receipts - new loans and issuing of bond debt	3 026.9	2 500.0
Payments - interest on loans	-444.4	-337.7
Receipts - group contribution	64.8	12.3
Payments - group contribution	-46.6	-17.1
Net cash flow from financing activities	**482.4**	**760.0**
Net cash flow in period	**455.0**	**58.3**
Net movement in cash and bank deposits	455.0	58.3
Cash and bank deposits at the start of the period	58.4	0.0
Cash and bank deposits at the end of the period	**513.4**	**58.4**

The company has a credit arrangement (drawing facility) with Storebrand Bank ASA that is included in the item "Liabilities to credit institutions" as at 31.12.10. See also Note 5.

The cash flow analysis shows the company's cash flows for operational, investment and financial activities pursuant to the direct method. The cash flows show the overall change in means of payment over the year.

Operational activities
A substantial part of the activities in a credit institution will be classified as operational.

Investment activities
Includes cash flows from tangible fixed assets.

Financing activities
Financing activities include cash flows for equity, subordinated loans and other borrowing that helps fund the company's activities. Payments of interest on borrowing and payments of group contribution to the parent bank are financial activities.

Cash/cash equivalents
Cash/cash equivalents are defined as claims on central banks and lending to and claims on financial institutions.

NOTES TO THE ACCOUNTS

NOTE 1: Accounting policies

The accounting policies used in the financial statements of Storebrand Boligkreditt AS are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances.

Basic policies
- The financial statements for Storebrand Boligkreditt AS are prepared in accordance with the Accounting Act and section 1-5 of the regulations relating to annual accounts of banks and finance companies etc, which deals with the simplified application of EU-approved International Financial Reporting Standards, as well as the other Norwegian disclosure obligations pursuant to the Accounting Act, the regulations relating to annual accounts of banks and finance companies, etc. and the Securities Trading Act (hereafter called simplified IFRS).
- Simplified IFRS allows the company to recognise provisions for dividends and group contributions as income, and the Board of Directors' proposal concerning the dividend and group contribution to be recognised as a liability on the statement of financial position date. According to the full IFRS, the dividend and group contribution must be classified as equity until they are adopted by the annual general meeting. Otherwise simplified IFRS involves the company fully applying the accounting policies pursuant to IFRS.

Use of estimates in preparing the annual financial statements
The preparation of the annual financial statements in accordance with simplified IFRS requires the management to make valuations, estimates and assumptions that affect assets, liabilities, revenue, costs, the notes to the financial statements and information on potential liabilities. The final values realised may differ from these estimates. See note 2 for further information about this.

No changes to the accounting policies were made in 2010.

STANDARDS AND INTERPRETATIONS OF EXISTING STANDARDS AND WHERE STOREBRAND HAS NOT CHOSEN EARLY APPLICATION

The company has not made any changes in applied accounting policies in 2010.

Changes have been made to the following standards and these came into force on 1 January 2010:
- IFRS 3 Business Combinations
- IAS 27 Consolidated and Separate Financial Statements

Changes to accounting standards have not had an effect on the company's financial reporting as per 31 December 2010.

Summary of central accounting policies for important balance sheet items
The assets side of the balance sheet primarily consists of financial instruments. The majority of the financial instruments fall into the category "Lending and receivables" and are stated at amortised cost, while other financial instruments are stated at fair value.
The liabilities side of the company's balance sheet primarily consists of financial instruments (liabilities). With the exception of derivatives that are stated at fair value, the majority of the financial liabilities are stated at amortised cost.

The accounting policies are described in more detail below.

FINANCIAL INSTRUMENTS

General policies and definitions

Recognition and derecognition
Financial assets and liabilities are included in the statement of financial position from such time Storebrand Boligkreditt becomes party to the instrument's contractual terms and conditions. Normal purchases and sales of financial instruments are booked on the transaction date. When a financial asset or a financial liability is first recognised in the financial statements, it is valued at fair value. First time recognition includes transaction costs directly related to the acquisition or issue of the financial asset or the financial liability if it is not a financial asset or a financial liability at fair value in the profit and loss account.

Financial assets are derecognised when the contractual right to the cash flow from the financial asset expires, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, the risk and reward associated with ownership of the asset is transferred.

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NOTE 1: Accounting policies *(continues)*

Financial liabilities are derecognised in the statement of financial position when they cease to exist, i.e. once the contractual liability has been fulfilled, cancelled or has expired.

Definition of amortised cost
Subsequent to inception, loans and receivables as well as financial liabilities not at fair value in the profit and loss account, are valued at amortised cost using the effective interest method. The calculation of the effective interest rate involves estimating all cash flows and all contractual terms of the financial instruments (for example early repayment, call options and equivalent options). The calculation includes all fees and margins paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Definition of fair value
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, voluntary parties in an arm's length transaction. The fair value of financial assets listed on a stock exchange or in another regulated market place in which regular trading takes place is determined as the bid price on the last trading day up to and including the statement of financial position date, and in the case of an asset that is to be acquired or a liability that is held, the offer price.

If a market for a financial instrument is not active, fair value is determined by using valuation techniques. Such valuation techniques make use of recent arm's length market transactions between knowledgeable and independent parties where available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and options pricing models. If a valuation technique is in common use by participants in the market and this method has proved to provide reliable estimates of prices actually achieved in market transactions, this method is used.

The fair value of loans, which is recognised at amortised cost, is estimated on the basis of the current market rate of interest on similar lending. Write-downs of loans are taken into account both in the amortised cost and when estimating fair value. When estimating the fair value of a loan, consideration is also given to the development of the associated credit risk in general.

Impairment of financial assets
In the case of financial assets that are not recognised at fair value, consideration is given on each statement of financial position date to whether there are objective signs that the value of a financial asset or a group of financial assets is impaired.

If there is objective evidence that impairment has occurred, the amount of the loss is measured as the difference between the asset's book value and the present value of estimated cash flows (excluding future credit losses that have not occurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate calculated at the time of inception). The amount of the loss is recognised in the profit and loss account.

Losses that are expected to occur as a result of future events are not included in the financial statements; regardless of how likely it is that the loss will occur.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Financial assets are classified into one of the following categories:
- held for sale
- at fair value through profit or loss in accordance with the fair value option (FVO)
- loans and receivables

Held for sale
A financial asset is classified as held for sale if it is:
- acquired or incurred principally for the purpose of selling or repurchasing it in the near term, is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or
- it is a derivative except for a derivative that is a designated as an effective hedging instrument.

With the exception of derivatives, only a limited proportion of Storebrand Boligkreditt's financial assets fall into this category.

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NOTES TO THE ACCOUNTS

NOTE 1: Accounting policies *(continues)*

Held for sale financial assets are measured at fair value on the statement of financial position date. Changes in fair value are recognised in the profit and loss account.

At fair value through profit or loss in accordance with the fair value option (FVO)
A significant proportion of Storebrand Boligkreditt's financial instruments are classified as at fair value through profit and loss because:

- such classification reduces a mismatch that would otherwise have occurred in measurement or recognition as a result of different rules for measurement of assets and liabilities, or because
- the financial assets form part of a portfolio that is managed and reported on a fair value basis.

The accounting treatment is equivalent to that for held for sale assets.
During spring 2010, the company realised all its liquidity portfolio classified at fair value through profit and loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of such assets that the company intends to sell immediately or in the short term that are classified as held for sale and such assets that the company designates at inception as assets at fair value in the profit and loss account.

Loans and receivables are valued at amortised cost using the effective interest method.

Loans and receivables that are designated as hedged items are subject to measurement in accordance with the requirements of hedge accounting.

Derivatives
Definition of a derivative
A derivative is a financial instrument or other contract within the scope of IAS 39 and which has all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (sometimes called the 'underlying')
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors
- it will be settled at a future date

Accounting treatment of derivatives that are not hedging
Derivatives that do not meet the criteria for hedge accounting are treated as available for sale financial instruments. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value in the profit and loss account.

The major part of derivatives used routinely for asset management fall into this category.

Accounting treatment of derivatives for hedging
Fair value hedging
Storebrand Boligkreditt uses fair value hedging, where the items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value in the profit and loss account, while changes in the value of the hedged item that relate to the risk hedged are applied to the book value of the item and are recognised in the profit and loss account.

Financial liabilities
Subsequent to inception, all financial liabilities are measured at amortised cost using an effective interest method, or at fair value using fair value option.

Interest income and interest expense banking
Interest income and interest expense are charged to profit and loss at amortised cost using the effective interest method. The effective interest method includes set-up charges.

Tax
The tax charge in the profit and loss account consists of tax payable for the accounting year and changes in deferred tax. Tax is recognised in the profit and loss account, except when it relates to items that are recognised directly against equity. Deferred tax and deferred tax assets are calculated on the basis of differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded in the statement of financial position to the extent it is considered likely that the companies in the group will have sufficient taxable profit in the future to make use of the tax asset.

NOTES TO THE ACCOUNTS

NOTE 2: IMPORTANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated on the basis of historical experience and anticipated future events. In the future, actual experience may deviate from these accounting estimates, but the estimates are based on best judgement at the time the financial statements are produced.

In general the following factors will often play a key role in the generation of the result:

- Development of interest rate and equity markets
- Risk management, and changes to the assets' composition over the year
- Development of the real estate market
- Development of costs

Important estimates and assumptions that can result in material adjustments to the recognised values are discussed below.

Financial instruments
There will be some uncertainty associated with the pricing of financial instruments not priced in an active market. This is particularly true for the types of securities priced on the basis of non-observable assumptions. Any changes to the assumptions could affect the recognised values.

Please also refer to note 8 in which the valuation of financial instruments is described in more detail.

Financial instruments valued at amortised costs are assessed on the statement of financial position date to see whether or not there are objective indications that the financial asset or a group of financial assets have fallen in value. In the case of banking group lending, both individual and group write-downs are used. Changes in the debtors' ability to pay, collateral/loan-to-asset value ratio and other business-related risk factors can affect the recognised write-downs.

Note 3: Risk Management

Risk management and risk control
Storebrand Boligkreditt AS is affected by credit risk, liquidity risk, market risk and operational risk. The Storebrand Bank Group's risk strategy lays the foundation for the management of the various forms of risk through policies for each form of risk. The bank group's risk policies define a framwork for the maximum risk exposure in Storebrand Boligkreditt.
The company''s Board adopts its own risk policies within these limits pursuant to its goals and the regulations.

The Risk Management unit in Storebrand Bank ASA prepares a monthly risk report in which all forms of risk are monitored in relation to their respective policies. The risk reported is considered by the company's Board.

NOTES TO THE ACCOUNTS

NOTE 4: Credit risk

The risk of losses resulting from a custmer's liability or underwillingness 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.

All loans in Storebrand Boligkreditt are granted by Storebrand Bank's Retail Market. Loans are approved on the basis of credit scoring combined with a case-by-case evaluation of the borrower's ability to repay.

The bank group's routines for credit management are set forth in Retail Market's credit handbook. The credit handbook was primarily written for customer account managers and others who participate in the credit approval process. The credit handbook contains common guidelines (or rules) for credit activities in the bank group and is intended to ensure compre-hensive and consistent credit approval processes. The credit handbook is based on a credit policy that describes the principles for credit approval at a general level.

The counterparty risk associated with trading financial derivatives with customers as the counterparty is included in credit risk and manaaged pursuant to a special policy based on credit ratings and the size of the commitment.

Analysis of credit risk by type of financial instrument

	MAXIMUM CREDIT EXPOSURE	
NOK MILLION	2010	2009
Loans to and deposits with credit institutions	513.4	58.4
Liquidity portfolio		260.4
Total commitments customers 1)	15 204.1	14 162.2
Interest rate swaps	240.2	311.8
Basis swaps		105.4
Total	**15 957.7**	**14 898.2**

1) Of which net loans to and amounts due form customers measured at fair value: 0.0 0.0

The amounts stated for the various financial instruments constitute the value recognised in the balance shett, with the exception of net lending to and receivables from customers, which also includes unused drawing facility and guarantees.

Credit risk liquidity portfolio

Credit risk per counterparty

SHORT-TERM HOLDINGS OF INTEREST-BEARING SECURITIES

ISSUER CATEGORY NOK MILL.	AAA FAIR VALUE	AA VFAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NIG FAIR VALUE	TOTAL 2010 FAIR VALUE	TOTAL 2009 FAIR VALUE
Sovereign and Government Guaranteed						0.0	260.4
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**260.4**

Rating classes are based on Standard & Poors.

	2010	2009
Change in vaule:		
Total change in value balance sheet	0.0	-0.2
Change in vaule recognised in the profit and loss during period	0.0	-0.6

Credit risk loans to and deposits with credit institutions

Credit risk per counterparty

SHORT-TERM HOLDINGS OF INTEREST-BEARING SECURITIES

ISSUER CATEGORY NOK MILL.	AAA FAIR VALUE	AA VFAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NIG FAIR VALUE	TOTAL 2010 FAIR VALUE	TOTAL 2009 FAIR VALUE
Norway		247.7	0.0	265.6		513.4	58.4
Total loans to and deposits with credit institutions	**0.0**	**247.7**	**0.0**	**265.6**	**0.0**	**513.4**	**58.4**

Continues next page

NOTE 4: Credit risk *continues*

Credit exposure for lending activities

Residential mortgage customers are assessed according to their willingness and ability to repay the loan. The ability to pay is calculated and the customer's risk assessed at the time the application is submitted. The loan-to-collateral value ratio for customers in Storebrand Boligkreditt is less than 75 per cent at the time of transfer from Storerand Bank.

Storebrand Boligkreditt's lending is secured by residential property mortgages. Some of the volume is partly or wholly secured by cabin/leirsure property mortgages. The maximum loan-to-collateral value ratio at the time of transfer for this type of mortgage is 60 per cent.

The average weighted loan-to-collateral value ratio in the bank group is around 46 per cent for residential mortgages, and 90 per cent of residential mortgages are within an 80 per cent loan-to-collateral value ratio. Around 70 per cent of the mortgages are within a 60 per cent loan-to-collateral value ratio in the mortgage company. The portfolio's credit risk is regarded as low.

The credit quality of the loans that have not maturesd is good.

Storebrand Boligkreditt's collateral is residential property mortgages. The collateral is regarded as very good for the portfolio. The collateral for the matured loans is also regarded as good.

The collateral for non-performing loans without impairment take out by retail customers is good. The average loan-to-collateral value ratio for these loans is 53 per cent and the maximum loan-to-collateral value ratio for non-performing loans is lower than 75 per cent. The collateral security is sold in the retail market. It is not taken over by the bank.

Commitments per customer group 2010

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	CREDIT LIMITS	TOTAL COMMITMENTS
Wage-earners	13 697.4		1 376.6	15 074.0
Foreign	108.2		23.7	132.0
Total	13 805.7	0.0	1 400.4	15 206.0
Write-downs of groups of loans	-1.9			-1.9
Total loans to and due from customers	**13 803.8**	**0.0**	**1 400.4**	**15 204.1**

Commitments per customer group 2009

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	CREDIT LIMITS	TOTAL COMMITMENTS
Wage-earners	12 778.3		1 278.8	14 057.0
Foreign	93.0		13.3	106.3
Total	12 871.2	0.0	1 292.1	14 163.3
Write-downs of groups of loans	-1.1			-1.1
Total loans to and due from customers	**12 870.1**	**0.0**	**1 292.1**	**14 162.2**

The classification into customer groups is based on Statistics Norway's satndard for sector and business classification.
The individual customer's classification is determined by the customer's primary activity.

Continues next page

NOTE 4: Credit risk *continues*

Average volume of total commitments per customer group 2010

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	CREDIT LIMITS	TOTAL COMMITMENTS
Wage-earners	13 237.8		1 327.7	14 565.5
Foreign	100.6		18.5	119.1
Total	13 338.4	0.0	1 346.2	14 684.7
Write-downs of groups of loans	-1.5			-1.5
Total loans to and due from customers	**13 336.9**	**0.0**	**1 346.2**	**14 683.2**

Average volume of total commitments per customer group 2009

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	CREDIT LIMITS	TOTAL COMMITMENTS
Wage-earners	11 653.6		1 044.6	12 698.2
Foreign	94.6		6.4	101.0
Total	11 748.2	0.0	1 051.1	12 799.3
Write-downs of groups of loans	-0.9			-0.9
Total loans to and due from customers	**11 747.3**	**0.0**	**1 051.1**	**12 798.4**

Given the relatively even development of the balance sheet, the average size of the commitment from 31 December 2009 to 31 December 2010 is a best estimate of the average in the portfolio.

Commitments per geographical area 2010

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUAR-ANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMIT-MENTS	NON-PERFORMING LOANS WITHOUT EVIDENCE OF IMPAIRMENT	NON-PERFORMING AND LOSS-EXPOSED LOANS WITH EVIDENCE OF IMPAIRMENT	GROSS NON-PER-FORMING LOANS	WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PER-FORMING LOANS
Eastern Norway	10 684.7		1 049.6	11 734.3	13.4		13.4		13.4
Western Norway	1 907.1		215.1	2 122.3	3.1		3.1		3.1
Southern Norway	278.2		34.6	312.7	1.7		1.7		1.7
Mid-Norway	486.8		56.4	543.2			0.0		0.0
Northern Norway	340.6		20.9	361.5			0.0		0.0
Foreign	108.2		23.7	132.0			0.0		0.0
Total	**13 805.7**	**0.0**	**1 400.4**	**15 206.0**	**18.2**	**0.0**	**18.2**	**0.0**	**18.2**

Commitments per geographical area 2009

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUAR-ANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMIT-MENTS	NON-PERFORMING LOANS WITHOUT EVIDENCE OF IMPAIRMENT	NON-PERFORMING AND LOSS-EXPOSED LOANS WITH EVIDENCE OF IMPAIRMENT	GROSS NON-PER-FORMING LOANS	WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PER-FORMING LOANS
Eastern Norway	9 787.5		949.1	10 736.6	21.7		21.7		21.7
Western Norway	1 879.3		220.5	2 099.8	5.0		5.0		5.0
Southern Norway	237.3		33.2	270.6			0.0		0.0
Mid-Norway	522.5		53.9	576.4	5.2		5.2		5.2
Northern Norway	351.6		22.0	373.7	1.4		1.4		1.4
Foreign	93.0		13.3	106.3			0.0		0.0
Total	**12 871.2**	**0.0**	**1 292.1**	**14 163.3**	**33.3**	**0.0**	**33.3**	**0.0**	**33.3**

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NOTES TO THE ACCOUNTS

NOTE 4: Credit risk *continues*

Total engagement amount by remaining term to maturity 2010

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Up to 1 month	76.9		14.8	91.6
1 - 3 months	0.5			0.5
3 months - 1 year	6.7		1.9	8.6
1 - 5 years	220.7		0.3	220.9
More than 5 years	13 501.0		1 383.4	14 884.4
Total	**13 805.7**	**0.0**	**1 400.4**	**15 206.0**

Total engagement amount by remaining term to maturity 2009

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Up to 1 month	63.5		10.8	74.3
1 - 3 months	0.1			0.1
3 months - 1 year	4.4			4.4
1 - 5 years	174.3			174.3
More than 5 years	12 629.0		1 281.3	13 910.3
Total	**12 871.2**	**0.0**	**1 292.1**	**14 163.3**

Age distribution of overdue engagements without write-downs 2010

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Overdue 1 - 30 days	91.0	0.0	0.0	91.0
Overdue 31 - 60 days	49.0	0.0	0.7	49.8
Ovedue 61 - 90 days	1.8	0.0	0.0	1.8
Overdue more than 90 days	**18.2**	**0.0**	**0.0**	**18.2**
Total	**160.0**	**0.0**	**0.7**	**160.8**
Engagements overdue more than 90 days by geographical area:				
Eastern Norway	13.4			13.4
Western Norway	3.1			3.1
Southern Norway	1.7			1.7
Total	**18.2**	**0.0**	**0.0**	**18.2**

Age distribution of overdue engagements without write-downs 2009

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Overdue 1 - 30 days	60.1			60.1
Overdue 31 - 60 days	28.5			28.5
Ovedue 61 - 90 days	5.9			5.9
Overdue more than 90 days	33.3			33.3
Total	**127.8**	**0.0**	**0.0**	**127.8**
Fordelt på geografisk område:				
Eastern Norway	21.7			21.7
Western Norway	5.0			5.0
Mid-Norway	5.2			5.2
Northern Norway	1.4			1.4
Total	**33.3**	**0.0**	**0.0**	**33.3**

Continues next page

NOTES TO THE ACCOUNTS

NOTE 4: Credit risk *continues*

Only non-performing and loss-exposed loans are classified by geographical area in this overview. The same definition is used for due commitments as the one in the capital requirements regulations, however the number of days in the definition equals the age distribution.

Commitments are regarded as non-performing and loss exposed:
- when a credit facility has been overdrawn for more than 90 days
- when a repayment loan 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 a non-performance.

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

Credit risk by customer group 2010

NOK MILLION	NON-PERFORMING LOANS WITH EVIDENCE OF IMPAIRMENT	NON-FORMING LOANS WITHOUT EVIDENCE OF IMPAIRMENT	GROSS NON-PERFORMING LOANS	TOTAL WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PERFORMING LOANS	TOTAL VALUE CHANGES	TOTAL VALUE CHANGE RECOGNISED IN PROFIT AND LOSS DURING PERIOD
Wage-earners		18.2	18.2		18.2		
Total	**0.0**	**18.2**	**18.2**	**0.0**	**18.2**	**0.0**	**0.0**

Credit risk by customer group 2009

NOK MILLION	NON-PERFORMING LOANS WITH EVIDENCE OF IMPAIRMENT	NON-FORMING LOANS WITHOUT EVIDENCE OF IMPAIRMENT	GROSS NON-PERFORMING LOANS	TOTAL WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PERFORMING LOANS	TOTAL VALUE CHANGES	TOTAL VALUE CHANGE RECOGNISED IN PROFIT AND LOSS DURING PERIOD
Wage-earners		33.3	33.3		33.3		
Total	**0.0**	**33.3**	**33.3**	**0.0**	**33.3**	**0.0**	**0.0**

Financial assets at fair value through profit and loss (FVO)

NOK MILLION	LIQUIDITY PORTFOLIO 2010	2009
Book value		260.4
Maximum exposure to credit risk		260.4
Book value of related credit derivatives that reduce credit risk		
This year's change in fair value of financial assets due to change in credi risk		0.6
Accumulated change in fair value of financial assets due to change in credit risk		0.2
This year's change in their value of related credit derivatives		
Accumulated change in their valure of related credit derivatives		

Financial assets are earmarked at fair value through the profit and loss account in accordance with the fair vaule option (FVO) the first time they are recognised in those cases another measurement would result in an inconsistency in the profit and loss account.

Continues next page

NOTE 4: Credit risk *continues*

Credit risk derivatives

CREDIT RISK PER COUNTERPARTY NOK MILLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NIG FAIR VALUE	TOTAL 2010 FAIR VALUE	TOTAL 2009 FAIR VALUE
England						0.0	181.9
Norway			240.2			240.2	235.4
Total	**0.0**	**0.0**	**240.2**	**0.0**	**0.0**	**240.2**	**417.2**

Rating classes are based on Standard & Poors.

Change in value:							
Total change in value balance sheet			-177.0			-177.0	417.2
Change in vaule recognised in the profit and loss during period			-28.9			-28.9	-497.6

Interest rate swaps and basis swaps
Derivatives are entered into for hedging purposes. Derivative transactions are entered into with counterparties that are "investment grade" rated.

NOTE 5: Liquidity risk

The risk of the bank group, holding company or subsidiaries being unable to meet their obligations without incurring significant extra costs in the form of falls in prices of assets which have to be sold or in the form of particularly expensive funding.

The company's lidquidity risk policy describes the principles for liquidity management and specifies stress testing, minimum liquidity reserves and funding indicatiors for measuring liquidity risk. Stress tests are used to illustrate the expected effects on the balance sheet items and/or cash flows of various scenarios and are also used to set the company's targets for minimum liquidity reserves. The company's liquidity situation the company will, to the extent it makes business sense, issue soft bullet bonds, which means the date the bond matures can be extended by up to one year. In addition to this there will be limits on how large each payment due can be. The maturing of new borrowing in Storebrand Boligkreditt shall otherwise be planned such that no breach of the liquidity measures must be expected in any future period.
Storebrand Boligkreditt's funding needs will most likely exceed what is funded via covered bonds. This funding need will be continously covered by the bank. Storebrand Boligkreditt will draw on a borrowing facility from the parent bank when it requires liquidity in connection with repaying borrowing as well.
The treasury function in the bank's Marktet Department is responsible for the bank's liquidity management and the bank's Middle Office in the Risk Management unit monitors and reports on the utilisation of limits pursuant to the liquidity policy to the Board of Storebrand Boligkreditt.

Non-discounted cash flows - financial obligations

NOK MILLION	0 - 6 MONTHS	6 - 12 MONTHS	1 - 3 YEARS	3 - 5 YEARS	MORE THAN 5 YEARS	TOTAL	BOOK VALUE
Liabilities to credit institutions	27.5	30.7	128.3	166.0	2 319.8	2 672.4	1 946.1
Commercial paper and bonds issued	264.2	204.4	5 006.1	4 939.8	3 558.8	13 973.4	11 927.1
Other liabilities	92.2					92.2	92.2
Undrawn credit limits	1 400.4					1 400.4	
Total financial liabilities 2010	**1 784.4**	**235.1**	**5 134.5**	**5 105.8**	**5 878.7**	**18 138.4**	**13 965.4**
Derivatives related to liabilites 31.12.10	-78.9	10.2	-109.0	-93.5	12.8	-258.3	240.2
Total financial liabilities 2009	3 309.3	174.6	4 959.6	1 781.0	6 376.0	16 600.5	12 966.2

The amounts includes accrued interest.

Continues next page

NOTES TO THE ACCOUNTS

NOTE 5: Liquidity risk *continues*

The due overview included interest. Implicit forward interest rates based on the yield curve on 31 December 2010 are used to calculate interest for lending with FRN conditions. The due overview was set up using the QRM risk management system. The maturity overview does not take account of the fact that the loans are soft bullet, i.e. the original maturity date is used.

Loans to and deposits with credit institutions

NOK MILLION	2010	2009
Total loans to and deposits with credit institutions without fixed maturity at amortised cost	1 946.1	1 978.4
Total loans to and deposits with credit institutions at amortised cost	**1 946.1**	**1 978.4**

The company has entered into an agreement with Storebrand Bank ASA for a drawing facility of NOK 5 billion,
which will be principally used to make payment for loans purchased and for payments in respect of covered bonds issued.
The agreement was entered into on the principle of business at arm's length.

Covered bonds

NOK MILLION ISIN CODE	NOMINAL VALUE	CURRENCY	ISSUED	MATURITY	BOOK VALUE 2010
NO0010428584	1 000	NOK	06.05.2008	06.05.2015	1 106.3
NO0010428592	1 648	NOK	02.05.2008	02.05.2011	1 655.0
NO0010466071	1 250	NOK	24.10.2008	24.04.2014	1 366.9
NO0010479967	2 500	NOK	12.12.2008	12.06.2012	2 507.7
NO0010507809	2 040	NOK	27.04.2009	27.04.2015	2 049.2
NO0010548373	1 000	NOK	28.10.2009	28.10.2019	1 036.8
NO0010575913	2 200	NOK	03.06.2010	03.06.2016	2 205.2
Total commercial paper and bonds issued					**11 927.1**

Standard covenant requirements are attached to concluded loan agreements.
In 2010, Storebrand Boligkreditt AS has met all conditions with respect to concluded loan agreements.

NOTE 6: 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 when trading financial instruments as well as equity, interest rate and currency risk.

The risk policies for interest rate and currency risk set general limits for the management and control of market risk primarily associated with the company's long-term investments in equity instruments and fixed income securities. The mortgage company can in some circumstances be exposes to some small degree of currency risk.
The company's market risk is primarily managed and controlled through day-to-day monitoring of risk exposure pursuant to the policy and continuous analyses of outstanding positions.
The exposure limits are reviewed and renewed by the Board at least once a year. The size of these limits is set on the basis of stress tests and analyses of market movements, as well as risk capacity and willingness.
The bank's Middle Office in the Risk Management unit is responsible for the ongoing, independent monitoring of market risk. The means of controlling market risk include monthly reports of the market risk indicators. Monthly reports for the individual portfolios are produced for the company's Board.

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NOTE 6: Market risk *continues*

In the event of market risk changes that occur during the first year, the affect on the result and equity will be as shown below based on the balance sheet as of 31 December 2010:

Effect on income

NOK MILLION	AMOUNT
Interest rate -1,5%	0.2
Interest rate +1,5%	0.4

Effect on net profit/equity [1])

NOK MILLION	AMOUNT
Interest rate -1,5%	0.2
Interest rate +1,5%	0.4

[1]) Before tax impact.

The note demonstrates the accounting effect over a 12-month period of an immediate parallel change in interest rates of +1.5 percentage points and -1.5 percentage points. Account has been taken of the one-time effect such an immediate change in interest rates would have on the items recognised at fair value and hedging value and of the effects the change in interest rates would have on the result for the remainder of the interest rate duration period before the change in interest rate has income and cost related effects.
The sensitivity calculation was carried out using the ORM risk management system.
The item affected by one-time effects and which is recognised at fair value is the investment portfolio.
The item affected by one-time effects and which is subject to hedge accounting is fixed rate borrowing.

See also note 20 regarding foreign exchange risk.

NOTE 7: Operational risk

The risk of financial losses resulting from ineffective, 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 Group achieving its goals and this part of the compliance risk is covered by operational risk.

Operational risk management and compliance with laws, regulations and internal rules are an integral part of the management responsibilities of all managers in the Storebrand Group. Risk assessments and internal control reporting are linked to a unit's ability to achieve its goals. Risk assessment are registered and documented in Easy Risk Manager (ERM), the risk management system delivered by Det Norske Veritas.
The Risk Management unit in Storebrand Bank ASA is responsible for monitoring operational risk in the company.
If the risk assessment assumes the implementation of planned improvement measures, the measures must be documented and reported via ERM. Routines for any spot checks or other forms of regular quality control and the results from these must also be documented.
The work on operational risk is summarised each year in a report that is considered by the company's Board.
The bank's Middle Office via the Risk Management unit carries out numerous checks and reconciliations in connection with monthly, quarterly and annual financial statements in order to check and reduce operational risk.
In addition to this the bank's compliance officers, financial crime unit and internal auditor carry out spot checks within a number of the bank's most important work processes. The results of these are reported to the company's Board.

Compliance risk

The risk the Group will incur public sanctions or financial losses as a result of a failure to comply with external and internal regulations.

As a financial undertaking Storebrand Boligkreditt in not required to have its own compliance function. Compliance is addressed by the CEO, who determines whether or not internal or external competence should be drawn on at any given time.

NOTE 8: Valuation of financial instruments at fair value

Specification of financial assets to fair value

NOK MILLION	QUOTED PRICES	OBSERVABLE PRE-CONDITIONS	NON-OBSERVABLE PRE-CONDITIONS	BOOK VALUE 31.12.2010	BOOK VALUE 31.12.2009
Sovereign and Government Guaranteed					260.4
Total bonds and fixed-income securities	**0.0**	**0.0**	**0.0**	**0.0**	**260.4**
Interest rate swaps		240.2		240.2	326.5
Total derivatives	**0.0**	**240.2**	**0.0**	**240.2**	**326.5**
Derivatives with a positive fair value		240.2		240.2	417.2
Derivatives with a negative fair value					-90.7

Changes between quoted prices and observable pre-conditions

NOK MILLION	AMOUNT
From quoted prices to observable pre-conditions	0.0
From observable pre-conditions to quoted prices	0.0

Storebrand Boligkreditt carries out a comprehensive process to ensure that the values established for financial instruments are as in line with the market as possible. Listed financial instruments are valued on the basis of official prices on boursed obtained via Reuters and Bloomberg. As a general rule, bonds are valued on the basis of prices from Reuters and Bloomberg. Bonds that are not quoted regularly will normally be valued on the basis of recognised theoretical models.
The latter is particularly true for bonds denominated in NOK. These sorts of valuations are based on dicount rates consisting of swap interest rates plus a credit premium. The credit premium will often be issuer specific and normally based on a consensus of credit spreads quoted by a selected brokerage house.
Unlisted derivatives, including primarily interest rate and currency instruments, are also valued theoretically. The money market rates, swap rates, exhcange rates, and volatilities that provide the basis for valuations are obtained from Reuters, Bloomberg and Norges Bank.
Storebrand Boligkreditt continuously performs checks to ensure the quality of the market data obtained from external sources. Generally such checks involve comparing multiple sources and checking and assessing the reasonableness of abnormal changes.

The Storebrand Group categorises financial instruments valued at fair value on three different levels, which are described in more detail below. The levels express the differing degree of liquidity and different measuring methods.

Level 1: Financial instruments valued on the basis of quoted priced for indentical assets in active markets
Bonds, certificates or equivalent instruments issued by national governments are generally classified as level 1.
Storebrand Boligkreditt had no liquidity portfolio as per 31 December 2010.

Level 2: Financial instruments valued on the basis of observable market information not coverd by level 1
This category encompasses financial instruments that are valued on the basis of market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that prices can be derived from observable, related markets. Level 2 covers bonds and equivalent instruments. Interest rate and currency swaps, and non-standardised interest rate and currency derivatives are also classified as level 2.

Level 3: Financial instruments valued on the basis of information that is not observable pursuant to bye level 2
Investments classified as level 3 encompass investments in primarily unlisted/private companies. At year-end 2010, the company had no investments classified at this level.

NOTES TO THE ACCOUNTS

NOTE 9: SEGMENT REPORTING

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 2010 therefore relate entirely to the Retail Lending segment.
Geographic segments form the company's secondary reporting segments. The company does not have any activities outside Norway. Customers from abroad are classified as part of the Norwegian activities. All operating income and the company's earnings therefore relate solely to its Norwegian activities.

NOTE 10: Net income from financial instruments

NOK MILLION	2010	2009
Net interest income		
Interest and other income on loans to and deposits with credit institutions	1.6	0.8
Interest and other income on loans to and due from customers	490.7	484.5
Interest on commercial paper, bonds and other interest-bearing securities	2.9	18.6
Other interest income and related income		
Total interest income 1)	**495.2**	**503.9**
Interest and other expenses on debt to credit institutions	-60.4	-45.0
Interest and other expenss on deposits from and due to customers		
Interest and other expenses on securities issued	-317.8	-341.6
Interest and expenses on subordinated loan capital		
Other interest expenses and related expenses		
Total interest expenses 2)	**-378.2**	**-386.6**
Net interest income	**117.0**	**117.3**
1) Of which total interest income on financial assets that are not at fair value through profit or loss	492.3	485.3
2) Of which total interest expenses on financial liabilities that are not at fair value through profit or loss	-378.2	-386.6

Net income and gains from financial assets and liabilities at fair value:

NOK MILLION	2010	2009
Bonds, commercial paper and other interest-bearing securities		
Realised gain/loss on commercial paper and bonds	-0.1	0.1
Unrealised gain/loss on commercial paper and bonds	0.2	0.6
Total gain/loss on commercial paper and bonds	*0.1*	*0.7*
Financial derivatives and foreign exchange:		
Gain/loss on foreign exchange related to bonds issued	32.5	16.2
Realised gain/loss on financial derivatives, held for trading	-41.4	1.1
Unrealised gain/loss on financial derivatives, held for trading		-14.9
Total financial derivatives and foreign exchange	*-9.0*	*2.5*
Net income and gains from financial assets and liabilities at fair value	**-8.9**	**3.1**
Net gain/loss on financial assets at fair value through profit or loss:		
Financial assets designated at fair value upon initial recognition	0.1	0.7
Financial assets classified as held for trading	-9.0	2.5
Changes in fair value on assets due to changes i credit risk		
Net gain/loss on financial liabilities at fair value throug profit and loss:		
Financial liabilities designated at fair value upon initial recognition		
Financial liabilities classified as held for trading		

NOTE 11: Remuneration of the auditor

Remuneration excl. valued added tax

NOK 1000	2010	2009
Statutory audit	105	120
Other reporting duties [1]	226	279
Other non-audit services		53
Total	**331**	**452**

[1] Includes remuneration to Deloitte AS as an independent investigator.

NOTE 12: Operating expenses

NOK MILLION	2010	2009
Ordinary wages and salaries	0.2	0.2
Employer's social security contributions		
Other staff expenses		
Pension cost		
Total staff expenses	**0.2**	**0.2**
IT costs	0.4	0.1
Printing, postage etc.		
Travel, entertainment, courses, meetings	0.0	
Other sales and publicity costs	0.1	0.2
Total general administration expenses	**0.5**	**0.3**
Depreciation		
Contract personnel	0.7	0.1
Operating expenses on rented premises		
Inter-company charges for services	10.6	12.1
Other operating expenses	1.8	2.4
Total other operating expenses	**13.1**	**14.6**
Total operating expenses	**13.8**	**15.1**

NOTE 13: Losses on loans

NOK MILLION	2010	2009
Write-downs on loans and guarantees for the period		
Change in individual write-downs for the period		
Change in grouped write-downs for the period	-0.8	-0.4
Other corrections to write-downs		
Realised losses in period on commitments specifically provided for previously		
Realised losses on commitments not specifically provided for previously		
Recoveries on previously realised losses		
Write-downs of loans and guarantees for the period	**-0.8**	**-0.4**

NOTES TO THE ACCOUNTS

NOTE 14: Tax

TAX CHARGE FOR THE YEAR

NOK MILLION	2010	2009
Tax payable for the period	9.7	18.1
Changes in deferred tax/deferred tax asset	16.6	11.3
Total tax charge	**26.2**	**29.4**

Reconciliation of expected and actual tax charge

NOK MILLION	2010	2009
Ordinary pre-tax profit	93.6	105.0
Expected tax on income at nominal rate	26.2	29.4
Tax charge	**26.2**	**29.4**
Tax payable	9.7	18.1
- tax effect of group contribution paid	-9.7	-18.1
Tax payable in the balance sheet	**0.0**	**0.0**

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

NOK MILLION	2010	2009
Tax increasing timing differences		
Derivatives	174.4	212.0
Total tax increasing timing differences	**174.4**	**212.0**
Tax reducing timing differences		
Securities		-0.2
Bonds issued	-164.0	-205.4
Total tax reducing timing differences	**-164.0**	**-205.6**
Losses/allowances carried forward		
Net base for deferred tax/tax assets	10.4	6.4
Net deferred tax/defferd tax asset in the balance sheet	**-2.9**	**-1.8**

NOTE 15: Classification of financial instruments

Classification of financial instruments

NOK MILLION	LOAN AND ECEIVABLES	FAIR VALUE, TRADING	FAIR VALUE, FVO	LIABILITIES AT AMORTISED COST	TOTAL
Financial assets					
Loans to and deposits with credit institutions	513.4				513.4
Bonds and other fixed-income securities					0.0
Derivatives		240.2			240.2
Net lending to customers	13 803.8				13 803.8
Other assets	111.8				111.8
Total financial assets 2010	**14 429.0**	**240.2**	**0.0**	**0.0**	**14 669.2**
Total financial assets 2009	13 014.5	417.2	260.4		13 692.1
Financial liabilities					
Liabilities to credit institutions				1 946.2	1 946.2
Commercial paper and bonds issued				11 927.1	11 927.1
Other liabilities				92.2	92.2
Total financial liabilities 2010	**0.0**	**0.0**	**0.0**	**13 965.5**	**13 965.5**
Total financial liabilities 2009		90.7		12 966.2	13 056.9

Note 16: Fair value on financial assets and liabilities at amortised cost

	2010		2009	
NOK MILLION	BOOK VALUE	FAIR VALUEI	BOOK VALUEI	FAIR VALUE
Assets				
Loan and receivables:				
Loans to and deposits with credit institutions, amortised cost	513.4	512.1	58.4	58.4
Lending to customers, amortised cost	13 805.7	13 805.7	12 871.2	12 871.2
Liabilities				
Liabilities to credit institutions, amortised cost	1 946.1	1 936.8	1 978.4	1 978.4
Commercial paper and bonds issued, amortised cost	11 927.1	11 913.9	10 918.6	10 949.4

The fair value of lending to customers is stated as book value. All of the loans are mortgages subject to variable interest rates in which the loan's interest rate can be adjusted at short notice. This had a minimal effect on the valuation of the loans. The fair value of lending and liabilities to financial instituriions is based on valuation techniques. The valuation techniques use interest rate c urves and credit spreads from external providers. The calculations are made using the QRM risk management system.

NOTE 17: Loan to and deposits with credit institutions

NOK MILLION	2010	2009
Total loans to and deposits with credit institutions without fixed maturity at amortised cost	513.4	58.4
Total loans to and deposits with credit institutions at amortised cost	**513.4**	**58.4**

NOTE 18: Bonds and other fixed income securities at fair value through profit and loss

The company sold all the paper in the liquidity portfolio in Q1 2010 and has no liquidity portfolio as per 31.12.2010.
Book value of the liquidity portfolio was NOK 260.4 million as per 31.12.2009.

NOTE 19: Financial derivatives

Nominal volum
Financial derivative contracts are related to underlying amounts which are not capitalised in the balance sheet. In order to quantify a derivative position, reference is made to underlying amounts such as nominal principal, nominal volume, etc. Nominal volume is calculated differently for different classes of derivative, and gives an indication of the size of the position and risk the derivative creates. Gross nominal volume principally indicates the size of the exposure, whilst net nominal volume gives an indication of the risk exposure. However nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivative.
In contrast to gross nominal volume, net nominal volume also takes into account the direction of the instruments' market risk exposure by differentiating between long (asset) positions and short (liability) positions.
A long position in an equity derivative produces a gain in value if the share price increases. For interest rate derivatives, a long position produces a gain if interest rates fall, as is the case for bonds. A long position in a currency derivative produces a gain if the currency strengthens against the NOK.
Average gross nominal volume is based on monthly calculations of gross nominal volume.

			2010		
	GROSS	AVERAGE	NET	FAIR VALUE 1)	
NOK MILLION	NOM. VALUE 1)	NOM. VALUE 2)	NOM. VALUE 1)	ASSET	LIABILITY
Interest rate swaps	3 250.0	7 318.4	3 250.0	240.2	0.0
Total derivatives	**3 250.0**	**7 318.4**	**3 250.0**	**240.2**	**0.0**

			2009		
	GROSS	AVERAGE	NET	FAIR VALUE 1)	
NOK MILLION	NOM. VALUE 1)	NOM. VALUE 2)	NOM. VALUE 1)	ASSET	LIABILITY
Interest rate swaps	13 475.1	11 269.2	5 899.1	417.2	90.7
Total derivatives	**13 475.1**	**11 269.2**	**5 899.1**	**417.2**	**90.7**

1) Value at 31.12.
2) Average for the year.

NOTES TO THE ACCOUNTS

NOTE 20: Foreign exchange risk

Storebrand Boligkreditt AS had no liabilities or assets in foreign currency as per 31.12.2010. The previously issued EUR bond matured in May 2010 and since then the company has had no currency exposure.

Note 21: Analysis of loan portfolio and guarantees

	LENDING TO CUSTOMERS	
NOK MILLION	2010	2009
Lending to customers at amortised cost	13 805.7	12 871.2
Lending to customers at fair value		
Total gross lending to customers	**13 805.7**	**12 871.2**
Write-downs on individual loans (see note 23)		
Write-downs on groups of loans (ses note 23)	-1.9	-1.1
Net lending to customers	**13 803.8**	**12 870.2**

See note 4 for specification of lending to customers.

Note 22: Loan to value ratios and collateral

NOK MILLION	2010	2009
Gross lending	13 805.7	12 871.2
Average loan balance	1.206	1.255
No. of loans	11 433	10 252
Weighted average seasoning (months)	35	33
Weighted average remaning term (months)	195	189
Average loan to value ratio	46 %	51 %
Overcollateralisation [3])	117 %	118 %
Composition of collateral:		
Residential mortgages [1])	13 729.1	12 708.1
Supplementary security [2])		
Total	**13 729.1**	**12 708.1**

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 the company had NOK 58.4 million that exceeds the base value limit and has therefore not been included in the calculation of the collateralisation. As per 31 December 2010, the company has 14 non-performing loans, equivalent to NOK 18.2 million. Non-performing loans are note included in the collateralisation.

2) The company has no supplementary security.

3) Surplus collateral amounting to NOK 11,638 million has been calculated based on the total net issued bonds.

NOTE 23: Write-downs of loans

NOK MILLION	2010	2009
Write downs om individual loans 1.1.		
Losses realised in the period on individual loans previously written down		
Write-downs of individual loans for the period		
Reversals of write-downs of individual loans for the period		
Other corrections to write-downs		
Write-downs of individual loans at 31.12.	**0.0**	**0.0**
Write-downs of groups of loans and guarantees 1.1.	1.1	0.7
Grouped write-downs for the period	0.8	0.4
Write-downs of groups of loans and guarantees etc. 31.12.	**1.9**	**1.1**
Total write-downs	**1.9**	**1.1**

NOTE 24: Other current assets

NOK MILLION	2010	2009
Due from Storebrand group companies	94.4	71.1
Interest accrued on lending	17.4	14.9
Total other current assets	**111.8**	**86.0**

NOTE 25: Hedge accounting

Storebrand uses fair value hedging for interest risk, when the hedging items are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value over the income statement (FVO). Changes in the value of the hedged item that relate to the hedged risk are applied to the carrying amount ot the item and are recognised in the profit and loss account. The effectiveness of hedging is monitored at the individual security level, except in the case of structured bond loans where effectiveness in monitored at the portfolio level. Each portfolio consist of swaps and hedging items that mature within the same half-year period. Hedge effectiveness is measuredd on the basis of a 2 per cent interest rate shock at the level of the individula security. In future periods, hedge effectiveness will be measured using the simplified Dollar Offset method, both for prospective and retrospective calculations. The hedging is expected to be highly effective during the period.

	2010			2009		
	CONTRACT/	FAIR VALUE 1) 2)		CONTRACT/	FAIR VALUE 1) 2)	
NOK MILLION	NOMINAL VALUE	ASSETS	LIABILITIES	NOMINAL VALUE	ASSETS	LIABILITIES
Interest rate swaps	3 250.0	240.2		4 360.0	311.8	90.7
Total interest rate derivatives	3 250.0	240.2	0.0	4 360.0	311.8	90.7
Total derivatives	3 250.0	240.2	0.0	4 360.0	311.8	90.7

	2010			2009		
	CONTRACT/	FAIR VALUE 1) 2)		CONTRACT/	FAIR VALUE 1) 2)	
NOK MILLION	NOMINAL VALUE	ASSETS	LIABILITIES	NOMINAL VALUE	ASSETS	LIABILITIES
Underlying objects :						
Bonds issued	3 250.0		3 510.2	4 360.0		4 463.4
Hedging effectiveness - prospective			100 %			95 %
Hedging effectiveness - retrospective			98 %			100 %

Gain/loss on fair value hedging: [3])

NOK MILLION	GAIN/LOSS 2010	GAIN/LOSS 2009
On hedging instruments	-28.9	-107.8
On items hedged	22.3	120.5

1) Book value at 31.12.
2) Included accrued interest.
3) Amounts included in the line "Net interest income".

NOTES TO THE ACCOUNTS

NOTE 26: Commercial paper and bonds issued

NOK MILLION	2010	2009
Covered bonds	11 927.1	10 918.6
Total commercial paper and bonds issued	**11 927.1**	**10 918.6**

See note 5 for specification of covered bonds.

NOTE 27: Other liabilities

NOK MILLION	2010	2009
Payable to Storebrand group companies	2.2	4.2
Provision for group contribution	89.6	64.8
Other liabilities	0.4	0.1
Total other liabilities	**92.2**	**69.1**

NOTE 28: Off balance sheet liabilities and contingent liabilities

NOK MILLION	2010	2009
Undrawn credit limits	1 400.4	1 292.1
Total contingent liabilities	**1 400.4**	**1 292.1**

Undrawn credit limits relate to the unused portion of credit limits on residential mortgage loans.
The company has not any collateral pledged or received.

NOTE 29: Capital adequacy

Net capital base

NOK MILLION	2010	2009
Share capital	350.0	350.0
Other equity	350.9	283.4
Total equity	**700.9**	**633.4**
Deductions		
Core capital	**700.9**	**633.4**
Deductions		
Net capital base	**700.9**	**633.4**

Minimum requirements for credit risk

NOK MILLION	2010	2009
Credit risk	427.5	395.4
Of which:		
Institutions	14.0	9.3
Loans secured against real estate	405.6	377.4
Loans past-due	1.5	2.8
Other	6.5	5.9
Total minimum requirements for credit risk	**427.5**	**395.4**
Operational risk	12.6	10.8
Deductions:		
Write-downs of groups of loans	-0.1	-0.1
Minimum requirement for capital base	**440.0**	**406.0**

Capital adequacy

NOK MILLION	2010	2009
Capital ratio	12.7 %	12.5 %
Core capital ratio	12.7 %	12.5 %

The company uses the standard method for credit risk and market risk, and the basic method for operational risk.
The minimum requirement for capital adequacy is 8,00%.

NOTES TO THE ACCOUNTS

Note 30: Remuneration and close associates

Remuneration of senior employees and elected officers at 31.12.10:

NOK 1000	REMUN-ERATION	BONUS BANK 2)	1/3 BONUS BANK - PAYMENT 2011 2)	POST-TERMINATION SALARY (MONTHS)	PENSION ACRRUED FOR THE YEAR
Senior employees:					
Åse Jonassen (CEO) 1)	771	0	0	0	147
Board of Directors:					
Truls Nergaard 2)	3 183	299	300	18	886
Lars Syse Christiansen 2)	1 607	204	235		174
Thor Bendik Weider	75				
Inger Roll-Mathiesen		75			

NOK 1000	DISCOUNTED PRESENT VALUE OF PENSION	NO. OF SHARES OWNED	LOAN	INTEREST RATE AT 31.12.10	REPAYMENT PERIOD
Senior employees:					
Åse Jonassen (CEO) 1)	717	2 976	3 056	3.00%/3.35%	2030/2034
Board of Directors:					
Truls Nergaard 2)	1 515	10 967	0		
Mikkel Andreas Vogt	524	877	1 616	3.00 %	2038
Thor Bendik Weider		0	3 930	3.34 %	2019
Inger Roll-Mathiesen		0	2 560	3.34 %	2020

1) Åse Jonassen receives no remuneration from Storebrand Boligkreditt AS. The company purchase all its administrative services, incl. acting CEO from Storebrand Bank ASA. Åse Jonassen is not covered by Storebrand's bonus bank scheme.

2) Truls Nergaard and Lars Syse Christiansen receive no remuneration for their board work in Storebrand Boligkreditt AS. The stated amounts relate to their positions in Storebrand Bank ASA.
Balance in bonus bank as of 31 December 2010 less Storebrand's initial contribution. As part of their pay package, senior employees in Storebrand also have an agreement concerning a performance related bonus, which is linked to the group's value-based management system. Value creation in the group finances the bonus, while individual performance determines how large a share of the financed bonus is awarded. Awarded bonuses are added to the bonus bank from which 1/3 of the balance is paid out annually. If in total the annual payments exceed the total bonuses awarded and return, this will result in parts of Storebrand's initial contribution making up the annual payment. Upon the start-up of the bonus bank senior employees received an initial contribution. Upon leaving the company the positive initial contribution will fall to Storebrand. Amounts added to the bonus bank are 50% exposed to Storebrand's share price and 50% to the best interest rate in Storebrand Bank. The "share bank" and "interest bank" will develop separately over time. In line with the decision of Storebrand ASA's general meeting a long-term incentive scheme was established for the group management team and other senior employees. In connection with the establishment of this previously earned but withheld bonuses earned from 2008 and before have been paid out. Storebrand has also made an extra contribution that corresponds to the size of this amount. The payment was reported as pay/bonus and taxed as employment income. The net payment, less tax, was entirely spent on buying shares with a 3-year lock-in period.

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Note 30: Remuneration and close associates *(continues)*

Remuneration of senior employees and elected officers at 31.12.09:

NOK 1000	REMUN-ERATION	BONUS BANK [2]	1/3 BONUS BANK - PAYMENT 2011 [2]	POST-TERMINATION SALARY (MONTHS)	PENSION ACRRUED FOR THE YEAR
Senior employees:					
Åse Jonassen (CEO) [1]	729				140
Board of Directors:					
Klaus-Anders Nysteen [2]	3 532	57	352		757
Truls Nergaard [2]	1 406	177	259		658
Mikkel Andreas Vogt	1 948		195		425
Thor Bendik Weider	75				
Inger Roll-Mathiesen	75				

NOK 1000	DISCOUNTED PRESENT VALUE OF PENSION	NO. OF SHARES OWNED	LOAN	INTEREST RATE AT 31.12.10	REPAYMENT PERIOD
Senior employees:					
Åse Jonassen (CEO) [1]	547	2 538	2 894	3.2%/2.8%	2034/2029
Board of Directors:					
Klaus-Anders Nysteen [2]	2 419	50 999	3 254	3.2%/2.8%	2026/2017
Truls Nergaard [2]	491				
Mikkel Andreas Vogt	1 033	3 732	1 970	3.2%/2.8%	2028/2013
Thor Bendik Weider		0	3 494	3.19%	2019
Inger Roll-Mathiesen		0	1 910	3.19%	2018

1) Åse Jonassen receives no remuneration from Storebrand Boligkreditt AS. The company purchase all its administrative services, incl. acting CEO from Storebrand Bank ASA. Åse Jonassen is not covered by Storebrand's bonus bank scheme.

2) Klaus-Anders Nysteen and Truls Nergaard receive no remuneration for their board work in Storebrand Boligkreditt AS. The stated amounts relate to their positions in Storebrand Bank ASA.
Balance in bonus bank as of 31 December 2009 less Storebrand's initial contribution. As part of their pay package, senior employees in Storebrand also have an agreement concerning a performance related bonus, which is linked to the group's value-based management system. Value creation in the group finances the bonus, while individual performance determines how large a share of the financed bonus is awarded. Awarded bonuses are added to the bonus bank from which 1/3 of the balance is paid out annually. If in total the annual payments exceed the total bonuses awarded and return, this will result in parts of Storebrand's initial contribution making up the annual payment. Upon the start-up of the bonus bank senior employees received an initial contribution. Upon leaving the company the positive initial contribution will fall to Storebrand. Amounts added to the bonus bank are 50% exposed to Storebrand's share price and 50% to the best interest rate in Storebrand Bank. The "share bank" and "interest bank" will develop separately over time. In line with the decision of Storebrand ASA's general meeting a long-term incentive scheme was established for the group management team and other senior employees. In connection with the establishment of this previously earned but withheld bonuses earned from 2008 and before have been paid out. Storebrand has also made an extra contribution that corresponds to the size of this amount. The payment was reported as pay/bonus and taxed as employment income. The net payment, less tax, was entirely spent on buying shares with a 3-year lock-in period.

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Note 30: Remuneration and close associates *(continues)*

Transactions with group companies:

	2010		2009	
NOK MILLION	STOREBRAND BANK ASA	OTHER GROUP COMPANIES	STOREBRAND BANK ASA	OTHER GROUP COMPANIES
Interest income	6.5		10.6	
Interest expense	250.5		210.2	
Services sold				
Services purchased	9.6	1.1	9.5	2.6
Due from	359.9		24.4	
Liabilities to	2 038.0		1 982.3	

Covered bonds are not included in the overview. Storebrand Bank ASA has invested a total of NOK 7.2 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 December 2010.

Transactions with group companies are based on the principle of transactions at arm's length.

Transactions with other related parties:
Storebrand Boligkreditt AS has no employees, and purchases personnel resources from Storebrand Bank ASA and services including accounting functions from Storebrand Livsforsikring AS. All loans made by the company are purchased from Storebrand Bank ASA pursuant to an agreement entered into with Storebrand Bank ASA to purchase loans, as well as a management agreement with Storebrand Bank ASA for management of the loan portfolio. In outline terms, the management agreement involves the company paying fees to Storebrand Bank ASA for management of the company's loan portfolio. In addition, the company has entered into an agreement with Storebrand Bank ASA for a credit facility to finance loans purchased (see Note 19). Agreements entered into with other companies in the group are based on the principle of business at arm's length.

Loans to employees:

NOK MILLION	2010	2009
Loans to employees of Storebrand Boligkreditt AS	0.0	0.0
Loans to employees of Storebrand group	1 032.0	467.5

Loans to employees are granted in part on the normal terms and conditions for loans to employees, i.e. loan to an individual of up to NOK 1.7 million at 80% of normal market interest rate. Loans in excess of NOK 1.7 million are granted on normal commercial terms and conditions. There has not been provided guarantees or security for borrowing by employees.

Headaccount and personnel information:
There are no employees in the company.

STOREBRAND BOLIGKREDITT AS
- 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 annual report and annual accounts of Storebrand Boligkreditt AS for the 2010 accounting year and as of 31 December 2010 (2010 Annual Report).

The annual accounts have been prepared in accordance with the Accounting Act, the regulations relating to the annual accounts for banks, financial undertakings, etc. and simplified IFRS as of 31 December 2010, as well as the supplementary Norwegian requirements in the Securities Trading Act. The annual report conforms to the requirements of the Accounting Act, Norwegian Accounting Standard no. 16 and the regulations to the annual accounts of banks, financial undertakings, etc. as of 31 December 2010.

In the best judgement of the board and the CEO the annual accounts for 2010 have been prepared in accordance with the applicable accounting standards and the information in the accounts provides a correct picture of the company's assets, liabilities and financial position and result as a whole as of 31 December 2010. In the best judgement of the board and the CEO the annual report provides a correct overview of important events during the accouning period and their influence on the annual accounts. In the best judgement of the board and the CEO the description of the most important risk and uncertainty factors the company faces in the next accounting period, and the description of significant transactions with close associates, provides a correct overview.

Lysaker, 15 February 2011
The Board of Directors of Storebrand Boligkreditt AS

Translation - not to be signed

Truls Nergaard
Chairman of the Board

Thor Bendik Weider
Member of the Board

Lars Syse Christiansen
Member of the Board

Inger Roll-Matthiesen
Member of the Board

Åse Jonassen
Chief Executive Officer

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand Boligkreditt AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Storebrand Boligkreditt AS, which comprise the Statement of financial position as at December 31, 2011, and the profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with simplified IFRS according to the Norwegian accounting act § 3-9, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Storebrand Boligkreditt AS as at December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with simplified IFRS according to the Norwegian accounting act § 3-9.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the allocation of the profit

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit complies with the law and regulations and that the information is consistent with the financial statements..

Opinion on Registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 15 February 2011
Deloitte AS

Ingebret G. Hisdal
State Authorised Public Accountant (Norway)

Translation has been made for information purposes only

CONTROL COMMITTEE'S STATEMENT FOR 2010

At its meeting on 1 March 2011, the Control Committee of Storebrand Boligkreditt AS reviewed the Board of Directors' proposed Annual Report and Accounts for 2010 for Storebrand Boligkreditt AS.

With reference to the auditor's report of 15 February 2011, the Control Committee recommends that the Annual Report and Accounts proposed be adopted as the Annual Report and Accounts of Storebrand Boligkreditt AS for 2010.

Lysaker, 1 March 2011

Translation – not to be signed

Elisabeth Wille
Chairman of the Control Committee

BOARD OF REPRESENTATIVES' STATEMENT 2010

The Board of Directors' proposal for the Annual Report and Accounts, together with the Auditor's report and the Control Committee's statement have, in the manner required by law, been presented to the Board of Representatives.

The Board of Representatives recommends that the Annual General Meeting approve the Board of Directors proposal for the Annual Report and Accounts of Storebrand Boligkreditt AS.

The Board of Representatives raises no objections to the Board's proposal regarding the allocation of the result for the year of Storebrand Boligkreditt AS.

Lysaker, 2 March 2011

Translation – not to be signed

Terje Venold
Chairman of the Board of Representatives

storebrand

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Mars 2011. ReclameService AS