Storebrand Boligkreditt AS
Annual Report 2009

storebrand

COMPANY INFORMATION

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Storebrand Boligkreditt AS (formerly Storebrand Kredittforetak AS)
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PO Box 474
N-1327 Lysaker
Norway

Telephone:	+ 47 - 22 31 50 50
Website:	www.storebrand.no
E-mail address:	bank@storebrand.no
Company registration number:	990 645 515

Senior Management:

Åse Jonassen	Managing Director

Board of Directors:

Klaus-Anders Nysteen	Chairman
Truls Nergaard	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 FIGURES

NOK MILLION	FULL YEAR 2009	FULL YEAR 2008
Profit and Loss Account: *(as % of avg. total assets)* 1)		
Net interest income 2)	0.90 %	0.36 %
Main balance sheet figures:		
Total assets	13 692	12 917
Average total assets	13 058	6 813
Total lending to customers	12 871	11 618
Equity	633	558
Other key figures:		
Total non-interest income as % of total income	2.63 %	-17.50 %
Loan losses and provisions as % of average total lending	0.00 %	0.01 %
Individual impairment loss as % of gross defaulted loans 4)	3.22 %	25.62 %
Costs as % of operating income	12.53 %	45.27 %
Return on equity after tax 3)	12.74 %	2.25 %
Capital ratio	12.5 %	11.0 %

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 .

MAIN FEATURES

Storebrand Boligkreditt AS, formerly Storebrand Kredittforetak AS, is a wholly owned subsidiary of Storebrand Bank ASA. The company is affiliated to Storebrand Bank ASA's head office in Professor Kohtsvei 9, 1366 Lysaker, Bærum.

In January 2008, the company received a concession from Finanstilsynet to establish a mortgage company and 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 issued NOK 3 billion in covered bonds in 2009. Storebrand Boligkreditt represents an important part of Storebrand Bank ASA's efforts to establish more robust and favourable funding.

At year-end 2009, the mortgage company had 10,252 mortgages and credit loans secured by property worth NOK 12.9 billion on its statement of financial position. Covered bonds worth a net total of NOK 10.6 billion have been issued with terms of 2 to 10 years. NOK 5.3 billion worth of these were placed in the market, while the remaining NOK 5.6 billion were placed on Storebrand Bank ASA's statement of financial position and used in, for example, the government's swap scheme. The quality of the portfolio is very good. At year-end, 15 commitments were not performing, corresponding to NOK 33 million. This amounted to 0.26 percent of the portfolio. The average loan-to-collateral value ratio was around 50 percent.

PROFIT AND LOSS ACCOUNT

The company's operating result before losses amounted to NOK 105.4 million (NOK 11.5 million) for 2009. Net losses on lending, guarantees, etc recognised as costs amounted to NOK 0.4 million and were entirely linked to group write-downs (NOK 0.7 million). Storebrand Boligkreditt's profit for the year after tax amounted to NOK 75.6 million compared to NOK 7.8 million for 2008.

Net interest income amounted to NOK 117.3 million (NOK 24.7 million) in 2009. Net interest income as a percentage of average total assets was 0.90 percent in 2009 compared to 0.36 percent in 2008. Since 2009 was the company's first full year of operations, the figures for the year before are not directly comparable. Other income amounted to NOK 3.1 million (minus NOK 3.7 million) for 2009, 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 totalled NOK 15.1 million (NOK 9.5 million) in 2008, equivalent to 13 percent 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.

DEVELOPMENT OF NON-PERFORMING AND LOSS EXPOSED COMMITMENTS

The Storebrand Bank Group changed its definition of non-performing and loss-exposed loans without impairment from and including Q4 2009. The new definition is significantly stricter in a number of ways. Pursuant to the old definition, Storebrand Boligkreditt's volume of non-performing and loss-exposed loans at year-end 2008 was NOK 2.6 million. The new definition results in a volume of non-performing and loss exposed loans amounting to NOK 12.4 million for 2008, i.e. NOK 9.8 million more without the risk having changed. The mortgage company's volume of non-performing and loss-exposed loans without impairment amounted to NOK 33 million as per 31 December 2009.

The volume of non-performing and loss exposed loans over 90 days old in Storebrand Boligkreditt AS as per 31 December 2009 was NOK 33 million. This volume is equivalent to 0.26 percent of the collateral portfolio. The non-performing and loss exposed commitments are well collateralised. Most of the commitments have a loan-to-collateral value ratio within 60 percent of market value. The commitment with the highest loan-to-collateral value ratio is within 80 percent of the loan-to-asset value ratio. Non-performance is low, and the situation is monitored closely.

STATEMENT OF FINANCIAL POSITION AND CAPITAL SITUATION

The company's total assets have been stable compared to the previous year and totalled NOK 13.7 billion as per 31 December 2009. Storebrand Boligkreditt has a balanced, tailored funding structure and bases its borrowing on the issuing of covered bonds, principally in the Norwegian capital market. The company also has a smaller proportion placed in the international capital market. The unused part of the NOK 5 billion credit facility in Storebrand Bank ASA amounted as per 31 December 2009 to NOK 3 billion.

At year-end 2009, the company's equity after year-end allocations amounted to NOK 633.4 million. At year-end 2009, the company's net primary capital amounted to NOK 633.4 million. This represents a capital adequacy of 12.5 percent (11.0 percent).

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

GUARANTEES AND ASSETS PLEDGED

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

FINANCIAL RISK FACTORS

Storebrand Boligkreditt AS' financial risk principally consists of credit, liquidity, interest and currency risk. Credit risk is regarded as the most important. The Board emphasises that the company must maintain a moderate financial risk. The company utilises the standard method for credit risk in the capital adequacy regulations, the standard method for market risk, and the basic method for operational risk.

Credit risk

Storebrand Boligkreditt is exposed to credit risk in connection with lending and counterparty risk in connection with other financial instruments.

Separate credit approval processes are now used for retail customers on the basis of credit scoring, combined with case-by-case evaluation of the borrower's ability to repay. Loans are only granted with collateral in housing. The average loan-to-collateral ratio is 50.80 percent and at the transfer time the loan-to-collateral is equal to a maximum 75 percent.

The financial crisis turned very serious in autumn 2008 and in the first-half of 2009, but the economic downturn did not become as serious as feared in Norway. Housing prices fell at the beginning of 2009, but have increased since. The volume of non-performing and loss exposed loans in Storebrand Boligkreditt rose in 2009, but the volume is still very low. Storebrand Bank, which administers the loans in Storebrand Boligkreditt, has been relatively conservative in its lending practices in relation to calculating the customers' ability to pay. The collateral is still regarded as good since many loans were granted within 60 percent of the mortgage value. The risk in the lending portfolio is therefore regarded as very low.

The development of the lending portfolio is monitored using tools such as non-performance reports and risk reports. Measures and focus areas are continuously assessed based on the development of the portfolios. Risk reports are produced every month for the banking group and mortgage company, with expanded versions every quarter.

The bank manages its exposure to counterparty risk when placing its liquidity or through other exposure on the basis of the counterparty's credit rating and size. The counterparty risk limits take account of both pure investments and settlement risk. The mortgage company has solid counterparties and limits its exposure to any one counterparty in order to avoid losses and ensure high liquidity in its holdings of securities.

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 com

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pany shall be sufficient to support balance sheet growth and repay funding as it matures. The mortgage company manages its liquidity position based on a minimum liquidity holding, maximum volume per issuing within a 6 months' period, and net maturity within 12 months.

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

Interest risk
Storebrand Boligkreditt AS manages its exposure in the interest rate market to ensure that its interest rate sensitivity is as low as possible. This means Storebrand Boligkreditt has very narrow limits for interest risk. Borrowing is mostly swapped to three months variable NIBOR. Interest risk is monitored continuously and the company has defined risk limits that are reported monthly to the company's board of directors.

Currency risk
Storebrand Boligkreditt is not exposed to currency risk since the loans are in NOK and the bond issue in EUR is hedged through a basis swap.

PERSONNEL, ORGANISATION, CORPORATE BODIES THE ENVIRONMENT
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 Board of Directors consists of two internal and two external members. During 2009, Mikkel Andreas Vogt retired from the Board and one new member joined the Board, Truls Nergaard, the head of the corporate market in Storebrand Bank. The CEO of Storebrand Boligkreditt AS is formally employed by Storebrand Bank ASA.

EMPLOYEES
The company had no employees at year-end 2009. Therefore, no special working environment measures have been introduced.

EQUALITY OPPORTUNITIES
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.

POLLUTION OF THE 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. It environmental measures include measuring water consumption, reducing energy and paper consumption, sorting waste, and recycling all electronic equipment. As the Nordic region's first climate neutral financial group, Storebrand purchases climate quotas to cover its total CO_2 emissions from business flights, energy consumption and company cars.

STATEMENT CONCERNING THE ANNUAL FINANCIAL STATEMENTS
In the opinion of the Board, the presented profit and loss account, statement of financial position, and notes disclose adequate information about the company's operations and position as per 31 December 2009.

The Board is of the opinion that the prerequisites for the going concern assumption exist and hereby confirms that the annual financial statements for 2009 were prepared on the basis of a going concern assumption.

EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION 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.

STRATEGY AND OUTLOOK FOR 2010

Storebrand Boligkreditt will continue its core activity, which is purchasing residential mortgages from Storebrand Bank ASA, in 2010. The collateral portfolio is expected to grow during 2010 on a par with the growth in 2009 (11 percent).

Given the demanding economic situation, the housing market and development of non-performance and loss exposed loans will be monitored closely. A great deal of work was done during the establishment of the company on establishing good routines and ensuring high data quality for the property assets that form the collateral portfolio. The work will be continued and this thus ensures the authorities' and ratings requirements will continue to be met.

At the start of 2010, the financial markets are still demanding, both nationally and internationally, including 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.

APPLICATION OF THE RESULT

The company's profit for the year was NOK 75.6 million. The Board proposes that a group contribution of NOK 64.8 million before 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 46.6 million. The Board regards the company's capital situation as good in relation to its risk profile and proposes to the company's Board of Representatives and annual general meeting the following application of the year's profit:

AMOUNTS IN NOK MILLION:

Transferred to other equity	29.0
Allocated group contribution to parent company (after tax)	46.6
Total allocations	**75.6**

The company's undistributable equity after the allocated group contribution and received group contribution amounts to NOK 83.4 million as per 31 December 2009.

Lysaker, 16 February 2010
The Board of Directors of Storebrand Boligkreditt AS

Translation – not to be signed

Klaus-Anders Nysteen
Chairman of the Board

Thor Bendik Weider
Board member

Truls Nergaard
Board member

Inger Roll-Matthiesen
Board member

Åse Jonassen
CEO

Profit and loss account

1 January - 31 December

NOK MILLION	NOTE	2009	2008
Interest income		503.9	473.1
Interest expense		-386.6	-448.4
Net interest income	**6**	**117.3**	**24.7**
Commission income		0.1	
Commission expense			
Net commission income		**0.0**	**0.0**
Net gains on financial instruments at fair value	6	3.1	-3.7
Net income and gains from associated companies			
Other income			
Total other operating income		**3.1**	**-3.7**
Staff expenses	4, 8	-0.2	-0.1
General administration expenses	8	-0.3	-0.4
Other operating costs	5, 8	-14.6	-9.0
Total operating costs		**-15.1**	**-9.5**
Operating profit before losses and other items		**105.4**	**11.5**
Loss provisions on loans and guarantees	7	-0.4	-0.7
Profit before tax		**105.0**	**10.8**
Tax	9	-29.4	-3.0
Profit for the year		**75.6**	**7.8**

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	2009	2008
Other comprehensive income			
Profit for the period		75.6	7.8
Total comprehensive income for the period		**75.6**	**7.8**
Allocations:			
Provision for group contribution		46.6	12.3
Transferred from other paid-in capital			-4.5
Transferred to other equity		28.9	
Total allocations		**75.6**	**7.8**

Statement of financial position

31 December

ASSETS

NOK MILLION	NOTE	2009	2008
Loans to and deposits with credit institutions	10, 11	58.4	
Financial assets designated at fair value through profit and loss:			
Bonds and other fixed-income securities	10, 12, 24, 26	260.4	310.8
Derivatives	10, 13, 24, 26	417.2	914.8
Other current assets	10, 17	86.0	72.7
Gross lending	10, 14, 15, 26	12 871.2	11 617.8
Write-downs of loans	10, 16	-1.1	-0.7
Net lending to customers		12 870.2	11 617.1
Deferred tax assets	9		1.8
Total assets		**13 692.2**	**12 917.3**

LIABILITIES AND EQUITY

NOK MILLION	NOTE	2009	2008
Liabilities to credit institutions	10, 19	1 978.4	1 005.3
Other financial liabilities:			
Derivatives	10, 13, 24	90.7	
Commercial paper and bonds issued	10, 20	10 918.6	11 313.5
Other liabilities	10, 21	69.1	40.5
Deferred tax	9	1.8	
Provision for accrued expenses and liabilities			
Total liabilities		**13 058.7**	**12 359.4**
Paid-in capital		604.5	557.9
Other equity		28.9	
Total equity		**633.4**	**557.9**
Total liabilities and equity		**13 692.2**	**12 917.3**

Lysaker, 16 February 2010
The Board of Directors of Storebrand Boligkreditt AS

Translation - not to be signed

Klaus-Anders Nysteen
Chairman

Truls Nergaard
Board Member

Thor Bendik Weider
Board Memeber

Inger Roll-Matthiesen
Board Member

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 31.12.2007	50.0	30.1		80.1				80.1
Profit for the period						7.8	7.8	7.8
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**	**7.8**	**7.8**	**7.8**
Equity transactions with the owner:								
Capital increase paid in	300.0	170.0		470.0				470.0
Group contribution received			12.3	12.3				12.3
Provision for group contribution			-4.5	-4.5		-7.8	-7.8	-12.3
Equity at 31.12.2008	**350.0**	**200.1**	**7.8**	**557.9**	**0.0**	**0.0**	**0.0**	**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						-46.6	-46.6	-46.6
Equity at 31.12.2009	**350.0**	**200.1**	**54.5**	**604.6**	**0.0**	**28.9**	**28.9**	**633.4**

Storebrand Boligkreditt AS is 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 reserve and other equity is evaluated and managed together. The share premium reserve 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 AS, 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 23.

Cash flow statement

1 January - 31 December

NOK MILLION	2009	2008
Cash flow from operations		
Net receipts/payments of interest, commissions and fees from customers	519.6	741.8
Net disbursement/payments on customer loans	-1 263.5	-11 583.1
Net receipts/payments - securities at fair value	56.8	-303.3
Payments of operating costs	-14.6	-9.4
Net cash flow from operating activities	**-701.7**	**-11 154.0**
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	-1 397.5	
Receipts - new loans and issuing of bond debt	2 500.0	10 914.8
Payments - interest on loans	-337.7	-310.9
Receipts - issuing of share capital and other equity		470.0
Receipts - group contribution	12.3	
Payments - group contribution	-17.1	-0.5
Net cash flow from financing activities	**760.0**	**11 073.4**
Net cash flow in period	**58.3**	**-80.6**
Net movement in cash and bank deposits	58.3	-80.6
Cash and bank deposits at the start of the period		80.6
Cash and bank deposits at the end of the period	**58.3**	**0.0**

The company has a credit arrangement (drawing facility) with Storebrand Bank ASA that is included in the item "Liabilities to credit institutions" as at 31.12.09. See also Note 19.

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.
Last year's figures have been restated in accordance with this definition.

NOTES TO THE ACCOUNTS

NOTE 0: Regnskapsprinsipper

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 section 1-5 of the regulations relating to annual accounts, etc, which deals with the simplified application of International Financial Reporting Standards, as well as the other Norwegian disclosure obligations pursuant to the law and regulations (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 1 for further information about this.

No changes to the accounting policies were made in 2009.

NEW AND AMENDED STANDARDS

The following accounting standard has been amended: IAS 1 Presentation of Financial Statements. The reconciliation of changes in equity was presented as a note to the financial statements in 2008, but is now presented as a table after the statement of financial position. A new result term has also been introduced: "total comprehensive income". "Total comprehensive income" includes, in addition to the result for the year, items that were previously recognised directly against equity, with the exception of transactions with owners.

IFRS 8 Operating Segments
IFRS 8 Operating Segments, which replaces IAS 14 Segment Reporting, is based to a greater degree on the management's internal monitoring. Storebrand Boligkreditt's segment reporting conforms to the financial statements.

The changes to IAS 1 and IFRS 8 came into force on 1 January 2009, but the changes have no effect on the measurement or periodising of the items in the financial statements for the accounting period.

New accounting standards and amendments and interpretations of standards exist that did not enter into force in the year ended on 31 December 2009. These have not been applied in the preparation of these consolidated financial statements. Their application is not expected to have a material effect on the consolidated financial statements.

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 total comprehensive income. 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.

Allocated dividend/group contribution
Pursuant to simplified IFRS the provisions dividends and group contributions can be recognised as income in the financial statements, and the Board of Directors' proposal concerning the dividend and group contribution can be recognised as a liability on the statement of financial position date.

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 becomes party

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NOTE 0: Regnskapsprinsipper *(continues)*

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.

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, hold to maturity financial assets, 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 book value of the asset is reduced either directly or by using a provision account. 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

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NOTE 0: Regnskapsprinsipper *(continues)*

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's financial assets fall into this category.

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'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.

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.

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 uses fair value hedging, where the items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives that fall within this category 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 hedging for fixed-rate deposits and lending in Storebrand Boligkreditt uses this type of hedge accounting. Due to of the unified policies for measuring hedged items and hedging instruments in the other parts of the group, this hedging reflects the group's ordinary valuation rules.

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

Commercial paper/bonds
The bonds issued are recognised at amortised cost.

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.

NOTES TO THE ACCOUNTS

NOTE 1: 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
The situation in the financial markets in 2008 and 2009 meant that the proportion of financial instruments that can be valued on the basis of observable prices or assumptions decreased in relation to the past. The uncertainty in valuations is higher 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 2 and note 24 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 2: Valuation of financial instruments at fair value

The company 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 identical assets in active markets

Bonds, certificates or equivalent instruments issued by national governments are generally classified as level 1. In the case of derivatives, standardised equity-linked and interest rate futures will be encompassed by this level.

Level 2: Financial instruments valued on the basis of observable market information not covered 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 encompasses equities or equivalent equity instruments for which market prices are available, but where the turnover volume is too limited to meet the criteria in level 1. Equities on this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified as level 2. Interest rate and currency swaps are also classified as level 2.

Continues next page

NOTE 2: Verdsettelse av finansielle instrumenter *(continues)*

Level 3: Financial instruments valued on the basis of information that is not observable pursuant to by level 2

Storebrand Boligkreditt AS has no financial instruments covered by level 3.

Please also see note 24 for a specification of financial instruments at various levels.

NOTE 3: Segment

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 2009 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.

NOTES TO THE ACCOUNTS

NOTE 4: Remuneration and close associates

Remuneration of senior employees and elected officers at 31.12.09:

NOK 1000	REMUNE-RATION	BONUS-BANK 2)	1/3 BONUS BANK PAYMENT IN 2010 2)	POST-TERMINATION SALARY (MONTHS)	PENSION ACRUED FOR THE YEAR	DISCOUNTED PRESENT VALUE OF PENSION
Senior employees:						
Åse Jonassen (adm.direktør) 1)	729				140	547
Board of Directors:						
Klaus-Anders Nysteen 2)	3 532	57	352		757	2 419
Truls Nergaard 2)	1 406	177	259		658	491
Mikkel Andreas Vogt	1 948		195		425	1 033
Thor Bendik Weider	75					
Inger Roll-Mathiesen	75					

NOK 1000	NO OF SHARES OWNED	LOAN	INTEREST RATE AT 31.12.09	REPAYMENT PERIOD
Senior employees:				
Åse Jonassen (adm.direktør) 1)	2 538	2 894	3.2%/2.8%	2034/2029
Board of Directors:				
Klaus-Anders Nysteen 2)	50 999	3 254	3.2%/2.8%	2026/2017
Truls Nergaard 2)				
Mikkel Andreas Vogt 2)	3 732	1 970	3.2%/2.8%	2028/2013
Thor Bendik Weider		3 494	3.19%	2 019
Inger Roll-Mathiesen		1 910	3.19%	2 018

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 Dec 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 interes 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.

Remuneration of senior employees and elected officers at 31.12.08:

NOK 1000	REMUNE-RATION	BONUS-BANK 2)	1/3 BONUS BANK PAYMENTS IN 2009 2)	POST-TERMINATION SALARY (MONTHS)	PENSION ACRRUED FOR THE YEAR	DISCOUNTED PRESENT VALUE OF PENSION
Senior employees;						
Åse Jonassen (Managing director) 1)	828				154	453
Board of Directors;						
Klaus-Anders Nysteen 2)	4 104		274	18	926	2 072
Mikkel Andreas Vogt 2)	1 607		133		462	682
Thor Bendik Weider	50					
Inger Roll-Mathiesen	50					

Continues next page

NOTE 4: Remuneration and close associates *(continues)*

Remuneration of senior employees and elected officers at 31.12.08:

NOK 1000	NO OF SHARES OWNED	LOAN	INTEREST RATE AT 31.12.08	REPAYMENT PERIOD
Senior employees;				
Åse Jonassen (Managing director) 1)	2 240	2 933	5.60%/7.00%	2034/2023
Board of Directors;				
Klaus-Anders Nysteen 2)	49 403	3 382	5.60%/6.65%	2026/2017
Mikkel Andreas Vogt 2)	2 137	2 063	5.60%/6.80%	2028/2013
Thor Bendik Weider				
Inger Roll-Mathiesen		3 988	6.64%/6.79%	2018/2035

Transactions with group companies:

	2009		2008	
NOK MILLION	STOREBRAND BANK ASA	OTHER GROUP COMPANIES	STOREBRAND BANK ASA	OTHER GROUP COMPANIES
Interest income	10.6		1.4	
Interest expense	210.2		166.1	
Services sold				
Services purchased	9.5	2.6	5.3	2.5
Due from	24.4		39.0	
Liabilities to	1 982.3		4 530.3	

Covered bonds are not included in the overview. Storebrand Bank ASA has invested a total of NOK 5.6 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 December 2009.
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	2009	2008
Loans to employees of Storebrand Boligkreditt AS		
Loans to employees of Storebrand group	467.5	740.7

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.

NOTE 5: Remuneration of the auditor

Remuneration excl. valued added tax:

NOK 1000	2009	2008
Statutory audit	120	160
Other reporting duties 1)	279	254
Other non-audit services	53	
Total	**452**	**414**

1) Includes remuneration to Deloitte AS as an independent investigator.

NOTES TO THE ACCOUNTS

NOTE 6: Net income form financial instruments

NOK MILLION	2009	2008
Net interest income		
Interest and other income on loans to and deposits with credit institutions	0.8	
Interest and other income on loans to and due from customers	484.5	464.6
Interest on commercial paper, bonds and other interest-bearing securities	18.6	8.5
Other interest income and related income		
Total interest income 1)	**503.9**	**473.1**
Interest and other expenses on debt to credit institutions	-45.0	-137.5
Interest and other expenss on deposits from and due to customers		
Interest and other expenses on securities issued	-341.6	-310.9
Interest and expenses on subordinated loan capital		
Other interest expenses and related expenses		
Total interest expenses 2)	**-386.6**	**-448.4**
Net interest income	**117.3**	**24.7**
1) *Of which total interest income on financial assets that are not at fair value through profit or loss*	*485.3*	*464.6*
2) *Of which total interest expenses on financial liabilities that are not at fair value through profit or loss*	*-386.6*	*-448.4*
Net income and gains from financial assets and liabilities at fair value:		
Bonds, commercial paper and other interest-bearing securities		
Realised gain/loss on commercial paper and bonds	0.1	-1.2
Unrealised gain/loss on commercial paper and bonds	0.6	-0.7
Total gain/loss on commercial paper and bonds	*0.7*	*-1.9*
Financial derivatives and foreign exchange:		
Gain/loss on foreign exchange related to bonds issued	16.2	
Realised gain/loss on financial derivatives, held for trading	1.1	0.5
Unrealised gain/loss on financial derivatives, held for trading	-14.9	-2.4
Total financial derivatives and foreign exchange	*2.5*	*-1.8*
Net income and gains from financial assets and liabilities at fair value	**3.1**	**-3.7**
Net gain/loss on financial assets at fair value through profit or loss:		
Financial assets designated at fair value upon initial recognition	0.7	-1.9
Financial assets classified as held for trading	2.5	-1.8
Changes in fair value on assets due to changes in 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		

NOTES TO THE ACCOUNTS

NOTE 7: Losses on loans

NOK MILLION	2009	2008
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	-0.4	-0.7
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	**-0.4**	**-0.7**

NOTE 8: Operating expenses

NOK MILLION	2009	2008
Ordinary wages and salaries	0.2	
Other staff expenses		0.1
Total staff expenses	**0.2**	**0.1**
IT costs	0.1	0.3
Other sales and publicity costs	0.2	0.1
Total general administration expenses	**0.3**	**0.4**
Contract personnel	0.1	
Inter-company charges for services	12.1	7.8
Other operating expenses	2.4	1.2
Total other operating expenses	**14.6**	**9.0**
Total operating expenses	**15.1**	**9.5**

NOTES TO THE ACCOUNTS

NOTE 9: Tax

TAX CHARGE FOR THE YEAR

NOK MILLION	2009	2008
Tax payable for the period	18.1	4.8
Changes in deferred tax/deferred tax asset	11.3	-1.8
Total tax charge	**29.4**	**3.0**

Reconciliation of expected and actual tax charge

NOK MILLION	2009	2008
Ordinary pre-tax profit	105.0	10.8
Expected tax on income at nominal rate	29.4	3.0
Tax charge	**29.4**	**3.0**
Tax payable	18.1	4.8
- tax effect of group contribution paid	-18.1	-4.8
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	2009	2008
Tax increasing timing differences		
Lending		27.5
Derivatives	212.0	1 143.4
Total tax increasing timing differences	**212.0**	**1 170.9**
Tax reducing timing differences		
Securities	-0.2	-0.7
Bonds issued	-205.4	-1 176.5
Total tax reducing timing differences	**-205.6**	**-1 177.2**
Losses/allowances carried forward		
Net base for deferred tax/tax assets	6.4	-6.3
Net deferred tax/defferd tax asset in the balance sheet	**-1.8**	**1.8**

Deferred tax assets principally relate to tax reducing temporary differences on financial instruments. The company an annual profit, and this is expected to continue in future years. Deferred tax assets in respect of Storebrand Boligkreditt AS are capitalised to the extent that it is considered likely that it will be possible to make use of the assets.

NOTES TO THE ACCOUNTS

NOTE 10: Classification of financial instruments

CLASSIFICATION OF FINANCIAL ASSETS

NOK MILLION	NOTE	2009 BOOK VALUE	2009 FAIR VALUE	2008 BOOK VALUE	2008 FAIR VALUE
Net loans to and deposits with credit institutions	11				
Loans to and deposits with credit institutions at amortised cost, loans and receivable		58.4	58.4		
Total loans to and deposits with credit institutions		*58.4*	*58.4*	*0.0*	*0.0*
Bonds and other fixed income securities	12				
Commercial paper and bonds at fair value, FVO 1)		260.4	260.4	310.8	310.8
Total bonds and other fixed income securities		*260.4*	*260.4*	*310.8*	*310.8*
Derivatives	13				
Financial derivatives at fair value, held for trading		417.2	417.2	914.8	914.8
Total derivatives		*417.2*	*417.2*	*914.8*	*914.8*
Net lending to customers					
Lending to customers at fair value, FVO 1)	14				
Lending to customers at amortised cost, loans and receivable	14	12 871.2	12 871.2	11 617.8	11 617.8
Total leding before individual write-downs and write-downs of groups of loans		12 871.2	12 871.2	11 617.8	11 617.8
- Write-downs on individual loans					
- Write-downs on groups of loans	16	-1.1	-1.1	-0.7	-0.7
Total net lending to customers		*12 870.2*	*12 870.2*	*11 617.1*	*11 617.1*
Other assets					
Other assets, amortised cost		86.0	86.0	72.7	72.7
Total other assets		*86.0*	*86.0*	*72.7*	*72.7*
Total financial assets		**13 692.2**	**13 692.2**	**12 915.5**	**12 915.5**
Financial assets summarised by classification					
Financial assets at fair value, FVO 1) 2)		260.4	260.4	310.8	310.8
Financial assets at fair value, held for trading		417.2	417.2	914.8	914.8
Financial assets at amortised cost, loans and receivables		13 014.5	13 014.5	11 689.9	11 689.9
Total financial assets		**13 692.2**	**13 692.2**	**12 915.5**	**12 915.5**

Continues next page

NOTE 10: Classification of financial instruments *(continues)*

CLASSIFICATION OF FINANCIAL LIABILITIES

NOK MILLION	NOTE	2009 BOOK VALUE	2009 FAIR VALUE	2008 BOOK VALUE	2008 FAIR VALUE
Liabilities to credit institutions	19				
Deposits from and due to credit institutions at amortised cost		1 978.4	1 978.4	1 005.3	1 005.3
Total liabilities to credit institution		*1 978.4*	*1 978.4*	*1 005.3*	*1 005.3*
Other financial liabilities					
Derivatives at fair value, held for trading	13	90.7	90.7		
Commercial paper and bonds issued at amortised cost	20	10 918.6	10 949.4	11 313.5	11 238.0
Other liabilities, amortised cost	21	69.1	69.1	40.5	40.5
Total other financial liabilities		*11 078.5*	*11 109.3*	*11 354.0*	*11 278.5*
Total financial liabilities		**13 056.9**	**13 087.7**	**12 359.3**	**12 283.8**
Financial liabilities summarised by classification					
Financial liabilities at fair value, FVO [1]					
Financial liabilities at fair value, held for trading		90.7	90.7		
Financial liabilities at amortised cost		12 966.2	12 996.9	12 359.3	12 283.8
Total financial liabilities		**13 056.9**	**13 087.7**	**12 359.3**	**12 283.8**
[1] FVO = Fair Value Option					
[2] Of which financial assets designated at fair value upon initial recognition		260.4	260.4	310.8	310.8
Of which financial assets classified as held for trading					

NOTE 11: Loans to and deposits with credit institutions

NOK MILLION	2009	2008
Total loans to and deposits with credit institutions without fixed maturity at amortised cost	58.4	
Total loans to and deposits with credit institutions at amortised cost	**58.4**	**0.0**

NOTE 12: Bonds and other fixed income securities at fair value through profit and loss

NOK MILLION	COMMERCIAL PAPER	BONDS	2009 TOTAL	2008 TOTAL
Commercial paper and bonds, book value		260.4	260.4	310.8
Of which listed		260.4	260.4	310.8
Nominal value		260.0	260.0	310.0
Analysis by sector of issuer:				
Finance, Bank and Insurance		40.1	40.1	40.2
Sovereign and Government Guaranteed		220.3	220.3	270.7
Total		**260.4**	**260.4**	**310.8**
Modified duration		0.10	0.10	0.14
Average effective yield per 31.12.		1.84 %	1.84 %	5.21 %

All securities are dominated in NOK.
The effective yield for each security is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

NOTE 13: 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.

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NOTES TO THE ACCOUNTS

NOTE 13: Financial derivatives *(continues)*

				2009			
	GROSS	AVERAGE	NET NOM.	FAIR VALUE 1)		OF WHICH FAIR VALUE HEDGING	
NOK MLLION	NOM. VALUE 1)	NOM. VALUE 2)	VALUE 1)	ASSET	LIABILITY	ASSET	LIABILITY
Interest rate swaps	10 806.5	8 904.6	4 033.5	311.8	90.7	311.8	90.7
Basis swaps	2 668.6	2 364.6	1 865.6	105.4			
Total derivatives	**13 475.1**	**11 269.2**	**5 899.1**	**417.2**	**90.7**	**311.8**	**90.7**

				2008			
	GROSS	AVERAGE	NET NOM.	FAIR VALUE 1)		OF WHICH FAIR VALUE HEDGING	
NOK MLLION	NOM. VALUE 1)	NOM. VALUE 2)	VALUE 1)	ASSET	LIABILITY	ASSET	LIABILITY
Interest rate swaps	6 189.5	5 412.2	2 250.0			224.8	
Basis swaps	3 950.0	3 950.0	3 950.0	914.8			
Total derivatives	**10 139.5**	**9 362.2**	**6 200.0**	**914.8**	**0.0**	**224.8**	**0.0**

1) Value at 31.12. As per 31 December 2009, derivative contracts earmarked for hedge accounting are presented on the derivatives line under assets and liabilities on the balance sheet. The previous years figures have not been restated and derivatives earmarked for hedging are presented together with the hedging object as per 31 December 2008.

2) Average for the year.

NOTE 14: Analysis of loan portfolio and guarantees

NOK MILLION	2009	2008
Lending to customers at amortised cost	12 871.2	11 617.8
Lending to customers at fair value		
Total gross lending to customers	**12 871.2**	**11 617.8**
Write-downs on individual loans (see note 16)		
Write-downs on groups of loans (ses note 16)	-1.1	-0.7
Net lending to customers	**12 870.2**	**11 617.1**

	LENDING TO CUSTOMERS	
NOK MILLION	2009	2008
Sector and industry classification:		
Retail customers	12 778.3	11 529.0
Foreign	93.0	88.7
Total	**12 871.2**	**11 617.8**
Geographical distribution:		
Eastern Norway	9 787.5	8 709.1
Western Norway	1 879.3	1 760.6
Southern Norway	237.3	221.3
Mid-Norway	522.5	445.4
Northern Norway	351.6	392.7
Foreign	93.0	88.7
Total	**12 871.2**	**11 617.8**

Storebrand Boligkreditt AS har not issued any guarantees to customers.

NOTE 15: Loan to value ratios and collateral

NOK MILLION	2009	2008
Gross lending	12 871.2	11 617.8
Average loan balance	1 255	1 337
No. of loans	10 252	9 509
Weighted average seasoning (months)	33	31
Weighted average remaning term (months)	189	211
Average loan to value ratio	51 %	47 %
Overcollateralisation [3]	118 %	110 %
Composition of collateral:		
Residential mortgages [1]	12 708.1	11 429.5
Supplementary security [2]		
Total	**12 708.1**	**11 429.5**

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 2009 the company had NOK 130 million that exceeds the base value limit and has therefore not been included in the calculation of the collateralisation. As per 31 December 2009, the company has 15 non-performing loans, equivalent to NOK 33.2 million. Non-performing loans are note included in the collateralisation.

2) The company has no supplementary security.

3) Surplus collateral amounting to NOK 10.6 billion has been calculated based on the total net issued bonds.

NOTE 16: Write-downs of loans

NOK MILLION	2009	2008
Write downs on 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.	0.7	
Grouped write-downs for the period	0.4	0.7
Write-downs of groups of loans and guarantees etc. 31.12.	**1.1**	**0.7**
Total write-downs	**1.1**	**0.7**

NOTE 17: Other current assets

NOK MILLION	2009	2008
Due from Storebrand group companies	71.1	39.1
Interest accrued on lending	14.9	33.7
Total other current assets	**86.0**	**72.7**

NOTE 18: Hedge accounting

The company uses fair value hedging to hedge interest rate risk. Hedging effectiveness is monitored at the individual item level. Each portfolio comprises swaps and hedged items with maturity within the same half year period.

	2009			2008		
	CONTRACT/	FAIR VALUE 1) 2)		CONTRACT/	FAIR VALUE 1) 2)	
NOK MLLION	NOMINAL VALUE	ASSETS	LIABILITIES	NOMINAL VALUE	ASSETS	LIABILITIES
Interest rate swaps	4 360.0	311.8	90.7	6 200.0	224.8	
Total interest rate derivatives	4 360.0	311.8	90.7	6 200.0	224.8	0.0
Total derivatives	360.0	311.8	90.7	6 200.0	224.8	0.0

	CONTRACT/	FAIR VALUE 1)		CONTRACT/	FAIR VALUE 1)	
NOK MLLION	NOMINAL VALUE	ASSETS	LIABILITIES	NOMINAL VALUE	ASSETS	LIABILITIE
Underlying objects :						
Bonds issued	4 360.0		4 463.4	6 200.0		6 398.1
Hedging effectiveness - prospective			95 %			95 %
Hedging effectiveness - retrospective			100 %			94 %

Gain/loss on fair value hedging 3)

NOK MILLION	2009 GAIN/LOSS	2008 GAIN/LOSS
On hedging instruments	-107.8	208.3
On items hedged	120.5	-221.4

1) Book value at 31.12. As per 31 December 2009, derivative contracts earmarked for hedge accounting are presented på on the derivatives line under assets and liabilities on the balance sheet. The previous years figures have not been restated and derivatives earmarked for hedging are presented together with the hedging object as per 31 December 2008.
2) Included accrued interest.
3) Amounts included in the line "Net interest income".

Hedging effectiveness when the hedge is created measures the relationship between changes in the hedged value of the interest rate hedging instrument and the item hedged in the event of a 2-percentage point interest rate shock. Subsequently, hedging effectiveness is measured on the basis of the simple Dollar Offset method for both prospective and retrospective calculations. Hedging it is expected to be highly efficient in the period.

NOTE 19: Liabilities to credit institutions

NOK MILLION	2009	2008
Total liabilities to credit institutions without fixed maturity at amortised cost	1 978.4	1 005.3
Total liabilities to credit institutions at amortised cost	**1 978.4**	**1 005.3**

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.

NOTE 20: Commercial paper and bonds issued

Changes in securities issued

NOK MILLION	BOOK VALUE 31.12.08	NEW ISSUES/ BOUGHT BACK	REPAYMENTS	EXCHANGE RATE CHANGE	PAPER PRICE CHANGE	AMORTI- SATION	BOOK VALUE 31.12.09
Bonds issued	11 313.5	1 273.8	-1 397.5	-531.2	286.2	-26.3	10 918.6
Total securities issued	**11 313.5**	**1 273.8**	**-1 397.5**	**-531.2**	**286.2**	**-26.3**	**10 918.6**

Specification of covered bonds

NOK MILLION

ISIN CODE	NET NOMNAL NOMINAL VALUE	CURRENCY	INTEREST	ISSUED	MATURITY	BOOK VALUE 31.12.2009
XS0366475662	141	EUR	Fixed	28.05.08	28.05.10	1 188.1
NO0010428584	1 000	NOK	Fixed	06.05.08	06.05.15	1 048.5
NO0010428592	1 700	NOK	Fixed	02.05.08	02.05.11	1 699.7
NO0010466071	1 250	NOK	Floating	24.10.08	24.04.14	1 295.4
NO0010479967	2 500	NOK	Floating	12.12.08	12.06.12	2 506.6
NO0010507809	2 040	NOK	Floating	27.04.09	27.04.15	2 037.7
NO0010548373	1 000	NOK	Floating	28.10.09	28.10.19	992.7
Amortised interest						149.9
Total securities issued						**10 918.6**

Standard covenant requirements are attached to concluded loan agreements.
In 2009, Storebrand Boligkreditt AS has met all conditions with respect to concluded loan agreements.

NOTE 21: Other liabilities

NOK MILLION	2009	2008
Payable to Storebrand group companies	4.2	23.3
Provision for group contribution	64.8	17.1
Accounts payable	0.1	
Accrued expenses and prepaid income	0.1	0.1
Other liabilities		0.1
Total other liabilities	**69.1**	**40.5**

NOTE 22: Off balance sheet liabilities and contingent liabilities

NOK MILLION	2009	2008
Undrawn credit limits	1 292.1	745.9
Total contingent liabilities	**1 292.1**	**745.9**

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 23: Capital Adequacy

Net capital base

NOK MILLION	2009	2008
Share capital	350.0	350.0
Other equity	283.4	207.9
Total equity	**633.4**	**557.9**
Deductions:		
Deferred tax assets		-1.8
Core capital	**633.4**	**556.1**
Deductions		
Net capital base	**633.4**	**556.1**

Minimum requirements for credit risk

NOK MILLION	2009	2008
Credit risk	395.4	401.2
Of which:		
Institutions	9.3	20.0
Loans secured against real estate	377.4	323.3
Loans past-due	2.8	0.6
Other	5.9	57.3
Total minimum requirements for credit risk	395.4	401.2
Operational risk	10.8	3.5
Deductions:		
Write-downs of groups of loans	-0.1	0.1
Minimum requirement for capital base	**406.0**	**404.7**

Capital Adequacy

	2009	2008
Capital ratio	12.5 %	11.0 %
Core capital ratio	12.5 %	11.0 %

Capital adequacy is calculated in accordance with the new capital adequacy regulation (Basel II). 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%.

Basel II is divided into three pillars (areas). Pillar 1 deals with the minimum requirement for capital adequacy and represents a continuation of the former regulations pursuant to Basel I. Pillar 2 deals with supervisory evaluation of of capital requirement and supervisory monitoring, while Pillar 3 deals with the requirements for publication of financial information. The introduction of the new regulatory framework has caused changes to the calculation base for capital adequacy. Calculation of operational risk is a new element of the Basel II regulations. Management of market risk is affected by the transition to the Basel II regulations to a minor extent.

NOTES TO THE ACCOUNTS

NOTE 24: Valuation

Specification of financial assets to fair value

Bonds and fixed-income securities

NOK MILLION	QUOTED PRICES	OBSERVABLE PRE-CONDITIONS	NON-OBSERVABL PRE-CONDITIONS	BOOK VALUE 31.12.2009	BOOK VALUE 31.12.2008
Finance, Banking and Insurance					40.2
Sovereign and Government Guaranteed		220.4		220.4	270.7
Local authorities		40.1		40.1	0.0
Total	**0.0**	**260.4**	**0.0**	**260.4**	**310.8**

Derivatives

NOK MILLION	QUOTED PRICES	OBSERVABLE PRE-CONDITIONS	NON-OBSERVABL PRE-CONDITIONS	BOOK VALUE 31.12.2009	BOOK VALUE 31.12.200
Basis swaps		105.4		105.4	914.8
Interest rate swaps		221.1		221.1	224.8
Total derivatives		326.5		326.5	1 139.6
- Derivatives designated to hedge accounting [1])					224.8
Total derivatives excl. hedge accounting		**326.5**		**326.5**	**914.8**
Derivatives with a positive fair value		417.2		417.2	914.8
Derivatives with a negative fair value		-90.7		-90.7	
Total		**326.5**		**326.5**	**914.8**

[1]) As per 31 December 2009, derivative contracts earmarked for hedge accounting are presented on the derivatives line under assets and liabilities on the balance sheet. The previous years figures have not been restated and derivatives earmarked for hedging are presented together with the hedging object as per 31 December 2008.

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

Below follows a description of the booked financial instruments as per 31 December 2009 and the basis for fair value measurement.

Bonds and other fixed-income securities
Norwegian bonds and other fixed-income securities are measured at fair value based on valuation techniques. The valuation techniques use interest rate curves and credit spreads from external providers and are quality assured using price checks at year-end, primarily through comparing prices against other price providers.

Derivatives
Equity-linked bonds are priced on the basis of received, tradeable market prices from our counterparties as per 29 December 2009. Foreign exchange contracts are translated to NOK based on Norges Bank's exchange rates as per 29 December 2009. Interest rate swaps and base rate swaps are measured at fair value based on valuation techniques. Interest rate curves from external providers are used in the valuation techniques.

NOTE 25: Risk Management

Risk management in Storebrand Boligkreditt addresses the areas of credit risk, market risk, liquidity risk and operational risk. Specific risk management policies have been approved by the company's board for the areas of credit risk, market risk and liquidity risk, and the policies are subject to annual review

Credit risk/counterparty risk
Storebrand Boligkreditt is exposed to credit risk through its lending, and is exposed to counterparty risk in connection with transactions in financial instruments.

Lending to retail customers is subject to a different credit approval process. Loans to private individuals are granted on the basis of credit scoring combined with case-by-case evaluation of debt service capacity. Loans are only granted against security in real estate. The average loan-to-collateral ratio is 51%, and at the transfer time the loan-to-collateral is equal to a maximum 75%.

The company's counterparty risk (i.e. its credit exposure to other financial institutions) is regulated on the basis of the counterparties' credit ratings and the amounts involved.

Market risk
Market risk is the risk that the company suffers a loss as a result of unexpected unfavourable market movements in interest rates and exchange rates. Storebrand Boligkreditt manages its exposure to interest rate risk so that the net interest rate exposure of both assets and liabilities is as small as possible. Interest rate hedging is structured so that it has moderate accounting impact. All instruments with an interest rate fixing period in excess of six months are subject to a hedging policy for financial and accounting hedging.

The financial interest rate risk is calculated on the basis of a stress test that exposes all balance sheet items to a 2 percentage point adverse shift in the yield curve, and with varying distortions of the curve. The most unfavourable of these scenarios is used for the interest rate risk.

Storebrand Boligkreditt's policy is to minimise currency risk and that currency positions must be covered at the time the risk arises. Storebrand Boligkreditt has no currency risk as per 31 December 2009 when absolutely all of it was eliminated through swaps.

Derivatives
Derivatives are only used for hedging purposes. The company thus has no trading portfolio consisting of derivatives.
The derivatives that can be used in hedging situations are interest rate swaps, interest and exchange rate swaps, exchange rate swaps, future interest rate agreements, currency options and interest rate options.

Storebrand Boligkreditt's exposure to market risk is therefore marginal in relation to the bank's total activities.

Market risk exposure is reported on a monthly basis to the Asset and Liability Committee and the Board.

Liquidity risk
Liquidity risk is the risk that the company is not able to meet all financial commitments as they fall due for payment. It is the company's policy to always have sufficient liquidity to support balance sheet growth as well as to repay loans and deposits as they fall due, and to not take on greater liquidity risk than is justifiable. The liquidity management is designed to ensure that sufficient funding is available to avoid liquidity problems in situations such as:

- Uncertainty among investors about the financial markets in general.
- Uncertainty among investors about the development of house prices.
- Uncertainty in respect of the bank's owner/other group companies.

Continues next page

NOTE 25: Risk Management *(continues)*

Boligkreditt’s liquidity is primarily affected by a relatively few large bonds reaching maturity. The company will, to the extent it makes business sense, take out “soft bullet bonds”, which means the maturity period of a bond can be extended by up to one year, in order to ensure a proper liquidity situation. In addition there will be limits with respect to how large each repayment can be. The company will also maintain a minimum holding of liquid assets.

Repayments for new borrowing in Boligkreditt will also always be planned in such a way that no breach of any liquidity targets need be expected in any future periods.

It is highly likely that Boligkreditt’s funding needs will be greater than what can be funded through covered bonds.
This funding need will be continuously be covered by the bank. Boligkreditt will draw on the loan facility from the parent bank as needed for liquidity, including in connection with borrowing repayments.

The liquidity position is managed with the help of the indicators minimum liquidity level, maximum volume per issue and within every 6 month period,and the maximum volume of net repayments within 12 months.

The liquidity position is reported monthly to the Board.

The bank’s treasury department carries out daily management of liquidity. A separate risk management system known as Quantitative Asset Management is used for the management and measurement of liquidity risk.

Operational risk

Storebrand Boligkreditt’s structure for corporate governance stipulates that operational risk management is an integral part of management responsibility, in which risk exposure assessment plays an integral role in the company's ability to achieve the objectives set in its value-based management model. The company applies the principles of the group policy for risk evaluation and management (introduced in 2005). The objective of the group policy on risk evaluation is to achieve a common understanding of the overall risk exposure for the group's activities in order to help to provide a better basis for decision-making on important prioritisation. Risk evaluation is therefore an important part of the basis for determining the group's strategy and approving the level of risk in the group's business plan. Risk evaluation starts from the current situation and how the owners of risk exposure experience the risk based on existing internal control procedures. This is followed by an evaluation of the expected risk exposure following the implementation of recommended planned measures.
This assumes that the owners of risk exposure implicitly confirm the function of internal control (cf. the internal control regulations). Risk evaluation is integrated in the group's value-based management system by linking risk evaluation to each unit's ability to achieve its commercial targets and comply with regulatory requirements as well as considering the extent to which the level of risk involved might affect Storebrand's reputation.

The company’s internal controls and procedures for evaluating, monitoring and reporting risk exposure satisfy the requirements of the Norwegian authorities in this respect.

NOTES TO THE ACCOUNTS

NOTE 26: Credit risk

Analysis of credit risk by type of financial instrument

NOK MILLION	MAXIMUM CREDIT EXPOSURE 2009	2008
Loans to and deposits with credit institutions	58.4	
Liquidity portfolio	260.4	310.8
Net lending to customers 1)	14 162.2	12 363.1
Interest rate swaps	311.8	224.8
Basis swaps	105.4	914.8
Total	**14 898.2**	**13 813.5**
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 MILLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NIG FAIR VALUE	TOTAL 2009 FAIR VALUE	TOTAL 2008 FAIR VALUE
Finance, Bank and Insurance						0.0	40.2
Sovereign and Government Guaranteed	190.3	30.1				220.4	270.7
Local authorities, county	40.1					40.1	
Total	**230.3**	**30.1**	**0.0**	**0.0**	**0.0**	**260.4**	**310.8**
Rating classes are based on Standard & Poors.							
Change in vaule:							
Total change in value balance sheet	-0.2					-0.2	-0.7
Change in vaule recognised in the profit and loss during period	-0.6					-0.6	-0.7

Credit risk loans to and deposits with credit institutions

Credit risk per counterparty

NOK MILLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NIG FAIR VALUE	TOTAL 2009 FAIR VALUE	TOTAL 2008 FAIR VALUE
Norway		58.4				58.4	
Total loans to and deposits with credit institutions	**0.0**	**58.4**	**0.0**	**0.0**	**0.0**	**58.4**	**0.0**

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 was less than 75 percent at the time of transfer from Storebrand Bank. The weighted average loan-to-collateral value ratio for all loans in the mortgage company is 50.75 percent . The credit quality of the loans that have not matured is good. Storebrand Boligkreditt's collateral are mortgages in residential property. The collateral is regarded as very good for the portfolio. The collateral for the matured loans is also regarded as good. The average loan-to-collateral ratio for non-performing and loss exposed loans over 90 days is 55 percent. The maximum loan-to-collateral value ratio for non-performing and loss exposed loans over 90 days is 78 percent, and 94 percent of the non-performing and loss exposed loans are within a 75 percent loan-to-asset value ratio. The average loan-to-collateral value ratio for all matured loans is 59 percent. The credit risk in the portfolio is low. The definition of non-performing and loss-exposed loans was changed in 2009 which resulted in a higher volume of non-performing and loss-exposed loans, cf.note 25.

Continues next page

NOTE 26: Credit risk *(continues)*

Commitments per customer group

2009

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUAR-ANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMIT-MENTS	NON-PERFORMING LOANS WITHOUT EVIDENDE 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
Wage-earners	12 778.3		1 278.8	14 057.0	33.3		33.3		33.3
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		33.3	0.0	33.3
Write-downs of groups of loans	-1.1			-1.1					0.0
+ Other changes in vaule									
Total loans to and due from customers	**12 870.1**	**0.0**	**1 292.1**	**14 162.2**	**33.3**	**0.0**	**33.3**	**0.0**	**33.3**

2008

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUAR-ANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMIT-MENTS	PERFORMING LOANS WITHOUT EVIDENDE OF IMPAIRMENT	AND LOSS-EXPOSED LOANS WITH EVIDENCE OF IMPAIRMENT	GROSS NON-PER-FORMING LOANS	WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PER-FORMING LOANS
Wage-earners	11 529.1		738.5	12 267.6	2.6		2.6		2.6
Foreign	88.7		7.5	96.1			0.0		0.0
Total	11 617.8	0.0	745.9	12 363.8	2.6	0.0	2.6	0.0	2.6
Write-downs of groups of loans	-0.7			-0.7					0.0
+ Other changes in vaule									
Total loans to and due from customers	**11 617.1**	**0.0**	**745.9**	**12 363.1**	**2.6**	**0.0**	**2.6**	**0.0**	**2.6**

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

Average size of total commitments per customer group

2009

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN 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
+ Other changes in vaule				
Total loans to and due from customers	**11 747.3**	**0.0**	**1 051.1**	**12 798.4**

Continues next page

NOTE 26: Credit risk *(continues)*

Average size of total commitments per customer group

NOK MILLION	2008 LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Wage-earners	5 764.6		738.5	6 503.1
Foreign	44.4		7.5	51.9
Total	5 809.0	0.0	745.9	6 554.9
Write-downs of groups of loans	-0.3			-0.3
+ Other changes in vaule				
Total loans to and due from customers	**5 808.7**	**0.0**	**745.9**	**6 554.6**

Given the relatively even development of the statement of financial position the size of the commitments in the middle of 2009 is a best estimate for the average of the portfolio.

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 EVIDENDE 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	10 758.3	21.7		21.7		21.7
Western Norway	1 879.3		220.5	2 104.8	5.0		5.0		5.0
Southern Norway	237.3		33.2	270.6					
Mid-Norway	522.5		53.9	581.5	5.2		5.2		5.2
Northern Norway	351.6		22.0	375.0	1.4		1.4		1.4
Foreign	93.0		13.3	106.3					
Total	**12 871.2**	**0.0**	**1 292.1**	**14 196.6**	**33.3**	**0.0**	**33.3**	**0.0**	**33.3**

2008

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUAR-ANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMIT-MENTS	NON-PERFORMING LOANS WITHOUT EVIDENDE 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	8,709.1		548.7	9,257.9					
Western Norway	1,760.6		139.8	1,900.4					
Southern Norway	221.3		9.5	230.8					
Mid-Norway	445.4		27.9	473.3	2.6		2.6		2.6
Northern Norway	392.7		12.0	404.7					
Foreign	88.7		8.0	96.7					
Total	**11 617.8**	**0.0**	**745.9**	**12 363.8**	**2.6**	**0.0**	**2.6**	**0.0**	**2.6**

Continues next page

NOTE 26: Credit risk *(continues)*

Total commitments secured by mortgages

	2009			
NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN 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
+ Other changes in vaule				
Total loans to and due from customers	**12 870.1**	**0.0**	**1 292.1**	**14 162.2**

	2008			
NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Wage-earners	11 529.1		738.5	12 267.6
Foreign	88.7		7.5	96.1
Total	11 617.8	0.0	745.9	12 363.8
Write-downs of groups of loans	-0.7			-0.7
+ Other changes in vaule				
Total loans to and due from customers	**11 617.1**	**0.0**	**745.9**	**12 363.1**

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**

	2008			
NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Up to 1 month	126.3			126.3
1 - 3 months	0.1			0.1
3 months - 1 year	3.0			3.0
1 - 5 years	159.6			159.6
More than 5 years	11 328.9		745.9	12 074.8
Total	**11 617.8**	**0.0**	**745.9**	**12 363.8**

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NOTES TO THE ACCOUNTS

NOTE 26: Credit risk *(continues)*

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**
Engagements overdue more than 90 days by geographical area:				
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**

	2008			
NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Overdue 1 - 30 days	189.9			189.9
Overdue 31 - 60 days	18.6			18.6
Ovedue 61- 90 days				0.0
Overdue more than 90 days	2.6			2.6
Total	**211.1**	**0.0**	**0.0**	**211.1**
Engagements overdue more than 90 days by geographical area:				
Mid-Norway	2.6			2.6
Total	**2.6**	**0.0**	**0.0**	**2.6**

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.

The definition of non-performing and loss exposed was changed in Q4 2009. 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. The new definition is stricter than the previous version and results in more commitments being classed as non-performing and loss exposed. Comparabale figures for 2008 have note been changed.

Continues next page

NOTE 26: Credit risk *(continues)*

Credit risk by customer group

2009

NOK MLLION	TOTAL VALUE IMPAIRED ENGAGEMENTS	TOTAL DUE ENGAGEMENTS	TOTAL VALUE CHANGES	TOTAL WRITE-DOWNS	TOTAL VALUE CHANGE RECOGNISED IN PROFIT AND LOSS ACCOUNT DURING PERIOD
Wage-earners		33.3		2.6	
Total	**0.0**	**33.3**	**0.0**	**0.0**	**0.0**

2008

NOK MLLION	TOTAL VALUE IMPAIRED ENGAGEMENTS	TOTAL DUE ENGAGEMENTS	TOTAL VALUE CHANGES	TOTAL WRITE-DOWNS	TOTAL VALUE CHANGE RECOGNISED IN PROFIT AND LOSS ACCOUNT DURING PERIOD
Wage-earners		2.6		2.6	
Total	**0.0**	**2.6**	**0.0**	**0.0**	**0.0**

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

	LIQUIDITY PORTFOLIO	
NOK MILLION	2009	2008
Book value	260.4	310.8
Maximum exposure to credit risk	260.4	310.8
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	-2.0
Accumulated change in fair value of financial assets due to change in credit risk	0.2	-2.0
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.

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 2009 FAIR VALUE	TOTAL 2008 FAIR VALUE
England			181.9			181.9	81.8
Norway			235.4			235.4	833.0
Total	**0.0**	**0.0**	**417.2**	**0.0**	**0.0**	**417.2**	**914.8**

Rating classes are based on Standard & Poors.

Change in value:							
Total change in value balance sheet			417.2			417.2	914.8
Change in vaule recognised in the profit and loss during period			-497.6			-497.6	914.8

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 27: Liquidity risk

Non-discounted cash flows - financial obligations

2009

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					1 978.4	1 978.4	1 978.4
Commercial paper and bonds issued	1 948.1	174.6	4 959.6	1 781.0	4 397.6	13 260.9	10 918.6
Other liabilities	69.1					69.1	69.1
Undrawn credit limits	1 292.1					1 292.1	
Total financial liabilities	**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.

2008

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	19.2	14.0	60.0	99.5	1 005.3	1 198.1	1 005.3
Commercial paper and bonds issued	483.0	63.1	8 672.1	1 286.5	2 439.4	12 944.1	11 313.5
Other liabilities	40.5					40.5	40.5
Undrawn credit limits	745.9					745.9	
Total financial liabilities	**1 288.6**	**77.1**	**8 732.1**	**1 386.0**	**3 444.7**	**14 928.6**	**12 359.3**

The amounts includes accrued interest.

The due overview included interest. Implicit forward interest rates based on the yield curve on 31 December 2009 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.

NOTE 28: Foreign exchange risk

Financial assets and liabilities in foreign currency

NOK MILLION	BALANCE SHEET ITEMS ASSETS	LIABILITIES	SWAP NET	NET POSITION IN CURRENCY	IN NOK
EUR		141.2	141.2		
Total 2009		**141.2**	**141.2**	**0.0**	**0.0**
Total 2008		500.0	500.0		0.0

Storebrand Boligkreditt AS hedges the net currency position in its balance sheet with forward contracts, accordingly forward sales and forward purchases are not shown separately in respect of assets and liabilities.

NOTE 29: Sensitivity analysis for financial assets and financial obligations

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 2009:

Effect on income

NOK MILLION	AMOUNT
Interest rate –1.5%	-6.4
Interest rate +1.5%	9.1

Effect on net profit/equity

NOK MILLION	AMOUNT
Interest rate –1.5%	-6.4
Interest rate +1.5%	9.1

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 liquidity portfolio. The item affected by one-time effects and which is subject to hedge accounting is fixed rate borrowing.

See also note 28 regarding foreign exchange risk.

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 2009 accounting year and as of 31 December 2009 (2009 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 2009, 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 2009.

In the best judgement of the board and the CEO the annual accounts for 2009 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 2009. 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, 16 February 2010
The Board of Directors of Storebrand Boligkreditt AS

Translation - not to be signed

Klaus-Anders Nysteen
Chairman of the Board

Thor Bendik Weider
Member of the Board

Truls Nergaard
Member of the Board

Inger Roll-Matthiesen
Member of the Board

Åse Jonassen
Chief Executive Officer

Deloitte.

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand Boligkreditt AS

AUDITOR'S REPORT FOR 2009

We have audited the annual financial statements of Storebrand Boligkreditt AS as of 31 December 2009, showing a profit of MNOK 75.6. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit. The annual financial statements comprise the statement of financial position, the statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the accompanying notes. Simplified application in accordance with the Norwegian Accounting Act § 3-9 of International Financial Reporting Standards as adopted by the EU has been applied to prepare the financial statements. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We have conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and generally accepted auditing practice, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as of 31 December 2009, and the results of its operations. its cash flows and the changes in equity for the year then ended, in accordance with simplified application in accordance with the Norwegian Accounting Act § 3-9 of International Financial Reporting Standards as adopted by the EU
- the Company's management has fulfilled its duty to see to proper and well arranged recording and documentation of accounting information in accordance with law and generally accepted bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit, is consistent with the financial statements and complies with law and regulations.

Oslo, February 16, 2010
Deloitte AS

Ingebret G. Hisdal (signed)
State Authorised Public Accountant (Norway)

CONTROL COMMITTEE'S STATEMENT FOR 2009

At its meeting on 8 March 2010, the Control Committee of Storebrand Boligkreditt AS reviewed the Board of Directors' proposed Annual Report and Accounts for 2009 for Storebrand Boligkreditt AS.

With reference to the auditor's report of 16 February 2010, the Control Committee recommends that the Annual Report and Accounts proposed be adopted as the Annual Report and Accounts of Storebrand Boligkreditt AS for 2009.

Lysaker, 8 March 2010

Translation – not to be signed

Finn Myhre
Chairman of the Control Committee

BOARD OF REPRESENTATIVES' STATEMENT 2009

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, 16 March 2010

Translation – not to be signed

Terje Venold
Chairman of the Board of Representatives

storebrand

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