Storebrand Kredittforetak AS

1st Quarter 2008

storebrand

Storebrand Kredittforetak AS

- interim results for the first quarter of 2008

(Figures for the corresponding period in 2007 shown in brackets)

- Successful first issuing of covered bonds in the market
- Covered bond program given Aaa rating by Moody's
- Pre-tax profit of NOK 4.5 million for the quarter
- Gross lending totalled NOK 6.4 billion at the close of the first quarter

Storebrand Kredittforetak AS is a wholly-owned subsidiary of Storebrand Bank ASA. Kredittilsynet (the Financial Supervisory Authority of Norway) granted the company a licence in January 2008 to operate as a credit institution and issuer of covered bonds. The company commenced purchases of loans from Storebrand Bank ASA in February 2008. By the close of the first quarter, gross lending totalled NOK 6.4 billion.

The company increased its capital by NOK 220 million in February 2008. The increase in share capital was registered with the Register of Business Enterprises on 9 April 2008. Following the increase, paid-in capital totalled NOK 300 million at the close of the first quarter. In addition, the company entered into an agreement with Storebrand Bank ASA for a drawing facility of NOK 10 billion to finance purchases of loans. The company intends in the future to finance a major part of its loan portfolio of NOK 6.4 billion by issuing covered bonds.

Storebrand Kredittforetak reports ordinary pre-tax operating profit of NOK 4.5 million for the first quarter of 2008.

Net interest income in the first quarter was NOK 5.9 million, and net interest income as a percentage of average assets was 1.22%. Net interest income as a percentage of average assets for the first quarter is not representative of net interest margin for the year as a whole since a large volume of lending was first transferred to the company during the second half of March. Prior to this, the company's only interest-bearing asset in the quarter was its equity capital held on bank deposit.

Operating costs in the first quarter totalled NOK 1.2 million. The company has no employees, and purchases services principally from Storebrand Bank ASA. The purchase of services is based on normal commercial terms.

The quality of the company's loan portfolio at the close of the quarter is considered to be good. The average loan to value ratio was 50% at 31 March 2008. No loans were in default at the close of the first quarter, and there was no requirement to write down individual loans or groups of loans.

The company's assets at the end of the first quarter totalled NOK 6.7 billion. The lending portfolio of NOK 6.4 billion relates entirely to lending to private individuals. At the end of March, the company invested NOK 165 million in interest bearing securities with Aaa rating.

The capital ratio at the end of the first quarter was 12.63%, with a core capital ratio of 12.63%. Net primary capital at the end of the quarter amounted to NOK 300 million.

Storebrand Kredittforetak issued the first covered bonds in the Norwegian market in April. The issue was well received by the market. The company plans further issues of covered bonds in Norway and internationally over the course of 2008. The company also plans to increase its lending volumes by purchasing further portfolios from Storebrand Bank ASA over the course of 2008.

No events have occurred since the date of the balance sheet that would be material to the interim accounts. The interim report and interim accounts have been subject to limited scope audit by Deloitte AS.

Oslo, 29 April 2008
The Board of Directors of Storebrand Kredittforetak AS

Storebrand Kredittforetak AS

PROFIT AND LOSS ACCOUNT

		01.01. - 31.03.		YEAR
NOK 1000	NOTE	2008	2007	2007
Interest income		28 429		502
Interest expense	6	-22 570		
Net interest income	**3**	**5 859**	**0**	**502**
Commission income		3		
Commission expense				
Net commission income		**3**	**0**	**0**
Net gains on financial instruments at fair value	4	-90		
Other income				
Total other operating income		**-90**	**0**	**0**
Staff expenses		-50		
General administration expenses				
Other operating costs	6	-1 200		-15
Total operating costs		**-1 250**	**0**	**-15**
Operating profit before losses and other items		**4 521**	**0**	**487**
Loss provisions on loans and guarantees	9			
Profit before tax		**4 521**	**0**	**487**
Tax	5	-1 266		-136
Profit for the year		**3 255**	**0**	**350**

Storebrand Kredittforetak AS

BALANCE SHEET

NOK 1000	NOTE	31.03.2008	31.03.2007	31.12.2007
Loans to and deposits with credit institutions			150	80 571
Financial assets designated at fair value through profit and loss:				
Bonds and other fixed-income securities	10	165 126		
Derivatives		0		
Other current assets	6	47 350		
Gross lending	8	6 443 194		
- Write-downs of individual loans	9	0		
- Write-downs of groups of loans	9	0		
Net lending to customers		6 443 194		
Total assets		**6 655 671**	**150**	**80 571**
Liabilities to credit institutions	6,11	6 339 504		
Other financial liabilities:				
Derivatives		0		
Commercial paper and bonds issued		0		
Other liabilities		12 828	6	487
Provision for accrued expenses and liabilities		0		
Total liabilities		**6 352 332**	**6**	**487**
Paid-in equity		300 084	144	80 084
Other equity		3 255		
Total equity		**303 339**	**144**	**80 084**
Total liabilities and equity		**6 655 671**	**150**	**80 571**

Oslo, 29 April 2008
The Board of Directors of Storebrand Kredittforetak AS

Storebrand Kredittforetak AS

KEY FIGUES

NOK 1000	31.03.2008
Profit and Loss account: (as % of avg. total assets)	
Net interest income	1,22%
Main balance sheet figures:	
Total assets	6 655 671
Average total assets 1)	1 926 723
Total lending to customers	6 443 194
Equity	303 339
Other key figures:	
Total non-interest income as % of total income	-1.50%
Loan losses and provisions as % of average total lending	0.00%
Individual impairment loss as % of gross defaulted loans 3)	0.00%
Costs as % of operating income	21.67%
Return on equity after tax 2)	6.79%
Capital ratio	12.63%

Definitions:

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

2) Profit after tax as % of average equity.

3) Gross defaulted loans with identified loss of value

Storebrand Kredittforetak AS

CHANGES IN EQUITY

31.03.2008

NOK 1000	SHARE CAPITAL	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	TOTAL EQUITY
	PAID-IN CAPITAL			OTHER EQUITY			
Equity at the beginning of the period	50 000	30 084	80 084		350	350	80 434
Profit for the period			0		3 255	3 255	3 255
Equity transactions with the owner:							
New equity [1)]	140 000	80 000	220 000			0	220 000
Group contribution paid			0		-350	-350	-350
Equity at the end of the period	**190 000**	**110 084**	**300 084**	**0**	**3 255**	**3 255**	**303 339**

1) Capital increase paid in but not registered as at 31.3.08.

31.03.2007

NOK 1000	SHARE CAPITAL	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	TOTAL EQUITY
	PAID-IN CAPITAL			OTHER EQUITY			
Equity at the beginning of the period	100	44	144			0	144
Profit for the period			0			0	0
Equity at the end of the period	**100**	**44**	**144**	**0**	**0**	**0**	**144**

Storebrand Kredittforetak AS

CASH FLOW STATEMENT

NOK 1000	31.03.2008
Cash flow from operations	
Net receipts/payments of interest, commissions and fees from customers	5 420
Net disbursement/payments on customer loans	-6 479 252
Net receipts/payments -securities in the investment portfolio	-165 757
Net receipts/payments on other operating activities	0
Net cash flow from operating activities	**-6 639 589**
Cash flow from investment activities	
Net payments on purchase/sale of fixed assets etc.	
Net cash flow from investment activities	**0**
Cash flow from financing activities	
Net receipts/payment from borrowing	6 339 504
Group contribution payments	-487
Equity paid-in	220 000
Net cash flow from financing activities	**6 559 017**
Net cash flow in period	**-80 571**
Cash and bank deposits at the start of the period	80 571
Cash and bank deposits at the end of the period	**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 31.3.08. See also Note 11.

Notes to the accounts

NOTE 1 ACCOUNTING PRINCIPLES

The accounting principles used for the preparation of the accounts are described below. The principles are applied consistently to similar transactions and to other events under similar circumstances.

Basic principles
The interim accounts for the first quarter of 2008 are prepared in accordance with the Norwegian regulations for the annual accounts of banks and finance companies etc., and with IFRS, including IAS 34 Interim Financial Reporting. The company has elected to apply Section 1-5 of the regulations for the annual accounts of banks and finance companies etc. that provides for "Simplified application of international accounting standards", (hereinafter termed simplified IFRS). Simplified IFRS permits recognition to profit and loss of provisions for dividend and group contribution, and allows the Board of Director's proposal for dividend and group contribution to be recognized as a liability on the balance sheet date. The full application of IFRS stipulates that dividend and group contribution must remain part of equity until the payments are approved by the company's general meeting. Other than this, simplified IFRS requires the company to use the same accounting principles as the full application of IFRS.

The accounts are prepared in accordance with the historic cost principle, with the exception of certain financial instruments that are valued at fair value.

Comparable figures
The company was granted a licence to operate as a credit institution issuing covered bonds in January 2008. The transfer of loans to the company started in February 2008. Accordingly, no comparable figures are provided where the notes relate to the company's activities as a credit institution.

Changes in accounting principles
Storebrand Kredittforetak AS changed with effect from 1 January 2008 to preparing its unconsolidated accounts on the basis of simplified IFRS in accordance with the EU-approved accounting rules - International Financial Reporting Standards (Simplified IFRS). This has not caused any changes to balance sheet items at 1 January 2008 since at this date the company's only assets were bank deposits. There is accordingly no need to amend any comparable figures.

Storebrand has decided on early adoption of the following standards
The company has not decided on early adoption of any IFRS standards.

Use of estimates in preparing the annual accounts
The preparation of the accounts in accordance with IFRS involves the use of estimates and assumptions made by management. The estimates used in preparing the accounts are based on historic experience and assumptions that management believes are prudent and reasonable and are based on factual evidence. The estimates have an effect on assets, liabilities, revenue, costs, the notes to the accounts and information on potential liabilities. Estimates and judgements are continually evaluated based on historical experience and expectations of future events. In the future, actual experience may deviate from these accounting estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the balance sheet values of assets and liabilities are discussed below:

- Fixed assets and intangible assets
- Lending at amortised cost
- Write-downs of loans
- Capitalisation of deferred tax assets
- Calculation of fair value of derivatives and other securities
- Uncertainty in respect of the frequency of turnover of lending when determining amortisation

Fixed assets and intangible assets
Fixed assets and intangible assets are reviewed annually to ensure that the depreciation period and method of depreciation used correspond with commercial reality for the asset in question. This also applies to the disposal value. The value of an asset is written down if there are indications of a fall in its value. The periods of future commercial life of specific intangible assets are tested yearly. The cost of developing or maintaining software is charged to profit and loss as it is incurred.

Lending at amortised cost
Lending is measured at amortised cost using the effective interest method. Management has reviewed the assumptions used in this respect, including the expected rate of turnover and the period to which fees charged and direct costs paid can be directly attributed. If these assumptions are changed, the effect of the change will be recognized as income or cost through profit and loss. Amortisation is carried out over the expected average life, estimated on the background of the historic rate of turnover of lending. The estimate is updated at least once a year. For the 2008 financial year, the rate of turnover for lending to the retail market was estimated to be four years.

Write-downs of loans
The company considers at each balance sheet date whether there are objective signs that the value of a loan or group of loans is impaired. Loans or groups of loans are considered to be impaired if, and only if, there are objective signs of a fall in value that will reduce the future

cash flow available for debt service. The fall in value must be the result of one or more events that have occurred since inception, and it must be possible to measure the impact of such events reliably.

Objective signs that the value of a loan or group of loans is impaired relates to observable data of which the company becomes aware in respect of one of the following events:
- the issuer or borrower has material financial difficulties
- default of the terms and conditions of a loan agreement, with failure to pay interest or instalments of principal as they fall due
- the company grants the borrower special terms as a result of the borrower's financial situation
- it is likely that the borrower will enter into negotiations for a composition with creditors or become insolvent or be subject to some other form of financial reorganisation
- the active market for a financial asset disappears as a result of financial difficulties
- observable information indicates that there has been a measurable deterioration in the estimated future cash flows of a group of financial assets since the inception of these assets.

Lending impairment is divided into two categories:

a) Individual write-downs
Write-downs of individual loans are based on a case-by-case evaluation if there is objective evidence of impairment. In the case of retail lending, the objective criteria for impairment are judged to be correlated with default status. In addition all lending commitments are loss evaluated when it exists other information that indicates the commitment to be loss-exposed. The need for a write-down is determined on the basis of a specific evaluation of the most likely future cash flow that will be received from the borrower in connection with the loan. In making this judgement, management takes into account both previous experience with the borrower and other information considered relevant.

b) Write-downs of groups of loans
The objective criteria for write-downs of the groups of loans making up Retail Lending are considered to be correlated to the default status of the loans making up the group and the historic repayment record. Default status is divided into 30-90 days and over 90 days on loans that are not subject to individual write-downs because there is objective evidence of impairment. The repayment record is updated quarterly in line with the overall performance of the portfolio.

Capitalisation of deferred tax assets
The capitalised value of deferred tax assets is reviewed regularly. The reviews take into account Storebrand Kredittforetak's likely future capacity to make use of tax reducing temporary differences, and the criteria that must be satisfied for these to be used.

Calculation of fair value of derivatives and other securities
The fair value of financial instruments that are not traded in an active market (for example OTC derivatives and unlisted shares) is determined by using valuation techniques. These valuation techniques are largely based on market conditions at the balance sheet date. Fair value excludes accrued interest (clean value). The company's asset items are measured at observable market value where such prices are available. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Fair value of other assets is calculated as an amount equivalent to the discounted current value of the investment. The discount factor used takes into account the market interest rate at the end of the year for investments judged to be equivalent to the investment being valued. Fair value of liabilities is calculated as the discounted present value of the funding transaction. As with investments, the discount factor used takes into account the company's actual funding costs for an equivalent deposit at the end of the year. The fair value of lending is calculated as the discounted present value of loans considered not to be impaired. In the case of loans considered to be impaired, fair value is estimated for each individual loan or group.

Segment reporting
The company has defined its primary segment in terms of its business activities, with the second segment in terms of geographic spread. Financial information in respect of segment information is presented in Note 7.

Tangible fixed assets
Equipment, fixtures and fittings, vehicles and IT systems are valued at acquisition cost reduced by accumulated depreciation and any write-downs.

Straight-line depreciation is applied over the following periods:

Equipment, fixtures and fittings	up to 4 years
Vehicles	6 years
IT equipment	3-4 years

The depreciation period and the method of depreciation are reviewed annually to ensure that the method and period used correspond with the commercial reality for the asset in question. This also applies to the disposal value.

Intangible assets
Purchased software is classified as an intangible asset, and is valued at acquisition cost reduced by accumulated depreciation and any write-downs. The depreciation period and the method of depreciation are reviewed annually. The depreciation period and the method of depreciation are reviewed annually. New intangible assets are only capitalised if it can be demonstrated that it is likely that the company will gain future commercial benefit that is

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Notes to the accounts

NOTE 1 ACCOUNTING PRINCIPLES *(continued)*

directly applicable to the asset in question. In addition, it must be possible to estimate the cost price of the asset reliably and the asset must be ready for use. The value of an intangible asset is tested for impairment if there are indications of a fall in its value, otherwise intangible assets are subject to write-downs and reversals of write-downs in the manner described for tangible fixed assets. Intangible assets are capitalised as they are acquired, but are not depreciated until they are complete and ready for use.

Consideration is given to writing down the value of an asset if there are indications of a fall in its value.

Tax
The tax charge in the profit and loss account consists of tax payable for the accounting year and changes in deferred tax. Deferred tax and deferred tax assets are calculated on the basis of timing differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded in the balance sheet 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.

RECOGNITION AND DERECOGNITION

Interest income and interest expense
Interest income and interest expense are shown in the profit and loss account at amortised cost using the effective interest method. This involves the recognition of nominal interest as received, with the addition of amortised loan set-up fees after deductions for external transaction costs. Interest and commission income is recognized to profit and loss as it accrues as income or costs. Fees charged that represent direct payment for services carried out are recognized to profit and loss when they are received. Fees charged for setting up loan agreements are included in the cash flow from the loan at amortised cost, and are recognized to income as part of "net interest income" using the effective interest method.

Fees and commissions
Set-up fees charged on new loan agreements are included in the measurement of lending at amortised cost, and are included in the calculation of amortised value using the effective interest method.

Dividend and group contribution
Dividend and group contribution received from other companies in the group are recognized as financial income in the unconsolidated accounts at year-end.

Provision for dividend and group contribution
Proposed payments of dividend and group contribution are included in the annual allocation of profit in the unconsolidated accounts, and provided for as a liability at year-end.

FINANCIAL INSTRUMENTS

General principles and definitions
Recognition and derecognition
Financial assets and liabilities are included in the balance sheet from such time as Storebrand Kredittforetak becomes party to the instrument's contractual terms and conditions. Normal purchases and sales of financial instruments are booked on the transaction date. When a financial asset or a financial liability is first recognised in the accounts, it is valued at fair value plus, in the case of a financial asset or a financial liability that is not a financial asset or a financial liability at fair value through profit and loss, transaction costs directly related to the acquisition or issue of the financial asset or the financial liability. The company's business comprises the purchase of loans from Storebrand Bank ASA. The agreements entered into in this respect are based on the principle of business at arm's length.

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.

Definition of amortised cost
Subsequent to inception, loans and receivables as well as financial liabilities not at fair value through profit and loss, 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 that are an integral part of the effective interest rate. Interest income recognized using the effective interest method is presented as part of the accounting item "Net interest income".

Definition of fair value
"Fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For financial assets that are listed on a stock exchange or another regulated market place, fair value is determined as the bid price on the last trading day up to and including the balance sheet 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 willing 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 discount rate used takes into account the market interest rates at the end of the accounting period for placements/deposits considered to be equivalent to the item for which fair value is calculated.

The fair value of lending, adjusted for credit risk, is estimated on the basis of the current market rate of interest on similar lending. 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 balance sheet date to whether there are objective signs that the value of a financial asset or a group of financial assets is impaired.

If there is objective evidence that impairment has occurred, the amount of the loss is measured as the difference between the asset's book value and the present value of estimated cash flows (excluding future credit losses that have not occurred) discounted at the financial asset's original effective interest rate. (i.e. the effective interest rate calculated at the time of inception). The amount of the loss is recognised to profit and loss.
If the reason for the impairment ceases to apply in a subsequent period, and the reason for the impairment ceasing can be attributed objectively to an event that has taken place after the impairment has been recognized, the impairment adjustment is reversed. The amount of the reversal cannot be so large as to cause the book value of the asset to exceed what would have been the asset's amortised cost if the impairment had not been recognized at the time the impairment adjustment is reversed. The reversal of previous impairment adjustments is presented in the profit and loss account as a change in write-down. Storebrand Kredittforetak makes use of both individual loan write-downs and write-downs of groups of loans.

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

An impaired lending commitment is recognised as a realised loss in the case of bankruptcy, a legally binding composition with creditors, failure to receive a court order for attachment of property, a legally binding judgement, or if the bank has terminated legal collection procedures or has otherwise renounced the commitment or its share of the commitment. Realised losses are deducted from gross lending in the balance sheet.

The company judges a lending commitment to be in default if a contractual payment is not received and 90 days have elapsed from the due date, or where an account is overdrawn without authorisation and the situation is not rectified within 90 days. Commitments where bankruptcy/insolvency or debt settlement proceedings have started are also considered to be in default.

Classification and measurement of financial assets and liabilities

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

Available for sale
A financial asset is classified as available 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,*
– *is a derivative (except for a derivative that is designated as an effective hedging instrument).*

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

Available for sale financial assets are measured at fair value at the balance sheet date. Changes in fair value are recognised to profit and loss.

At fair value through profit and loss in accordance with the fair value option
At inception, any financial asset or liability can be classified at fair value through profit and loss if it is the case that:
– such a 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
– the financial assets form part of a portfolio that is managed and evaluated on a fair value basis.

At the end of first quarter 2008, the company's holdings of commercial paper and bonds, shares are classified in this group.

The accounting treatment is equivalent to that for hold to maturity instruments.

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

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Notes to the accounts

NOTE 1 ACCOUNTING PRINCIPLES *(continued)*

the company intends to sell immediately or in the short term that are classified as available for sale and such assets that the company designates at inception as assets at fair value through profit and loss.

Loans and receivables are valued at amortised cost using the effective interest method. Assets in this group relate principally to loans to customers.

Derivatives
Derivatives are defined as follows:
A derivative is a financial instrument or other contract within the scope of IAS 39 with all three of the following characteristics:
– its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (sometimes called the 'underlying'),
– it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors
– it is settled at a future date.

Accounting treatment of derivatives
Derivatives 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 through profit and loss.

Financial liabilities
Subsequent to inception, financial liabilities are measured mainly at amortised cost using the effective interest method. Liabilities in this category include liabilites to credit institutions, inter-company debt, other liabilities, subordinated loans as well as commercial paper and bonds issued.

NOTE 2 ESTIMATES

The preparation of the interim accounts involves the use of estimates and assumptions that have an effect on assets, liabilities, revenue, costs, the notes to the accounts and information on potential liabilities. In the future, actual experience may deviate from the estimates used. In the opinion of the Board of Directors, the interim accounts are based on best estimates at the time the accounts were prepared.

NOTE 3 NET INTEREST INCOME

NOK 1000	31.03.2008	31.03.2007	31.12.2007
Interest and other income on loans to and deposits with credit institutions			502
Interest and other income on loans to and due from customers	28 357		
Interest on short-term debt instruments, bonds and other interest-bearing securities	71		
Other interest income			
Total interest income	**28 429**	**0**	**502**
Interest and other expenses on debt to credit institutions	-22 570		
Interest and other expenses on deposits from and due to customers			
Interest and other expenses on securities issued			
Interest and other expenses on subordinated loan capital			
Other interest expenses			
Total interest expenses	**-22 570**	**0**	**0**
Net interest income	**5 859**	**0**	**502**

Notes to the accounts

NOTE 4 NET INTEREST INCOME

NOK 1000	31.03.2008	31.03.2007	31.12.2007
Bonds, commercial paper and other interest-bearing securities:			
Commercial paper and bonds issued by the public sector	-36		
Other interest-bearing securities issued by the public sector			
Total securities issued by the public sector	**-36**	**0**	**0**
Commercial paper and bonds issued by others	-54		
Other interest-bearing securities issued by others			
Total securities issued by others	**-54**	**0**	**0**
Total bonds, commercial papper and other interest-bearing securities	**-90**	**0**	**0**
Financial derivatives:			
Financial derivatives, held for trading			
Total financial derivatives	**0**	**0**	**0**
Net income and gains from financial assets and liabilities at fair value	**-90**	**0**	**0**

NOTE 5 TAX

Tax cost is based on an expected average tax rate of 28% of profit before tax adjusted for permanent differences.

NOTE 6 CLOSE ASSOCIATES

Transactions with group companies as at 31 March 2008:

NOK 1000	STOREBRAND BANK ASA	OTHER GROUP COMPANIES
Interest income		
Interest expense	22 570	
Services sold		
Services purchased	443	540
Due from	23 801	
Liabilities to	**6 350 272**	**540**

Storebrand Kredittforetak AS has no employees, and purchases personnel resources from Storebrand Bank ASA and services including treasury and 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 11). Agreements entered into with other companies in the group are based on the principle of business at arm's length.

Notes to the accounts

NOTE 7 SEGMENT INFORMATION

Business segments are the company's primary reporting segments. The company has only one segment, Retail Lending. This segment comprises lending to private individuals, and all loans are purchased from Storebrand Bank ASA. The company's accounts for the first quarter of 2008 therefore relate entirely to the Retail Lending segment. Geographic segments form the company's secondary reporting segments. The company does not have any activities outside Norway. Customers from abroad are classified as part of the Norwegian activities. All operating income and the company's earnings therefore relate solely to its Norwegian activities.

NOTE 8 LOAN TO VALUE RATIOS AND COLLATERAL

NOK 1000	31.03.2008
Gross lending	6 443 194
Total value of collateral for lending	13 921 967
Average loan to value ratio 1)	50%
Composition of collateral:	
Residential mortgages	13 921 967
Supplementary security 2)	0
Total	**13 921 967**

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 at 31 March 2008, the company had no loans that exceeded the maximum loan to value ratio.
2) The company had no supplementary security since as at 31 March 2008 it had not issued any covered bonds.

NOTE 9 LOSSES AND PROVISIONS FOR NON-PERFORMING AND LOSS-EXPOSED LOANS, GUARANTEES ETC.

NOK 1000	31.03.2008
Non-performing and loss-exposed loans	
Non-performing loans without evidence of impairment	
Non-performing and loss-exposed loans with evidence of impairment	
Gross defaulted and loss-exposed loans	**0**
Provisions for individual impairment losses	
Net defaulted and loss-exposed loans	**0**

NOK 1000	01.01.2008 - 31.03.2008
Losses on loans and guarantees etc. during period	
Change in individual impairment loss provisions	
Change in grouped impairment loss provisions	
Other write-down effects	
Realised losses specifically provided for previously	
Realised losses not specifically provided for previously	
Recoveries on previous realised losses	
Loss provisions on loans and guarantees	**0**

The loan portfolio is purchased from Storebrand Bank ASA. In the opinion of the Board of Directors, the quality of the loan portfolio is such that there is no need for individual write-downs or write-downs for groups of loans.

NOTE 10 INVESTMENT PORTFOLIO

Rating per issuer category

	AAA		AA		A	
NOK 1000	ACQUISITION COST	FAIR VALUE	ACQUISITION COST	FAIR VALUE	ACQUISITION COST	FAIR VALUE
Public sector	165 145	165 126				
Financial institutions						
Other						
Total	**165 145**	**165 126**	**0**	**0**	**0**	**0**

Rating categories are based on Standard & Poor's.

	BBB		TOTAL	
NOK 1000	ACQUISITION COST	FAIR VALUE	ACQUISITION COST	FAIR VALUE
Public sector			165 145	165 126
Financial institutions			0	0
Other			0	0
Total	**0**	**0**	**165 145**	**165 126**

Rating categories are based on Standard & Poor's.

NOTE 11 LOANS TO AND DEPOSITS WITH CREDIT INSTITUTIONS

The company has entered into an agreement with Storebrand Bank ASA for a drawing facility of NOK 10 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 12 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

The company has no off balance sheet liabilities and no contingent liabilities of any type.

Notes to the accounts

NOTE 13 CAPITAL ADEQUACY

Capital base

NOK 1000	31.03.2008
Share capital	190 000
Other equity [1]	110 084
Equity at 31.3.	**300 084**
Deductions	
Core capital	**300 084**
Subordinated loan capital less own holdings	
Deductions	
Net supplementary capital	**0**
Net capital base	**300 084**

Minimum requirement for capital base

NOK 1000	31.03.2008
Credit risk	190 004
Of which:	
Loans secured against real estate	188 100
Total minimum requirement for credit risk	**190 004**
Total minimum requirement for market risk	**0**
Operational risk [2]	2 925
Deductions	
Minimum requirement for capital base	**192 929**

Capital adequacy

	31.03.2008
Capital ratio [3]	12.63%
Core capital ratio	12.63%

1) Equity does not include profit for the period.
2) Operational risk is calculated on the basis of budgeted income for 2008 in accordance with the Capital Adequacy Regulation, §42-1, No. 2.
3) The minimum requirement for capital adequacy is 8.00%.

The company was granted its licence in January 2008, and has not calculated capital adequacy prior to this date. 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.
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 14 RISK MANAGEMENT

Risk management in Storebrand Kredittforetak addresses the areas of credit risk, concentration risk, liquidity risk, market risk and operational risk. The company has implemented risk management policy statements for each of its areas that are approved by the board of directors and subject to annual review.

Credit risk/counterparty risk
Storebrand Kredittforetak is exposed to credit risk through its lending, and is exposed to counterparty risk in connection with transactions in financial instruments. The company has standard procedures for lending to retail customers. Loans to private individuals are granted on the basis of credit scoring combined with case-by-case evaluation of debt service capacity. Loans are principally granted against security in real estate. Loans are issued by Storebrand Bank ASA and transferred subsequently to Storebrand Kredittforetak.

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

Concentration risk
Lending to private individuals, more specifically residential mortgage lending, is the only customer product in the company that creates concentration risk. Good security for lending and close monitoring serve to significantly reduce this risk. The loan portfolio is concentrated in and around larger towns and cities in Norway, namely central eastern Norway (i.e. Greater Oslo), Bergen, Trondheim and Stavanger. This geographic concentration is seen as a positive factor in terms of the liquidity of the real estate market, and in terms of a centralised credit process that has good knowledge of these areas.

Market risk
Market risk is the risk that the company suffers a loss as a result of unexpected unfavourable market movements in interest rates or exchange rates. Storebrand Kredittforetak 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 only moderate accounting impact and complies with the current regulations for issuers of covered bonds.

The company's interest rate risk is calculated on the basis of a stress test using a two-percentage point unfavourable interest rate movement for all balance sheet items, as well as changes in the slope of the yield curve. The interest rate stress test is combined with VaR to manage interest rate risk for the sub-portfolios, the investment portfolio, funding in the bond market at fixed rates (over 6 months) and lending to customers. Storebrand Kredittforetak's policy is to fully hedge currency exposure.

Derivatives
Derivatives are only used for hedging purposes. The company therefore has no trading portfolio of derivatives. The types of derivative contract used for hedging are interest rate swaps, interest rate and currency swaps, and currency swaps.

In view of the policies and practices described above, Storebrand Kredittforetak's exposure to market risk is minimal in relation to the company's total activities.

Liquidity risk
Liquidity risk is the risk that the company is not able to meet all financial commitments as they fall due for payment without this requiring any significant deviation from its normal commercial and capital budgets. It is the company's policy to always have sufficient liquidity to support balance sheet growth as well as to repay loans and deposits. Liquidity management shall ensure that sufficient funding is available to avoid liquidity problems in situations such as:

- Uncertainty among investors over losses arising from the company's customer lending and/or financial condition;
- Uncertainty in respect of the company's owner/other group companies;
- Moderate growth in lending in excess of budgeted / forecast growth;
- Uncertainty among investors regarding the financial sector in general, including concerns over losses or financial crime.

Liquidity management is carried out by the group's Treasury Department on a daily basis. Liquidity risk is managed and measured using the group's Quantitative Risk Management system.

Operational risk
Storebrand Kredittforetak's structure for corporate governance (internal control) stipulates that operational risk management is an integral part of management responsibility, with reporting of risk exposure playing an integral role in the company's ability to achieve the objectives set in its value-based management model.

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

Company information

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Åse Jonassen	Managing Director

Board of Directors:

Klaus-Anders Nysteen	Chairman
Mikkel Andreas Vogt	Board Member
Thor Bendik Weider	Board Member
Inger Roll-Matthiesen	Board Member

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

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