

# Storebrand Boligkreditt AS

1st quarter 2012

 storebrand



# Storebrand Boligkreditt AS

## - quarterly report for the 1st quarter of 2012

(Profit and loss figures for the corresponding period in 2011 are shown in brackets. Balance figures in brackets are for the end of 2011.)

- Profit before taxes of NOK 10 million
- Total lending amounted to NOK 16.6 billion
- NOK 2,750 million of covered bonds were issued during the quarter

### Earnings performance

Profit before taxes for the 1st quarter was NOK 10 million (NOK 20 million). The performance is in line with the general development of the market.

Net interest income for the 1st quarter was NOK 19 million (NOK 24 million). Net interest income has fallen compared with the corresponding period last year due to lower lending margins and higher funding costs. This is however an increase over the 4th quarter of 2011, when net interest income was NOK 7 million. As a percentage of average total assets, interest income was 0.43 per cent (0.62 per cent) for the 1st quarter. The interest rates on home mortgages have risen with effect from the end of November 2011. At the beginning of 2012, money market rates were reduced and the interest rate on home mortgages was adjusted down somewhat. Overall, somewhat improved lending margins are expected through 2012.

Other operating revenues totalled NOK minus 5 million (NOK 0 million) in the 1st quarter and originate entirely from bond buy-backs prior to maturity.

Operating costs in the 1st quarter were NOK 4 million (NOK 4 million). The cost income ratio has risen during the quarter, totalling 31 per cent (16 per cent) as a result of lower revenues compared with the same period last year. The company primarily purchases services from Storebrand Bank and Storebrand Livsforsikring.

In the 1st quarter of 2012, the company had net revenues of NOK 0.3 million (NOK 0.1 million) relating to impairment on loans.

### Balance sheet performance

Total lending in the 1st quarter of 2012 was stable compared with the end of 2011 and totalled NOK 16.6 billion. Property values have increased somewhat at the start of 2012. Storebrand Bank and Storebrand Boligkreditt operate with conservative lending practices. Average loan to value ratio in the portfolio is 48 per cent, the same level as at the end of 2011. On the date of transfer, the loan to value ratio never exceeds 75 per cent. The risk in the loan portfolio is therefore considered to be very low. The company has more than satisfied the requirements for assets pledged as security in relation to the value of issued covered bonds, and therefore has not invested in supplementary securities in the cover pool.

Defaulted loans at the end of the 1st quarter amounted to NOK 26 million, equivalent to 0.16 per cent of gross loans in the company, a slight reduction compared with

the 2011 year-end figure when defaulted loans totalled 0.17 per cent. Individual impairment losses on loans were NOK 0.5 million in the 1st quarter. The management does not consider it necessary to establish further individual impairment losses relating to non-performing commitments as the credit risk is deemed to be low. At the end of the 1st quarter of 2012, group impairment losses were NOK 0.8 million, a reduction compared with the end of 2011 when group impairment losses totalled NOK 1.3 million. The change in group impairment losses is due to the lower volume of non-performing (defaulted) loans.

The company's total assets under management at the end of the 1st quarter were NOK 17.4 billion compared with NOK 17.3 billion at the end of 2011.

In the 1st quarter, NOK 2,750 million of covered bonds were issued. At the end of the 1st quarter, the company had issued covered bonds worth NOK 12.2 billion, with maturities from 2 to 7.5 years. NOK 8 billion of these bonds have been placed in the market, while the remaining NOK 2.2 billion are being held in the parent bank. The bank has used NOK 2.0 billion of a swap scheme, administered by Norges Bank.

The unused portion of a bank overdraft facility of NOK 6.5 billion established in Storebrand Bank, totalled NOK 2.4 billion at the end of the 1st quarter. The company's liquidity is considered to be satisfactory and its liquidity risk is deemed to be low.

Capital adequacy at the end of the quarter was 10.8 per cent, and the core capital adequacy was the same. Equity in the company at the end of the quarter amounted to NOK 707 million.

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

International financial instability raises the level of uncertainty for 2012. Developments in the capital markets, interest rates, unemployment and the property market together with changes in the regulatory framework are considered to be the salient risk factors that may affect the financial statements for the company in 2012.

# Storebrand Boligkreditt AS

## PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q1		FULL YEAR
		2012	2011	2011
Interest income	6	163.3	130.9	577.8
Interest expense	6	-144.7	-107.4	-516.8
<b>Net interest income</b>	<b>3</b>	<b>18.6</b>	<b>23.5</b>	<b>61.0</b>
Commission income				0.1
Commission expense				
<b>Net commission income</b>		<b>0.0</b>	<b>0.0</b>	<b>0.1</b>
Net gains on financial instruments	4	-5.2		0.2
Other income				
<b>Total other operating income</b>		<b>-5.2</b>	<b>0.0</b>	<b>0.2</b>
Staff expenses				-0.2
General administration expenses			-0.1	-0.1
Other operating costs	6	-4.1	-3.6	-15.8
<b>Total operating costs</b>		<b>-4.1</b>	<b>-3.7</b>	<b>-16.2</b>
<b>Operating profit before loan losses</b>		<b>9.4</b>	<b>19.9</b>	<b>45.1</b>
Loan losses for the period	9	0.3	0.1	0.4
<b>Profit before tax</b>		<b>9.6</b>	<b>20.0</b>	<b>45.5</b>
Tax	5	-2.7	-5.6	-12.7
<b>Profit for the year</b>		<b>6.9</b>	<b>14.4</b>	<b>32.8</b>

## STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	Q1		FULL YEAR
		2012	2011	2011
Other comprehensive income				
Profit for the period		6.9	14.4	32.8
<b>Total comprehensive income for the period</b>		<b>6.9</b>	<b>14.4</b>	<b>32.8</b>

# Storebrand Boligkreditt AS

## STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.03.2012	31.12.2011
Loans to and deposits with credit institutions		433.3	422.8
Financial assets designated at fair value through profit and loss:			
Derivatives	16	353.9	314.5
Other current assets	6	51.3	46.6
Gross lending	8	16 564.2	16 550.4
- Loan loss provisions on individual loans	9	-0.5	-0.2
- Loan loss provisions on groups of loans	9	-0.8	-1.3
Net lending to customers		16 563.0	16 548.9
<b>Total assets</b>		<b>17 401.5</b>	<b>17 332.8</b>
Liabilities to credit institutions	6. 10	4 091.8	4 267.2
Other financial liabilities:			
Commercial papers and bonds issued	11	12 596.9	12 311.9
Other liabilities	6	1.1	51.6
Deferred tax		5.2	2.5
<b>Total liabilities</b>		<b>16 694.9</b>	<b>16 633.2</b>
Paid in equity		669.0	669.0
Other equity		37.6	30.7
<b>Total equity</b>		<b>706.6</b>	<b>699.7</b>
<b>Total liabilities and equity</b>		<b>17 401.5</b>	<b>17 332.8</b>

Lysaker, 2 May 2012  
The Board of Directors of Storebrand Boligkreditt AS

# Storebrand Boligkreditt AS

## KEY FIGURES

NOK MILLION	Q1		FULL YEAR
	2012	2011	2011
<b>Profit and Loss account: (as % of avg. total assets) <sup>1)</sup></b>			
Net interest income	0.43 %	0.62 %	0.37 %
<b>Main balance sheet figures:</b>			
Total assets	17 401.5	15 945.2	17 332.8
Average total assets	17 387.8	15 538.6	16 397.5
Total lending to customers	16 564.2	15 256.5	16 550.4
Equity	706.6	715.2	699.7
<b>Other key figures:</b>			
Loan losses and provisions as % of average total lending	-0.01 %	0.00 %	0.00 %
Individual loan loss provisions as % of gross loss-exposed loans <sup>3)</sup>	2.9 %	6.2 %	4.5 %
Cost/income ratio	30.6 %	15.6 %	26.4 %
Return on equity before tax <sup>2)</sup>	5.5 %	11.6 %	6.3 %
Core (tier 1) capital ratio	10.8 %	11.7 %	10.8 %

### Definitions:

<sup>1)</sup> Average total assets is calculated on the basis of monthly total assets for the year.

<sup>2)</sup> Annualised profit before tax % of average equity.

<sup>3)</sup> Gross loss-exposed loans with evidence of impairment.

# Storebrand Boligkreditt AS

## CHANGES IN EQUITY

NOK MILLION	PAID IN CAPITAL				OTHER EQUITY			TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID IN EQUITY	TOTAL PAID IN EQUITY	REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	
Equity at 31.12.2010	350.0	200.1	118.9	669.0	0.0	31.8	31.8	700.9
Profit for the period						32.8	32.8	32.8
Pension experience adjustments								
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>32.8</b>	<b>32.8</b>	<b>32.8</b>
Equity transactions with the owner:								
Other changes						-33.9	-33.9	-33.9
<b>Equity at 31.12.2011</b>	<b>350.0</b>	<b>200.1</b>	<b>118.9</b>	<b>669.0</b>	<b>0.0</b>	<b>30.7</b>	<b>30.7</b>	<b>699.7</b>
Profit for the period						6.9	6.9	6.9
Pension experience adjustments								
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>6.9</b>	<b>6.9</b>	<b>6.9</b>
<b>Equity at 31.03.2011</b>	<b>350.0</b>	<b>200.1</b>	<b>118.9</b>	<b>669.0</b>	<b>0.0</b>	<b>37.5</b>	<b>37.5</b>	<b>706.6</b>

Storebrand Boligkreditt AS is 100 percent owned by Storebrand Bank ASA. Number of shares are 35.000.000 of nominal value NOK 10 per share.

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

Storebrand Boligkreditt actively manages the level of equity in the company. The capital level is tailored to the economic risk and capital requirements in which the composition of its business areas and their growth will be an important driver. The goal of the capital management is to ensure an effective capital structure and secure an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. If there is a need for new capital, this must be issued by the parent bank Storebrand Bank ASA.

Storebrand Boligkreditt is a credit institution subject to statutory requirements regarding primary capital under the capital adequacy regulations. Primary capital encompasses both equity and subordinated loan capital. For Storebrand Boligkreditt, these legal requirements are most important 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 13.

# Storebrand Boligkreditt AS

## CASH FLOW STATEMENT

NOK MILLION	31.03.2012	31.03.2011
<b>Cash flow from operations</b>		
Net receipts/payments of interest, commissions and fees from customers	161.7	9.7
Net disbursement/payments on customer loans	-16.9	-1 375.7
Net receipts/payments - securities at fair value	-5.2	
Payments of operating costs	-7.6	2.5
<b>Net cash flow from operating activities</b>	<b>132.0</b>	<b>-1 363.5</b>
<b>Cash flow from financing activities</b>		
Payments - repayments of loans and issuing of bond debt	-2 677.7	
Receipts - new loans and issuing of bond debt	2 756.0	1 364.3
Payments - interest on loans	-152.7	-62.8
Receipts - group contribution		64.5
Payments - group contribution	-47.1	-89.6
<b>Net cash flow from financing activities</b>	<b>-121.5</b>	<b>1 276.4</b>
<b>Net cash flow in period</b>	<b>10.5</b>	<b>-87.1</b>
Cash and bank deposits at the start of the period	422.8	513.4
<b>Cash and bank deposits at the end of the period</b>	<b>433.3</b>	<b>426.3</b>

The company has a credit arrangement (drawing facility) with Storebrand Bank ASA that is included in the item "Liabilities to credit institutions" as at 31.12.2011. See also Note 10.

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 are financial activities.

### Cash/cash equivalents

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

# Notes

## NOTE 1 ACCOUNTING PRINCIPLES

The interim accounts for the first quarter of 2012 are prepared in accordance with the Norwegian regulations for the annual accounts of banks and finance companies etc., and with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required for full annual accounts prepared in accordance with all the current IFRS standards. 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). A description of the accounting principles applied by the company in preparing the accounts is found in the Annual report for 2011. See [www.storebrand.no](http://www.storebrand.no). There have not been any changes of accounting principles in 2012.

## 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. Please refer to note 1 and 2 in the annual report and accounts for 2011.

## NOTE 3 NET INTEREST INCOME

NOK MILLION	Q1		FULL YEAR
	2012	2011	2011
Interest and other income on loans to and deposits with credit institutions	2.6	2.4	11.4
Interest and other income on loans to and due from customers	160.7	128.5	566.4
Interest on short-term debt instruments, bonds and other interest-bearing securities			
Other interest income			
<b>Total interest income</b>	<b>163.3</b>	<b>130.9</b>	<b>577.8</b>
Interest and other expenses on debt to credit institutions	-37.7	-19.1	-132.6
Interest and other expenses on deposits from and due to customers			
Interest and other expenses on securities issued	-106.9	-88.3	-384.2
Interest and other expenses on subordinated loan capital			
Other interest expenses			
<b>Total interest expenses</b>	<b>-144.7</b>	<b>-107.4</b>	<b>-516.8</b>
<b>Net interest income</b>	<b>18.6</b>	<b>23.5</b>	<b>61.0</b>

# Notes

## NOTE 4 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES

NOK MILLION	Q1	FULL YEAR	
	2012	2011	2011
<i>Commercial papers and bonds</i>			
Realised gain/loss on commercial paper and bonds, FVO			
Unrealised gain/loss on commercial paper and bonds, FVO			
<b>Total gain/loss on commercial papers and bonds FVO</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<i>Financial derivatives</i>			
Realised gain/loss on financial derivatives, held for trading			
Unrealised gain/loss on financial derivatives, held for trading			
<b>Total gain/loss on financial derivatives, held for trading</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net income and gains from financial assets and liabilities at fair value</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<i>Fair value hedging</i>			
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	-0.6		
<b>Net gain/loss on fair value hedging</b>	<b>-0.6</b>	<b>0.0</b>	<b>0.0</b>
<i>Bonds issued</i>			
Realised gain/loss on bonds issued at amortised cost	-4.5		0.2
<b>Total gain/loss on bonds issued at amortised cost</b>	<b>-4.5</b>	<b>0.0</b>	<b>0.2</b>
<b>Net income and gains from financial assets and liabilities</b>	<b>-5.2</b>	<b>0.0</b>	<b>0.2</b>

The note includes gain and loss on financial derivatives, net gain and loss on fair value hedging and bonds issued. Other financial assets and liabilities are not included in the note.

## 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 2012:

NOK MILLION	STOREBRAND BANK ASA	OTHER GROUP COMPANIES
Interest income	1.4	
Interest expense	86.0	
Services sold		
Services purchased	3.3	0.3
Due from	320.2	
Liabilities to	4 091.8	

Covered bonds are not included in the overview. Storebrand Bank ASA has invested a total of NOK 4.2 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 March 2012.

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 10).

Agreements entered into with other companies in the group are based on the principle of business at arm's length.

# Notes

## 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 Q1 2012 therefore relate entirely to the Retail Lending segment.

## NOTE 8 LOAN TO VALUE RATIOS AND COLLATERAL

NOK MILLION	31.03.2012	31.12.2011
Gross lending <sup>1)</sup>	16 564.2	16 550.4
Average loan balance	1.4	1.4
No. of loans	12 130	12 287
Weighted average seasoning (months)	35	35
Weighted average remaining term (months)	203	205
Average loan to value ratio	48 %	48 %
Over-collateralisation <sup>3)</sup>	135 %	137 %
Composition of collateral:		
Residential mortgages <sup>1)</sup>	16 489.0	16 479.9
Supplementary security <sup>2)</sup>		
<b>Total</b>	<b>16 489.0</b>	<b>16 479.9</b>

<sup>1)</sup> 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 March the company had NOK 40.0 million that exceeds the loan to value limit and has therefore not been included in the cover pool. As per 31 March 2012, the company has 20 non-performing loans, equivalent to NOK 23.4 million. There are three non-performing loans with impairment of NOK 3.1 million where the impairment is assessed to be NOK 0.5 million. Non-performing loans are not included in the cover pool.

<sup>2)</sup> The company has no supplementary security.

<sup>3)</sup> Over-collateralisation has been calculated based on total volume of issued covered bonds of NOK 12.2 billion (nominal value).

# Notes

## NOTE 9 NON-PERFORMING LOANS AND LOAN LOSSES

NOK MILLION	31.03.2012	31.12.2011
<b>Non-performing loans</b>		
Non-performing loans without evidence of impairment	23.4	27.3
Loss-exposed loans with evidence of impairment	3.1	1.5
<b>Gross non-performing and loss-exposed loans</b>	<b>26.5</b>	<b>28.8</b>
Loan loss provisions on individual loans	-0.5	-0.2
<b>Net non-performing and loss-exposed loans</b>	<b>26.0</b>	<b>28.7</b>
<b>Key figures</b>		
Net non-performing and loss-exposed loans as % of gross lending	0.16 %	0.17 %

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

- when a credit facility has been overdrawn for more than 90 days
- when an ordinary mortgage has arrears older than 90 days
- when a credit card has arrears older than 90 days and the credit limit has been overdrawn.

If a repayment plan has been agreed with the customer and is being adhered to, the overdraft is not regarded as a non-performing loan. When one of the three situations described above occurs, the commitment and the rest of the customer's commitments are regarded as non-performing. The number of days is counted from when the arrears exceed NOK 2,000. The account is 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.

NOK MILLION	Q1		FULL YEAR
	2012	2011	2011
Change in individual loan loss provisions	-0.4		-0.1
Change in grouped loan loss provisions	0.5	0.1	0.6
Other effects on loan loss provisions	0.1		-0.1
Realised losses specifically provided for previously			
Realised losses not specifically provided for previously			
Recoveries on previous realised losses			
<b>Loan losses for the period</b>	<b>0.3</b>	<b>0.1</b>	<b>0.4</b>

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 loan loss provisions or loan loss provisions for groups of loans in addition to the provisions recorded as at 31 March 2012.

## NOTE 10 LOANS TO AND DEPOSITS WITH CREDIT INSTITUTIONS

The company has entered into an agreement with Storebrand Bank ASA for a drawing facility of NOK 6.5 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.

# Notes

## NOTE 11 COMMERCIAL PAPERS AND BONDS ISSUED

### Covered bonds:

NOK MILLION						BOOK VALUE
<i>ISIN Code</i>	NOMINAL VALUE	CURRENCY	INTEREST	ISSUED	MATURITY <sup>1)</sup>	31.03.2012
NO0010466071	1 250	NOK	Fixed	09.10.2008	24.04.2014	1 384.9
NO0010507809	2 040	NOK	Floating	27.04.2009	27.04.2015	2 050.1
NO0010428584	1 000	NOK	Fixed	30.04.2008	06.05.2015	1 131.9
NO0010638307	1 000	NOK	Floating	08.03.2012	17.06.2015	1 000.8
NO0010575913	2 165	NOK	Floating	01.06.2010	03.06.2016	2 170.2
NO0010612294	2 000	NOK	Floating	09.06.2011	15.06.2016	1 995.8
NO0010635071	1 750	NOK	Floating	11.01.2012	21.06.2017	1 756.2
NO0010548373	1 000	NOK	Fixed	23.10.2009	28.10.2019	1 107.0
<b>Total commercial papers and bonds issued</b>						<b>12 596.9</b>

<sup>1)</sup> Maturity date in this summary is the first possible maturity date (Call date).

## NOTE 12 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

NOK MILLION	31.03.2012	31.12.2011
Undrawn credit limits	1 737.3	1 676.6
<b>Total contingent liabilities</b>	<b>1 737.3</b>	<b>1 676.6</b>

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

The company has not pledged or received any collateral.

# Notes

## NOTE 13 CAPITAL ADEQUACY

### Capital base

NOK MILLION	31.03.2012	31.12.2011
Share capital	350.0	350.0
Other equity	356.6	349.7
<b>Equity</b>	<b>706.6</b>	<b>699.7</b>
Deductions		
Profit not included in the calculation of net primary capital	-6.9	
<b>Core capital</b>	<b>699.7</b>	<b>699.7</b>
Deductions		
<b>Net supplementary capital</b>	<b>0.0</b>	<b>0.0</b>
<b>Net capital base</b>	<b>699.7</b>	<b>699.7</b>

### Minimum requirement for capital base

NOK MILLION	31.03.2012	31.12.2011
Credit risk	503.8	502.4
Of which:		
Institutions	13.4	12.6
Loans secured against real estate	485.7	484.1
Loans past-due	1.8	2.4
Other	2.8	3.4
<b>Total minimum requirement for credit risk</b>	<b>503.8</b>	<b>502.4</b>
<b>Total minimum requirement for market risk</b>	<b>0.0</b>	<b>0.0</b>
Operational risk <sup>1)</sup>	14.5	14.5
Deductions	-0.1	-0.1
<b>Minimum requirement for capital base</b>	<b>518.2</b>	<b>516.8</b>
<b>Capital adequacy</b>		
	31.03.2012	31.12.2011
Capital ratio	10.8 %	10.8 %
Core (tier 1) capital ratio	10.8 %	10.8 %

<sup>1)</sup> The figures for 31.03.2012 and 2011 are calculated as an average of total income for 2009, 2010 and 2011.

Capital adequacy is calculated in accordance with the Basel II regulations. The company uses the standard method for credit risk and market risk, and the basic method for operational risk. The minimum requirement for the capital ratio is 8 per cent.

# Notes

## NOTE 14 QUARTERLY PROFIT AND LOSS

NOK MILLION	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Interest income	163.3	157.3	123.9	138.6	130.9	129.0	126.5	121.4
Interest expense	-144.7	-150.0	-110.9	-121.4	-107.4	-105.0	-104.5	-80.2
<b>Net interest income</b>	<b>18.6</b>	<b>7.3</b>	<b>13.0</b>	<b>17.2</b>	<b>23.5</b>	<b>24.0</b>	<b>22.1</b>	<b>41.2</b>
Fee and commission income from banking services								
Fee and commission expenses for banking services								
<b>Net fee and commission income</b>	<b>0.0</b>							
Net gains on financial instruments	-5.2	0.2						-12.0
Other income								
<b>Total other operating income</b>	<b>-5.2</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-12.0</b>
Staff expenses		-0.1		-0.1				
General administration expenses					-0.1	-0.2		-0.1
Other operating cost	-4.1	-3.9	-4.4	-3.9	-3.6	-2.8	-3.2	-3.4
<b>Total operating costs</b>	<b>-4.1</b>	<b>-4.0</b>	<b>-4.5</b>	<b>-4.0</b>	<b>-3.7</b>	<b>-3.1</b>	<b>-3.3</b>	<b>-3.6</b>
<b>Operating profit before loan losses</b>	<b>9.4</b>	<b>3.6</b>	<b>8.5</b>	<b>13.2</b>	<b>19.9</b>	<b>20.9</b>	<b>18.8</b>	<b>25.7</b>
Loan losses for the period	0.3	-0.2	0.7	-0.2	0.1	0.3	0.2	0.2
<b>Profit before tax</b>	<b>9.6</b>	<b>3.4</b>	<b>9.2</b>	<b>13.0</b>	<b>20.0</b>	<b>21.2</b>	<b>19.0</b>	<b>25.9</b>
Tax	-2.7	-0.9	-2.6	-3.6	-5.6	-5.9	-5.3	-7.2
<b>Profit for the year</b>	<b>6.9</b>	<b>2.4</b>	<b>6.6</b>	<b>9.3</b>	<b>14.4</b>	<b>15.3</b>	<b>13.7</b>	<b>18.6</b>

# Notes

## NOTE 15 RISK

The market value of Storebrand Boligkreditt's financial assets and liabilities varies due to financial market risks. Note 3 to note 7 of the 2011 annual report explains the banking group's financial risks which also describes the financial risks as per 31 March 2012.

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

### **Credit risk**

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

### **Liquidity risk**

The risk of the company being unable to meet its obligations without incurring significant extra costs in the form of low prices of assets which have to be sold or in the form of particularly expensive funding. See also note 10 and 11.

### **Market risk**

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

## NOTE 16 VALUATION

The company categorizes financial instruments valued at fair value on three levels, which are described in more detail in note 2 and note 8 of the 2011 annual report. There have not been any substantial changes in the categorization in 2012.

Translation from the original Norwegian version

To the board of Storebrand Boligkreditt AS

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the statement of financial position of Storebrand Boligkreditt AS as of March 31, 2012, and the related statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the three-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard No 34 “Interim Financial Reporting” adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information is not prepared, in all material aspects, in accordance with International Accounting Standard No 34 “Interim Financial Reporting” adopted by EU.

Oslo, May 2, 2012  
Deloitte AS

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

# Company information

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**Senior Management:**

Åse Jonassen Managing Director

**Board of Directors:**

Truls Nergaard	Chairman
Trond Fladvad	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](http://www.storebrand.no).