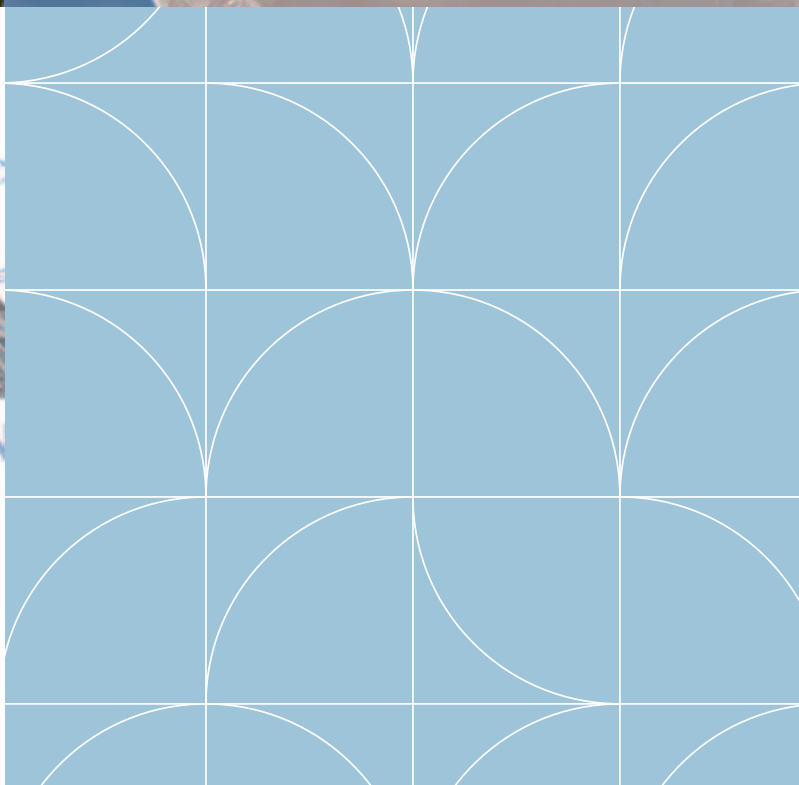


# Storebrand Boligkreditt AS

1st Quarter 2011

 storebrand



# Storebrand Boligkreditt AS

## - Interim report for 1Q 2011

(Figures for the corresponding period in 2010 shown in brackets)

- Result before tax NOK 20 million
- Lending volume growth
- Good liquidity

### Financial performance

The result before tax amounted to NOK 20 million (NOK 28 million), which is on a par with 4Q 2010.

Net interest income decreased compared with the same period last year, but was on a par with 4Q 2010, and amounted to NOK 24 million (NOK 30 million) for 1Q. Net interest income as a percentage of average total assets amounted to 0.62 percent (0.85 percent) for 1Q.

Net income and gains from financial instruments at fair value amounted to NOK 0 for 1Q, as expected, compared to NOK 3 million in the same period in 2010. This was due to the company choosing in 1Q 2010 to invest its surplus liquidity in the form of bank deposits in Storebrand Bank ASA. The bonds liquidity portfolio was realised as part of this process. The company's financial derivatives are for accounting purposes earmarked for hedge accounting, and value changes are thus included in net interest income.

Operating costs amounted to NOK 4 million (NOK 4 million) for 1Q, on a par with previous periods. Costs as a percentage of income increased marginally in 1Q and amounted to 16 percent (12 percent) due to a reduction in income compared with the same period last year. The company primarily purchases services from Storebrand Bank ASA and Storebrand Livsforsikring AS.

### Balance sheet performance

Gross lending to customers increased in 1Q from NOK 13.8 billion at year-end 2010 to NOK 15.3 billion at the end of the quarter. The company's cover pool and lending portfolio were regarded as good at the end of the quarter. The average loan-to-value ratio was 46 percent, on a par with year-end 2010.

The volume of non-performing loans amounted to NOK 28.5 million as per 31 March 2011. This is equivalent to 0.19 percent of gross lending in the company, which is an increase compared with year-end 2010 when it was

0.13 percent. The management does not believe there is a need for individual write-downs in connection with these non-performing loans since the credit risk is regarded as low. Group write-downs amounted to NOK 1.8 million (NOK 2.5 million) at the end of 1Q. This represents a marginal reduction compared with year-end 2010, when group write-downs amounted to NOK 1.9 million. The development in group write-downs was due to the development of the volume of non-performing and macro conditions, primarily the development of the Norwegian economy. The company has significant surplus overcollateralisation relative to the covered bonds it has issued; it has therefore not invested in substitute collateral.

At the close of the quarter, the company's total assets amounted to NOK 15.9 billion compared to NOK 14.7 billion at year-end 2010.

No covered bonds were issued in 1Q.

At the close of the quarter, the company had drawn NOK 3.3 billion from the company's drawing facility of NOK 6 billion with its parent company. The company's liquidity is deemed satisfactory and the liquidity risk is regarded as low.

The capital ratio at the close of the quarter was 11.7 percent, as was the tier 1 capital ratio. Net primary capital at the close of the quarter amounted to NOK 700 million. Primary capital excludes the company's interim result.

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

Developments in the financial market, interest rate levels, unemployment and the property market, together with changes to the regulatory conditions, are considered the most significant risk factors that could affect the company's accounting figures over the next six months.

Lysaker, 10 May 2011

The Board of Directors of Storebrand Boligkreditt AS

# Storebrand Boligkreditt AS

## PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	2011	Q1 2010	FULL YEAR 2010
Interest income	6	130.9	118.3	495.2
Interest expense	6	-107.4	-88.5	-378.2
<b>Net interest income</b>	<b>3</b>	<b>23.5</b>	<b>29.8</b>	<b>117.0</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 at fair value	4		3.1	-8.9
Other income				
<b>Total other operating income</b>		<b>0.0</b>	<b>3.1</b>	<b>-8.9</b>
Staff expenses				-0.2
General administration expenses		-0.1	-0.1	-0.5
Other operating costs	6	-3.6	-3.7	-13.1
<b>Total operating costs</b>		<b>-3.7</b>	<b>-3.8</b>	<b>-13.8</b>
<b>Operating profit before loan losses</b>		<b>19.9</b>	<b>29.1</b>	<b>94.4</b>
Loan losses for the period	9	0.1	-1.5	-0.8
<b>Profit before tax</b>		<b>20.0</b>	<b>27.6</b>	<b>93.6</b>
Tax	5	-5.6	-7.7	-26.2
<b>Profit for the year</b>		<b>14.4</b>	<b>19.9</b>	<b>67.4</b>

## STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	2011	Q1 2010	FULL YEAR 2010
Other comprehensive income				
Profit for the period		14.4	19.9	67.4
<b>Total comprehensive income for the period</b>		<b>14.4</b>	<b>19.9</b>	<b>67.4</b>

# Storebrand Boligkreditt AS

## STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.03.2011	31.12.2010
Loans to and deposits with credit institutions		426.3	513.4
Financial assets designated at fair value through profit and loss:			
Bonds and other fixed-income securities	10, 17		
Derivatives	17	219.2	240.2
Other current assets	6	44.9	111.8
Gross lending	8	15 256.5	13 805.7
- Write-downs on individual loans	9		
- Write-downs on groups of loans	9	-1.8	-1.9
Net lending to customers		15 254.8	13 803.8
Deferred tax assets			
<b>Total assets</b>		<b>15 945.2</b>	<b>14 669.2</b>
Liabilities to credit institutions	6, 11	3 310.4	1 946.1
Other financial liabilities:			
Derivatives	17		
Commercial paper and bonds issued	12	11 905.7	11 927.1
Other liabilities	6	5.3	92.2
Deferred tax		8.5	2.9
<b>Total liabilities</b>		<b>15 229.9</b>	<b>13 968.3</b>
Paid-in equity		669.0	669.0
Other equity		46.2	31.8
<b>Total equity</b>		<b>715.2</b>	<b>700.9</b>
<b>Total liabilities and equity</b>		<b>15 945.2</b>	<b>14 669.2</b>

Lysaker, 10 May 2011

The Board of Directors of Storebrand Boligkreditt AS

# Storebrand Boligkreditt AS

## KEY FIGURES

NOK MILLION	2011	Q1 2010	FULL YEAR 2010
<b>Profit and Loss account: (as % of avg. total assets) <sup>1)</sup></b>			
Net interest income <sup>2)</sup> <sup>3)</sup>	0.62 %	0.85 %	0.80 %
<b>Main balance sheet figures:</b>			
Total assets	15 945.2	15 884.0	14 669.2
Average total assets	15 538.6	14 808.9	14 638.3
Total lending to customers	15 256.5	15 084.9	13 805.7
Equity	715.2	653.3	700.9
<b>Other key figures:</b>			
Total non-interest income as % of total income	0.09 %	9.41 %	-8.14 %
Loan losses and provisions as % of average total lending	0.00 %	0.00 %	0.01 %
Individual impairment loss as % of gross defaulted loans <sup>5)</sup>	6.20 %	8.40 %	10.17 %
Costs as % of operating income	15.59 %	11.67 %	12.76 %
Return on equity before tax <sup>4)</sup>	11.59 %	17.79 %	13.96 %
Core capital ratio	11.7 %	10.6 %	12.7 %

### 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) The method for calculating the "net interest income as a percentage of average assets under management" key figure has been changed from and including Q1 2010 and is now calculated on the basis of actual/365. The change has no consequences for net interest income as a management onpercentage of average assets under an annual basis and provides a more correct picture of the development over the year.
- 4) Annualised profit before tax adjusted for hedging ineffectiveness as % of average equity.
- 5) Gross defaulted loans with identified loss of value .

# Storebrand Boligkreditt AS

## CHANGES IN EQUITY

NOK MILLION	31.03.2011							TOTAL EQUITY
	PAID-IN CAPITAL			OTHER EQUITY				
	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	
Equity at 31.12.2009	350.0	200.1	54.4	604.5		28.9	28.9	633.5
Profit for the period						67.4	67.4	67.4
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>67.4</b>	<b>67.4</b>	<b>67.4</b>
Equity transactions with the owner:								
Change in group contribution received 2009			39.7	39.7				39.7
Group contribution received			24.9	24.9				24.9
Change in provision for group contribution 2009						-39.7	-39.7	-39.7
Provision for group contribution						-24.9	-24.9	-24.9
<b>Equity at 31.12.2010</b>	<b>350.0</b>	<b>200.1</b>	<b>118.9</b>	<b>669.0</b>	<b>0.0</b>	<b>31.8</b>	<b>31.8</b>	<b>700.9</b>
Profit for the period						14.4	14.4	14.4
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>14.4</b>	<b>14.4</b>	<b>14.4</b>
<b>Equity at 31.3.2011</b>	<b>350.0</b>	<b>200.1</b>	<b>118.9</b>	<b>669.0</b>	<b>0.0</b>	<b>46.2</b>	<b>46.2</b>	<b>715.2</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 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 is a credit institution subject to statutory requirements regarding primary capital under the capital adequacy regulations. Primary capital encompasses both equity and subordinated loan capital. For Storebrand Boligkreditt, these legal requirements carry the greatest significance in its capital management.

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

For further information on the company's fulfilment of the capital requirements, see note 14.

# Storebrand Boligkreditt AS

## CASH FLOW STATEMENT

NOK MILLION	31.03.2011	31.12.2010
<b>Cash flow from operations</b>		
Net receipts/payments of interest, commissions and fees from customers	9.7	116.5
Net disbursement/payments on customer loans	-1 375.7	-2 186.9
Net receipts/payments - securities at fair value		260.5
Payments of operating costs	2.5	-4.0
<b>Net cash flow from operating activities</b>	<b>-1 363.5</b>	<b>-1 813.9</b>
<b>Cash flow from investment activities</b>		
Net payments on purchase/sale of fixed assets etc.		
<b>Net cash flow from investment activities</b>	<b>0.0</b>	<b>0.0</b>
<b>Cash flow from financing activities</b>		
Receipts - new loans and issuing of bond debt	1 364.3	2 063.9
Payments - interest on loans	-62.8	-53.4
Receipts - group contribution	64.5	
Payments - group contribution	-89.6	
<b>Net cash flow from financing activities</b>	<b>1 276.4</b>	<b>2 010.5</b>
<b>Net cash flow in period</b>	<b>-87.1</b>	<b>196.6</b>
Cash and bank deposits at the start of the period	513.4	58.4
<b>Cash and bank deposits at the end of the period</b>	<b>426.3</b>	<b>255.0</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 31.12.2010. See also Note 11.

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 to the accounts

## NOTE 1 ACCOUNTING PRINCIPLES

The interim accounts for first quarter of 2011 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 2010. See [www.storebrand.no](http://www.storebrand.no). There have not been any changes of accounting principles in 2011.

## 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 2010.

## NOTE 3 NET INTEREST INCOME

NOK MILLION	2011	Q1 2010	FULL YEAR 2010
Interest and other income on loans to and deposits with credit institutions	2.4	0.3	1.6
Interest and other income on loans to and due from customers	128.5	115.2	490.7
Interest on short-term debt instruments, bonds and other interest-bearing securities		2.9	2.9
Other interest income			
<b>Total interest income</b>	<b>130.9</b>	<b>118.3</b>	<b>495.2</b>
Interest and other expenses on debt to credit institutions	-19.1	-15.2	-60.4
Interest and other expenses on deposits from and due to customers			
Interest and other expenses on securities issued	-88.3	-73.3	-317.8
Interest and other expenses on subordinated loan capital			
Other interest expenses			
<b>Total interest expenses</b>	<b>-107.4</b>	<b>-88.5</b>	<b>-378.2</b>
<b>Net interest income</b>	<b>23.5</b>	<b>29.8</b>	<b>117.0</b>



# Notes to the accounts

## NOTE 4 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

NOK MILLION	2011	Q1 2010	FULL YEAR 2010
<i>Commercial paper and bonds:</i>			
Realised gain/loss on commercial paper and bonds		-0.1	-0.1
Unrealised gain/loss on commercial paper and bonds		0.2	0.2
<b>Total gain/loss on commercial paper and bonds</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>
<i>Financial derivatives and foreign exchange:</i>			
Gain/loss on foreign exchange related to bonds issued		3.6	32.5
Realised gain/loss on financial derivatives, held for trading		3.0	-41.4
Unrealised gain/loss on financial derivatives, held for trading		-3.6	0.0
<b>Total financial derivatives and foreign exchange</b>	<b>0.0</b>	<b>3.0</b>	<b>-9.0</b>
<b>Net income and gains from financial assets and liabilities at fair value</b>	<b>0.0</b>	<b>3.1</b>	<b>-8.9</b>

## 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 2011:

NOK MILLION	STOREBRAND BANK ASA	OTHER GROUP COMPANIES
Interest income	1.5	
Interest expense	72.6	
Services sold		
Services purchased	3.0	0.3
Due from	292.1	
Liabilities to	3 314.0	

Covered bonds are not included in the overview. Storebrand Bank ASA has invested a total of NOK 7.2 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 March 2011.

Storebrand Boligkreditt AS sold its entire liquidity portfolio to Storebrand Bank ASA in Q1 2010 and has instead invested the surplus liquidity as bank deposits in Storebrand Bank ASA

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 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 Q1 2011 therefore relate entirely to the Retail Lending segment.

## NOTE 8 LOAN TO VALUE RATIOS AND COLLATERAL

NOK MILLION	31.03.2011	31.12.2010
Gross lending <sup>1)</sup>	15 256.5	13 805.7
Average loan balance	1.2	1.2
No. of loans	12 272	11 433
Weighted average seasoning (months)	30	35
Weighted average remaining term (months)	202	195
Average loan to value ratio <sup>1)</sup>	46 %	46 %
Overcollateralisation <sup>3)</sup>	130 %	117 %
Composition of collateral:		
Residential mortgages	15 168.6	13 729.1
Supplementary security <sup>2)</sup>		
<b>Total</b>	<b>15 168.6</b>	<b>13 729.1</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 44.2 million that exceeds the base value limit and has therefore not been included in the calculation of the collateralisation. As per 31 March 2011, the company has 20 non-performing loans, equivalent to NOK 28.5 million. Non-performing loans are not included in the collateralisation.

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

<sup>3)</sup> Surplus collateral amounting to NOK 11.6 billion has been calculated based on the total net issued bonds.

# Notes to the accounts

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

NOK MILLION	31.03.2011	31.12.2010
<b>Non-performing and loss-exposed loans</b>		
Non-performing loans without evidence of impairment	28.5	18.2
Non-performing and loss-exposed loans with evidence of impairment		
<b>Gross defaulted and loss-exposed loans</b>	<b>28.5</b>	<b>18.2</b>
Provisions for individual loan losses		
<b>Net defaulted and loss-exposed loans</b>	<b>28.5</b>	<b>18.2</b>

### Key figures

Defaulted and loss-exposed loans as % of gross total lending	0.19 %	0.13 %
--	--------	--------

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.

NOK MILLION	2011	Q1 2010	FULL YEAR 2010
<b>Losses on loans and guarantees etc. during period</b>			
Change in individual loan loss provisions			
Change in grouped loan loss provisions	0.1	-1.5	-0.8
Other write-down effects			
Realised losses specifically provided for previously			
Realised losses not specifically provided for previously			
Recoveries on previous realised losses			
<b>Loss provisions on loans and guarantees</b>	<b>0.1</b>	<b>-1.5</b>	<b>-0.8</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 write-downs or write-downs for groups of loans in addition to the write-downs recorded as at 31 March 2011.

## NOTE 10 LIQUIDITY PORTFOLIO

The company sold all the paper in the liquidity portfolio in Q1 2010 and has no liquidity portfolio as per 31.03.2011.

## 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 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 to the accounts

## NOTE 12 COMMERCIAL PAPER AND BONDS ISSUED

### Covered bonds:

NOK MILLION						BOOK VALUE
<i>ISIN Code</i>	NOMINAL VALUE	CURRENCY	INTEREST	ISSUED	MATURITY	31.03.2011
NO0010428584	1 000.0	NOK	Fixed	06.05.2008	06.05.2015	1 098.7
NO0010466071	1 250.0	NOK	Fixed	24.10.2008	24.04.2014	1 363.1
NO0010548373	1 000.0	NOK	Fixed	28.10.2009	28.10.2019	1 027.5
NO0010428592	1 648.0	NOK	Floating	02.05.2008	02.05.2011	1 655.1
NO0010479967	2 500.0	NOK	Floating	12.12.2008	12.06.2012	2 506.9
NO0010507809	2 040.0	NOK	Floating	27.04.2009	27.04.2015	2 049.2
NO0010575913	2 200.0	NOK	Floating	03.06.2010	03.06.2016	2 205.5
Amortised interest						-0,3
<b>Total commercial paper and bonds issued</b>						<b>11 905.9</b>

## NOTE 13 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

NOK MILLION	31.03.2011	31.12.2010
Undrawn credit limits	1 509.7	1 400.4
<b>Total contingent liabilities</b>	<b>1 509.7</b>	<b>1 400.4</b>

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

The company has not any collateral pledged or received.

# Notes to the accounts

## NOTE 14 CAPITAL ADEQUACY

### Capital base

NOK MILLION	31.03.2011	31.12.2010
Share capital	350.0	350.0
Other equity	365.2	350.9
<b>Equity</b>	<b>715.2</b>	<b>700.9</b>
Deductions		
Profit not included in the calculation of net primary capital	-14.4	
<b>Core capital</b>	<b>700.9</b>	<b>700.9</b>
Deductions		
<b>Net supplementary capital</b>	<b>0.0</b>	<b>0.0</b>
<b>Net capital base</b>	<b>700.9</b>	<b>700.9</b>

### Minimum requirement for capital base

NOK MILLION	31.03.2011	31.12.2010
Credit risk	467.9	427.5
Of which:		
Institutions	11.2	14.0
Loans secured against real estate	446.5	405.6
Loans past-due	2.1	1.5
Other	8.1	6.5
<b>Total minimum requirement for credit risk</b>	<b>467.9</b>	<b>427.5</b>
<b>Total minimum requirement for market risk</b>	<b>0.0</b>	<b>0.0</b>
Operational risk <sup>1)</sup>	12.6	12.6
Deductions	-0.1	-0.1
<b>Minimum requirement for capital base</b>	<b>480.4</b>	<b>440.0</b>

### Capital adequacy

	31.03.2011	31.12.2010
Capital ratio	11.7 %	12.7 %
Core capital ratio	11.7 %	12.7 %

<sup>1)</sup> The figures for 2010 and Q1 2011 are calculated as an average of total income for 2008, 2009 and 2010.

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%.

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 capital requirement and supervisory monitoring, while Pillar 3 deals with the requirements for publication of financial information.

# Notes to the accounts

## NOTE 15 QUARTERLY PROFIT AND LOSS

NOK MILL.	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
Interest income	130.9	129.0	126.5	121.4	118.3	107.2	102.6	127.8
Interest expense	-107.4	-105.0	-104.5	-80.2	-88.5	-78.3	-74.8	-91.3
<b>Net interest income</b>	<b>23.5</b>	<b>24.0</b>	<b>22.1</b>	<b>41.2</b>	<b>29.8</b>	<b>29.0</b>	<b>27.8</b>	<b>36.5</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>	<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>
Net gains on financial instruments at fair value				-12.0	3.1	1.6	4.7	0.2
Other income								
<b>Total other operating income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-12.0</b>	<b>3.1</b>	<b>1.6</b>	<b>4.7</b>	<b>0.2</b>
Staff expenses						-0.1		
General administration expenses	-0.1	-0.2	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Other operating cost	-3.6	-2.8	-3.2	-3.4	-3.7	-3.7	-3.8	-3.6
<b>Total operating costs</b>	<b>-3.7</b>	<b>-3.1</b>	<b>-3.3</b>	<b>-3.6</b>	<b>-3.8</b>	<b>-3.9</b>	<b>-3.9</b>	<b>-3.7</b>
<b>Operating profit before loan losses</b>	<b>19.9</b>	<b>20.9</b>	<b>18.8</b>	<b>25.7</b>	<b>29.1</b>	<b>26.6</b>	<b>28.6</b>	<b>33.0</b>
Loan losses for the period	0.1	0.3	0.2	0.2	-1.5	0.5	0.0	-0.5
<b>Profit before tax</b>	<b>20.0</b>	<b>21.2</b>	<b>19.0</b>	<b>25.9</b>	<b>27.6</b>	<b>27.1</b>	<b>28.5</b>	<b>32.5</b>
Tax	-5.6	-5.9	-5.3	-7.2	-7.7	-7.6	-8.0	-9.1
<b>Profit for the year</b>	<b>14.4</b>	<b>15.3</b>	<b>13.7</b>	<b>18.6</b>	<b>19.9</b>	<b>19.5</b>	<b>20.5</b>	<b>23.4</b>

## NOTE 16 RISK MANAGEMENT

The market value of Storebrand Boligkredit's financial assets and liabilities varies due to financial market risks.

Note 3 to note 7 of the 2010 annual report explains the company's financial risks which also describes the financial risks as per 31 March 2011.

## NOTE 17 VALUATION

The company categorizes financial instruments valued at fair value on three levels, which are described in more detail in note 2 and note 84 of the 2010 annual report. There have not been any substantial changes in the categorization in 2011.

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, 2011, 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".

Oslo, May 10, 2011  
Deloitte AS

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

# Company information

**Address:**

Storebrand Boligkreditt AS  
Professor Kohts vei 9  
PO Box 474  
N-1327 Lysaker  
Norway

Telephone: + 47 - 22 31 50 50  
Website: [www.storebrand.no](http://www.storebrand.no)  
E-mail address: [bank@storebrand.no](mailto:bank@storebrand.no)

Company registration number: 990 645 515

**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

**Contact persons:**

Åse Jonassen. Managing Director. Tel. + 47- 415 77 397

**Other sources of information:**

The Annual Report and interim reports of Storebrand Boligkreditt AS are published on [www.storebrand.no](http://www.storebrand.no).

