Storebrand Boligkreditt AS

4th quarter 2011

(unaudited)

storebrand

Storebrand Boligkreditt AS

- quarterly report for the 4th quarter of 2011

(Figures for the corresponding period in 2010 are shown in parentheses)

- Profit before taxes NOK 45 million for 2011
- Total lending amounted to NOK 16.6 billion at year-end
- NOK 500 million of covered bonds were issued during the quarter

Earnings performance

Profit before taxes for the 4th quarter was NOK 3 million (NOK 21 million) and NOK 45 million (NOK 94 million) for the year. The performance is in line with the general development of the market.

Net interest income has decreased compared with the corresponding period last year due to lower lending margins and higher funding costs. Net interest income for the fourth quarter amounted to NOK 7 million (NOK 24 million) and NOK 61 million (NOK 117 million) for 2011. Net interest income as a percentage of average total assets was 0.18 per cent (0.68 per cent) for the fourth quarter and 0.37 per cent (0.80 per cent) for 2011. The interest rates on home mortgages increased with effect from the end of November 2011. At the beginning of 2012 money market rates have decreased which is expected to improve lending margins in the first quarter of 2012.

Other operating income totalled NOK 0.2 million in the fourth quarter and for the year 2011 as a whole, and originate entirely from bond buy-backs. In 2010 other operating income were minus NOK 9 million due to a redemption of a Euro bond and the company realising the liquidity portfolio in its entirety during the first quarter of 2010.

Operating expenses were NOK 4 million in the fourth quarter (NOK 3 million) and NOK 16 million (NOK 14 million) for 2011. Cost/income have increased during the quarter and the year, totalling 53 per cent (13 per cent) and 26 per cent (13 per cent) respectively due to lower revenues compared with the same period last year. The company primarily purchases services from Storebrand Bank and Storebrand Livsforsikring.

In the fourth quarter of 2011 the company had net loan losses of NOK 0.2 million, compared to net revenues of almost NOK 0.5 million for the year (expenses came to NOK 0.8 million).

Balance sheet performance

Total lending in the fourth quarter of 2011 was relatively stable compared with the third quarter and totalled NOK 16.6 billion. Compared with the 2010 year-end figure there has been an increase of NOK 2.8 billion during the course of 2011. Property values have increased significantly in 2010 and into 2011. Towards the end of the year market prices have softened a little. Total non-performing loans in Storebrand Boligkreditt AS have increased slightly in 2011 compared with 2010. Despite the low volume, the company closely monitors the level of total non-performing loans.

Storebrand Bank and Storebrand Boligkreditt have conservative lending practices. During the year lending practices have become even stricter in accordance with the recommendations by the Financial Supervisory Authority of Norway. The average loan to value ratio of the portfolio is 48 per cent (46 per cent), and at 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 a significant overcollateralisation in relation to the volume of issued covered bonds, and therefore has not made additional investments in security.

Non-performing loans at the end of the fourth quarter amounted to NOK 29 million, equivalent to 0.18 per cent of gross loans in the company, a slight increase compared with the 2010 year-end figure when non-performing loans totalled 0.13 per cent. Loan loss provisions on individual loans were NOK 0.2 million at the end of 2011. The management does not consider it necessary with higher loan loss provisions relating to non-performing loans as the credit risk is deemed to be low. At the end of the fourth quarter of 2011 group write downs were NOK 1.3 million, a reduction compared with the end of 2010 when group write downs totalled NOK 1.9 million. The change in group write downs is due to the change in total volume of non-performing loans and macroeconomic conditions.

The company's total assets under management at the end of the fourth quarter were NOK 17.3 billion compared with NOK 14.7 billion at the end of 2010.

In the fourth quarter NOK 500 million of covered bonds were issued. At the end of the fourth quarter the company had issued covered bonds worth almost NOK 12 billion, with maturities from 6 months to 8 years. Almost NOK 5 billion of these bonds have been placed in the market, while the remaining NOK 6.7 billion are being held by the parent bank. The bank has used NOK 3.5 billion of a swap facility with covered bonds, administered by Norges Bank.

The unused portion of a bank overdraft facility of NOK 6.5 billion established in Storebrand Bank, totalled NOK 2.2 billion at the end of 2011. 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 year following year-end distributions amounted to NOK 700 million (NOK 701 million). The company has net primary capital of NOK 700 million (NOK 701 million) at year-end 2011.

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

Lysaker, 13 February 2012
The Board of Directors of Storebrand Boligkreditt AS

Storebrand Boligkreditt AS

PROFIT AND LOSS ACCOUNT

		Q4		FULL YEAR	
NOK MILLION	NOTE	2011	2010	2011	2010
Interest income	6	157.3	129.0	577.8	495.2
Interest expense	6	-150.0	-105.0	-516.8	-378.2
Net interest income	**3**	**7.3**	**24.0**	**61.0**	**117.0**
Commission income				0.1	0.1
Commission expense					
Net commission income		**0.0**	**0.0**	**0.1**	**0.1**
Net gains on financial instruments at fair value	4	0.2		0.2	-8.9
Other income					
Total other operating income		0.2	0.0	0.2	-8.9
Staff expenses		-0.1	0.0	-0.2	-0.2
General administration expenses			-0.2	-0.1	-0.5
Other operating costs	6	-3.9	-2.8	-15.8	-13.1
Total operating costs		**-4.0**	**-3.1**	**-16.2**	**-13.8**
Operating profit before loan losses		**3.6**	**20.9**	**45.1**	**94.4**
Loan losses for the period	9	-0.2	0.3	0.4	-0.8
Profit before tax		**3.4**	**21.2**	**45.5**	**93.6**
Tax	5	-0.9	-5.9	-12.7	-26.2
Profit for the year		**2.4**	**15.3**	**32.8**	**67.4**

STATEMENT OF COMPREHENSIVE INCOME

		Q4		FULL YEAR	
NOK MILLION	NOTE	2011	2010	2011	2010
Other comprehensive income					
Profit for the period		2.4	15.3	32.8	67.4
Total comprehensive income for the period		**2.4**	**15.3**	**32.8**	**67.4**

Storebrand Boligkreditt AS

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.12.2011	31.12.2010
Loans to and deposits with credit institutions		422.8	513.4
Financial assets designated at fair value through profit and loss:			
Derivatives	17	314.5	240.2
Other current assets	6	46.6	111.8
Gross lending	8	16 550.4	13 805.7
- Write-downs on individual loans	9	-0.2	
- Write-downs on groups of loans	9	-1.3	-1.9
Net lending to customers		16 548.9	13 803.8
Total assets		**17 332.8**	**14 669.2**
Liabilities to credit institutions	6, 11	4 267.2	1 946.1
Other financial liabilities:			
Commercial paper and bonds issued	12	12 311.9	11 927.1
Other liabilities	6	51.6	92.2
Deferred tax		2.5	2.9
Total liabilities		**16 633.2**	**13 968.3**
Paid in equity		669.0	669.0
Other equity		30.7	31.8
Total equity		**699.7**	**700.9**
Total liabilities and equity		**17 332.8**	**14 669.2**

Lysaker, 13 February 2012
The Board of Directors of Storebrand Boligkreditt AS

Storebrand Boligkreditt AS

KEY FIGURES

NOK MILLION	Q4 2011	Q4 2010	FULL YEAR 2011	FULL YEAR 2010
Profit and Loss account: *(as % of avg. total assets)* [1]				
Net interest income [2]	0.18 %	0.68 %	0.37 %	0.80 %
Main balance sheet figures:				
Total assets			17 332.8	14 669.2
Average total assets	17 155.1	14 784.9	16 397.5	14 638.3
Total lending to customers			16 550.4	13 805.7
Equity			699.7	700.9
Other key figures:				
Loan losses and provisions as % of average total lending	0.01 %	0.09 %	0.00 %	0.01 %
Individual impairment loss as % of gross defaulted loans [4]			4.5 %	10.2 %
Cost/income ratio	52.9 %	12.9 %	26.4 %	12.8 %
Return on equity before tax [3]	2.2 %	12.9 %	6.3 %	14.0 %
Core (tier 1) capital ratio			10.8 %	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] Annualised profit before tax adjusted for hedging ineffectiveness as % of average equity.
[4] Gross loss-exposed loans with evidence of impairment.

Storebrand Boligkreditt AS

CHANGES IN EQUITY

NOK MILLION	PAID IN CAPITAL: SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID IN EQUITY	TOTAL PAID IN EQUITY	OTHER EQUITY: REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	TOTAL EQUITY
Equity at 31.12.2009	350.0	200.1	54.5	604.5		28.9	28.9	633.5
Profit for the period						67.4	67.4	67.4
Pension experience adjustments								
Total other comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**67.4**	**67.4**	**67.4**
Equity transactions with the owner:								
Change in group contribution received 2009			39.7	39.7				39.7
Group contribution received			24.9	24.9				24.9
Change in provision for group contribution 2009						-39.7	-39.7	-39.7
Provision for group contribution						-24.9	-24.9	-24.9
Equity at 31.12.2010	**350.0**	**200.1**	**118.9**	**669.0**	**0.0**	**31.8**	**31.8**	**700.9**
Profit for the period						32.8	32.8	32.8
Pension experience adjustments								
Total other comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**32.8**	**32.8**	**32.8**
Equity transactions with the owner:								
Provision for group contribution						-33.9	-33.9	-33.9
Equity at 31.12.2011	**350**	**200.1**	**118.9**	**669.0**	**0.0**	**30.6**	**30.6**	**699.7**

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 14.

Storebrand Boligkreditt AS

CASH FLOW STATEMENT

NOK MILLION	31.12.2011	31.12.2010
Cash flow from operations		
Net receipts/payments of interest, commissions and fees from customers	571.7	665.9
Net disbursement/payments on customer loans	-2 737.8	-938.4
Net receipts/payments - securities at fair value	0.2	260.5
Payments of operating costs	-14.4	-15.5
Net cash flow from operating activities	**-2 180.2**	**-27.4**
Cash flow from investment activities		
Net payments on purchase/sale of fixed assets etc.		
Net cash flow from investment activities	**0.0**	**0.0**
Cash flow from financing activities		
Payments - repayments of loans and issuing of bond debt	-1 694.1	-2 118.2
Receipts - new loans and issuing of bond debt	4 321.8	3 026.9
Payments - interest on loans	-513.0	-444.4
Receipts - group contribution	64.5	64.8
Payments - group contribution	-89.6	-46.6
Net cash flow from financing activities	**2 089.6**	**482.4**
Net cash flow in period	**-90.6**	**455.0**
Cash and bank deposits at the start of the period	513.4	58.4
Cash and bank deposits at the end of the period	**422.8**	**513.4**

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

NOTE 1 ACCOUNTING PRINCIPLES

The interim accounts for the fourth 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. There have not been any changes of accounting princippIes 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

	Q4		FULL YEAR	
NOK MILLION	2011	2010	2011	2010
Interest and other income on loans to and deposits with credit institutions	3.3	1.1	11.4	1.6
Interest and other income on loans to and due from customers	153.9	127.9	566.4	490.7
Interest on short-term debt instruments, bonds and other interest-bearing securities				2.9
Other interest income				
Total interest income	**157.3**	**129.0**	**577.8**	**495.2**
Interest and other expenses on debt to credit institutions	-39.8	-12.5	-132.6	-60.4
Interest and other expenses on deposits from and due to customers				
Interest and other expenses on securities issued	-110.2	-92.4	-384.2	-317.8
Interest and other expenses on subordinated loan capital				
Other interest expenses				
Total interest expenses	**-150.0**	**-104.9**	**-516.8**	**-378.2**
Net interest income	**7.3**	**24.0**	**61.0**	**117.0**

Notes Storebrand Boligkreditt AS

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

	Q4		FULL YEAR	
NOK MILLION	2011	2010	2011	2010
Commercial paper and bonds:				
Realised gain/loss on commercial paper and bonds				-0.1
Unrealised gain/loss on commercial paper and bonds				0.2
Total gain/loss on commercial paper and bonds	**0.0**	**0.0**	**0.0**	**0.1**
Financial derivatives and foreign exchange:				
Gain/loss on foreign exchange related to bonds issued	0.2		0.2	32.5
Realised gain/loss on financial derivatives, held for trading				-41.4
Unrealised gain/loss on financial derivatives, held for trading				
Total financial derivatives and foreign exchange	**0.2**	**0.0**	**0.2**	**-9.0**
Net income and gains from financial assets and liabilities at fair value	**0.2**	**0.0**	**0.2**	**-8.9**

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 December 2011:

NOK MILLION	STOREBRAND BANK ASA	OTHER GROUP COMPANIES
Interest income	6.6	
Interest expense	360.9	
Services sold		
Services purchased	12.4	1.2
Due from	314.4	
Liabilities to	4 270.7	

Covered bonds are not included in the overview. Storebrand Bank ASA has invested a total of NOK 6.7 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31 December 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 Storebrand Boligkreditt AS

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 Q4 2011 therefore relate entirely to the Retail Lending segment.

NOTE 8 LOAN TO VALUE RATIOS AND COLLATERAL

NOK MILLION	31.12.2011	31.12.2010
Gross lending [1])	16 550.4	13 805.7
Average loan balance	1.4	1.2
No. of loans	12 287	11 433
Weighted average seasoning (months)	35	35
Weighted average remaning term (months)	205	195
Average loan to value ratio	48 %	46 %
Over-collateralisation [3])	137 %	117 %
Composition of collateral:		
Residential mortgages [1])	16 480	13 729.1
Supplementary security [2])		
Total	**16 479.9**	**13 729.1**

[1]) As per 31 December the company had NOK 29.1 million that exceeds the loan to value limit and has therefore not been included in the cover pool. As per 31 December 2011, the company has 18 non-performing loans, equivalent to NOK 27.3 million. There is one non-performing loan with impairment of NOK 1.5 million where the impairment is assesed to be NOK 0.2 million. Non-performing loans are not included in the cover pool.

[2]) The company has no supplementary security.

[3]) Over-collateralisation has been calculated based on total volume of issued covered bonds of NOK 11 955 million.

Notes Storebrand Boligkreditt AS

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

NOK MILLION	31.12.2011	31.12.2010
Non-performing and loss-exposed loans		
Non-performing loans without evidence of impairment	27.3	18.2
Non-performing and loss-exposed loans with evidence of impairment	1.5	
Gross defaulted and loss-exposed loans	**28.8**	**18.2**
Provisions for individual loan losses	-0.2	
Net defaulted and loss-exposed loans	**28.7**	**18.2**
Key figures		
Defaulted and loss-exposed loans as % of gross total lending	0.17 %	0.13 %

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 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.

	Q4		FULL YEAR	
NOK MILLION	2011	2010	2011	2010
Losses on loans and guarantees etc. during period				
Change in individual loan loss provisions			-0.1	
Change in grouped loan loss provisions	-0.1	0.3	0.6	-0.8
Other write-down effects	-0.1		-0.1	
Realised losses specifically provided for previously				
Realised losses not specifically provided for previously				
Recoveries on previous realised losses				
Loss provisions on loans and guarantees	**-0.2**	**0.3**	**0.4**	**-0.8**

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 recordes as at 31 December 2011.

NOTE 10 LIQUIDITY PORTFOLIO

The company sold all the investments in the liquidity portfolio in Q1 2010 and has no liquidity portfolio as per 31.12.2011.

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 Storebrand Boligkreditt AS

NOTE 12 COMMERCIAL PAPER AND BONDS ISSUED

Covered bonds:

NOK MILLION *ISIN Code*	NOMINAL VALUE	CURRENCY	INTEREST	ISSUED	MATURITY [1]	BOOK VALUE 31.12.2011
NO0010479967	2 500	NOK	Floating	09.12.2008	12.06.2012	2 506.2
NO0010466071	1 250	NOK	Fixed	09.10.2008	24.04.2014	1 370.6
NO0010507809	2 040	NOK	Floating	27.04.2009	27.04.2015	2 052.0
NO0010428584	1 000	NOK	Fixed	30.04.2008	06.05.2015	1 121.2
NO0010575913	2 165	NOK	Floating	01.06.2010	03.06.2016	2 171.1
NO0010612294	2 000	NOK	Floating	09.06.2011	15.06.2016	1 995.9
NO0010548373	1 000	NOK	Fixed	23.10.2009	28.10.2019	1 094.8
Total bonds issued						**12 311.9**

[1]) Maturity date in this summary is the first possible maturity date (Call date).

NOTE 13 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

NOK MILLION	31.12.2011	31.12.2010
Undrawn credit limits	1 676.6	1 400.4
Total contingent liabilities	**1 676.6**	**1 400.4**

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 Storebrand Boligkreditt AS

NOTE 14 CAPITAL ADEQUACY

Capital base

NOK MILLION	31.12.2011	31.12.2010
Share capital	350.0	350.0
Other equity	349.7	350.9
Equity	**699.7**	**700.9**
Deductions		
Core capital	**699.7**	**700.9**
Deductions		
Net supplementary capital	**0.0**	**0.0**
Net capital base	**699.7**	**700.9**

Minimum requirement for capital base

NOK MILLION	31.12.2011	31.12.2010
Credit risk	502.4	427.5
Of which:		
Institutions	12.6	14.0
Loans secured against real estate	484.1	405.6
Loans past-due	2.4	1.5
Other	3.4	6.5
Total minimum requirement for credit risk	**502.4**	**427.5**
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk [1])	14.5	12.6
Deductions	-0.1	-0.1
Minimum requirement for capital base	**516.8**	**440.0**

Capital adequacy

	31.12.2011	31.12.2010
Capital ratio	10.8 %	12.7 %
Core (tier 1) capital ratio	10.8 %	12.7 %

[1]) The figures for 2010 and 2011 are calculated as an average of total income for 2008, 2009 and 2010 and for 2009, 2010 and 2011 respectively .

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%.

Notes Storebrand Boligkreditt AS

NOTE 15 QUARTERLY PROFIT AND LOSS

NOK MILLION	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Interest income	157.3	123.9	138.6	130.9	129.0	126.5	121.4	118.3
Interest expense	-150.0	-110.9	-121.4	-107.4	-105.0	-104.5	-80.2	-88.5
Net interest income	**7.3**	**13.0**	**17.2**	**23.5**	**24.0**	**22.1**	**41.2**	**29.8**
Fee and commission income from banking services								
Fee and commission expenses for banking services								
Net fee and commission income	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Net gains on financial instruments at fair value	0.2						-12.0	3.1
Other income								
Total other operating income	**0.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-12.0**	**3.1**
Staff expenses	-0.1		-0.1					
General administration expenses				-0.1	-0.2	0.0	-0.1	-0.1
Other operating cost	-3.9	-4.4	-3.9	-3.6	-2.8	-3.2	-3.4	-3.7
Total operating costs	**-4.0**	**-4.5**	**-4.0**	**-3.7**	**-3.1**	**-3.3**	**-3.6**	**-3.8**
Operating profit before loan losses	**3.6**	**8.5**	**13.2**	**19.9**	**20.9**	**18.8**	**25.7**	**29.1**
Loan losses for the period	-0.2	0.7	-0.2	0.1	0.3	0.2	0.2	-1.5
Profit before tax	**3.4**	**9.2**	**13.0**	**20.0**	**21.2**	**19.0**	**25.9**	**27.6**
Tax	-0.9	-2.6	-3.6	-5.6	-5.9	-5.3	-7.2	-7.7
Profit for the year	**2.4**	**6.6**	**9.3**	**14.4**	**15.3**	**13.7**	**18.6**	**19.9**

Notes Storebrand Boligkreditt AS

NOTE 16 RISK

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.

Credit exposure for lending activities
Residential mortgage customers are assessed according to their willingness and ability to repay the loan. The ability to pay is calculated and the customer's risk assessed at the time the application is submitted. The loan to value ratio for customers in Storebrand Boligkreditt is less than 75 per cent at the time of transfer from Storerand Bank.
Storebrand Boligkreditt's lending is secured by residential properties. Some of the volume is partly or wholly secured by cabin/leisure properties. The maximum loan to value ratio at the time of transfer for this type of mortgage is 60 per cent.

The average weighted loan to value ratio in the company is around 48 per cent for residential mortgages, and 99.5 per cent of residential mortgages are within an 80 per cent loan to value ratio. Around 70 per cent of the mortgages are within a 60 per cent loan to value ratio in the mortgage company. The portfolio's credit risk is regarded as low.

The credit quality of the loans that are performing is good.

Storebrand Boligkreditt's collateral is residential property. The collateral is regarded as very good for the portfolio. The collateral for the performing loans is also regarded as good. The collateral for non-performing loans without impairment is good. The average loan to value ratio for these loans is 57.9 per cent and the greatest observed loan to value ratio for non-performing loans is 71.7 per cent at the end of December 2011. The collateral is sold in the retail market. It is not taken over by the bank.

The credit risk in the portfolio is low.

Liquidity risk
The risk of the company beeing unable to meet their obligations without incurring significant extra costs in the form of falls in prices of assets which have to be sold or in the form of particularly expensive funding. See also note 11 and 12.

Market risk
The risk of incurring losses on open positions in financial instruments due to changes in market variables and/or market conditions within a specified time horizon. Covers counterparty risk in financial investments trading, as well as equity, interest and currency risk.

In the event of market risk changes that occur during the first year, the affect on the result and equity will be as shown below based on the balance sheet as of 31 December 2011:

Effect on income

NOK MILLION	AMOUNT
Interest -1,5%	-2.6
Interest +1,5%	2.6

Effect on net profit/equity [1])

NOK MILLION	AMOUNT
Interest -1,50%	-2.6
Interest +1,5%	2.6

[1]) Before tax effect.

The note demonstrates the accounting effect over a 12-month period of an immediate parallel change in interest rates of +1.5 percentage points and -1.5 percentage points. Account has been taken of the one-time effect such an immediate change in interest rates would have on the items recognised at fair value and hedging value and of the effects the change in interest rates would have on the result for the remainder of the interest rate duration period before the change in interest rate has income and cost related effects.

The sensitivity calculation was carried out using the PortWin risk management system.

The item affected by one-time effects and which is recognised at fair value is the liquidity portfolio. The company has no liquidity portfolio at the close of 2011.

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

Operational 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 Group achieving its goals and this part of the compliance risk is covered by operational risk.

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 8 of the 2010 annual report. There have not been any substantial changes in the categorization in 2011.

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Truls Nergaard	Chairman
Trond Fladvad	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.