

Interim report

Storebrand Boligkreditt AS



2nd quarter
2013

Storebrand Boligkreditt AS

- Half-yearly report for the first half of

(Profit figures for the corresponding period in 2012 are shown in brackets. Balance figures in brackets are for the end of 2012.)

- Profit before taxes of NOK 61 million in Q2 and NOK 106 million in the first half of the year.
- Good portfolio quality
- Loan programme update

Financial performance

Profit before taxes in Q2 was NOK 61 million (NOK 36 million) and NOK 106 million (NOK 46 million) in the first half of 2013. The performance is in line with the general development of the market.

Net interest income for Q2 amounted to NOK 67 million (NOK 40 million) and NOK 121 million (NOK 58 million) for the first half of the year. Lending margins increased over the course of Q1 in line with market developments. As a percentage of average total assets, interest income was 1.46 per cent (0.90 per cent) for Q2 and 1.33 per cent (0.67 per cent) for the first half of the year.

Other operating revenues in Q2 totalled minus NOK 1 million (NOK 1 million) and minus NOK 5 million (minus NOK 4 million) for the first half of the year, originating entirely from bond buy-backs prior to maturity.

Operating costs are stable.

There were slight losses in the portfolio, and in Q2 the company charged NOK 0 million (NOK 1 million) as a net expense on impairment losses on loans and NOK 2 million (NOK 0 million) in the first half of the year.

Balance sheet performance

In the first half of 2013, the lending volume has reduced marginally, and totals NOK 16.9 billion (NOK 17.3 billion). Storebrand Bank and Storebrand Boligkreditt operate with conservative lending practices. The average loan-to-asset value ratio in the portfolio is 47 per cent, against 49 per cent as at the end of 2012. On the date of transfer, the loan to value ratio never exceeds 75 per cent, and due to increased house prices, the average loan-to-asset value ratio is stable. The risk in the loan portfolio is therefore considered to be very low. The company has considerable overcollateralisation.

Defaulted loans at the end of the first half of the year amounted to NOK 32 million (NOK 36 million), equivalent to 0.19 per cent of gross loans in the company (0.21 per cent). Individual impairment losses on loans amount to NOK 3 million at the end of the first half of the year (2 million).

The company's total assets under management at the end of the first half of the year were NOK 17.6 billion compared with NOK 18.1 billion at the end of 2012.

At the end of the quarter, the company had issued covered bonds worth NOK 12.2 billion, with maturities from roughly 1 to 6.5 years. NOK 9.5 billion of these

bonds have been placed in the market, while the remaining NOK 2.7 billion are being held in the parent bank. The bank has used NOK 1.0 billion of a swap scheme with covered bonds, administered by Norges Bank.

Storebrand Boligkreditt has credit facility agreements with Storebrand Bank ASA for the day-to-day operations of the company including the purchase of loans from Storebrand Bank, and to cover interest and repayment on bonds with preferential rights for the next 12 months at any given time.

An updated loan programme equivalent to EUR 2 billion was signed on 28 June 2013. The loan programme is updated annually.

The Norwegian Parliament has adopted new capital requirements that come into force from 1 July 2013. The change in the law involves both new minimum requirements for common equity tier 1 (CET1) capital, as well as new buffer capital requirements for banks, mortgage companies, and parent companies of banking groups. The overall requirements for CET1 capital and total capital will be 9 and 12.5 per cent respectively as of 1 July 2013, and 10 and 13.5 per cent respectively as of 1 July 2014. Additionally, it has been indicated that a counter-cyclical capital buffer of up to 2.5 per cent CET1 capital will be introduced from the second half of 2014. Capital adequacy at the end of the first half of the year was 13.3 per cent, and core capital adequacy was the same. In Q2, the company received a capital injection of NOK 175 million from Storebrand Bank ASA. Equity in the company at the end of the first half of the year amounted to NOK 958 million.

In an environment characterised by much international uncertainty the company will maintain its focus on sound management of credit risk, liquidity risk and control of operational risk and also continue to closely monitor developments in non-performing loans and loan losses.

Developments in the Norwegian and international capital markets, interest rates, unemployment and the property market are regarded as the key risk factors that can affect the results of Storebrand Boligkreditt in the second half of 2013.

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.

Storebrand Boligkreditt AS

PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q2				FULL YEAR
		2013	2012	30.06.2013	30.06.2012	2012
Interest income	7	172.0	161.8	333.9	325.1	645.7
Interest expense	7	-105.5	-122.2	-212.9	-266.9	-496.2
Net interest income	3	66.5	39.6	121.0	58.2	149.5
Commission income						0.1
Commission expense						
Net commission income		0.0	0.0	0.0	0.0	0.1
Net gains on financial instruments	4	-1.3	1.2	-4.8	-3.9	-4.3
Total other operating income		-1.3	1.2	-4.8	-3.9	-4.3
Staff expenses			-0.1	-0.1	-0.1	-0.2
General administration expenses			-0.1	-0.1	-0.1	-0.2
Other operating costs	7	-4.0	-4.2	-8.0	-8.3	-16.4
Total operating costs		-4.0	-4.4	-8.1	-8.5	-16.7
Operating profit before loan losses		61.2	36.4	108.1	45.8	128.6
Loan losses for the period	10	-0.3	-0.5	-1.7	-0.3	-1.1
Profit before tax		60.9	35.9	106.4	45.5	127.5
Tax	6	-17.1	-10.1	-29.8	-12.7	-35.7
Profit for the year		43.9	25.8	76.6	32.8	91.8

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q2				FULL YEAR
	2013	2012	30.06.2013	30.06.2012	2012
Other comprehensive income					
Profit for the period	43.9	25.8	76.6	32.8	91.8
Total comprehensive income for the period	43.9	25.8	76.6	32.8	91.8

Storebrand Boligkreditt AS

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	30.06.2013	31.12.2012
Loans to and deposits with credit institutions		418.2	408.3
Financial assets designated at fair value through profit and loss:			
Derivatives	17	260.3	345.0
Other current assets	7	67.0	24.2
Gross lending	9	16 895.7	17 302.3
- Loan loss provisions on individual loans	10	-2.6	-2.1
- Loan loss provisions on groups of loans	10	-1.6	-0.5
Net lending to customers		16 891.5	17 299.7
Total assets		17 637.0	18 077.3
Liabilities to credit institutions	7, 11	4 411.8	4 618.1
Other financial liabilities:			
Commercial papers and bonds issued	12	12 232.4	12 620.1
Other liabilities	7	0.3	42.7
Deferred tax		34.8	5.0
Total liabilities		16 679.3	17 285.8
Paid in equity		844.0	669.0
Other equity		113.7	122.4
Total equity		957.8	791.4
Total liabilities and equity		17 637.0	18 077.3

Lysaker, 11 July 2013
The Board of Directors of Storebrand Boligkreditt AS

Storebrand Boligkreditt AS

RECONCILIATION OF 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 31.12.2011	350.0	200.1	118.9	669.0		64.6	64.6	733.6
Profit for the period						91.8	91.8	91.8
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	91.8	91.8	91.8
Equity transactions with the owner:								
Group contribution paid				0.0		-33.9	-33.9	-33.9
Equity at 31.12.2012	350.0	200.1	118.9	669.0	0.0	122.5	122.5	791.4
Profit for the period						76.6	76.6	76.6
Pension experience adjustments								
Total other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	76.6	76.6	76.6
Equity transactions with the owner:								
Capital increase not registered in the Register of Business Enterprises			175.0	175.0				175.0
Group contribution paid						-85.3	-85.3	-85.3
Equity at 30.06.2013	350.0	200.1	293.9	844.0	0.0	113.8	113.8	957.8

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.

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

Storebrand Boligkreditt AS

CASH FLOW STATEMENT

NOK MILLION	30.06.2013	30.06.2012
Cash flow from operations		
Net receipts/payments of interest, commissions and fees from customers	332.4	324.6
Net disbursements/payments on customer loans	356.2	-461.5
Net receipts/payments - securities at fair value	-4.8	-3.9
Payments of operating costs	-8.2	-12.6
Net cash flow from operations	675.6	-153.4
Cash flow from financing activities		
Payments - repayments of loans and issuing of bond debt	-505.8	-3 056.5
Receipts - new loans and issuing of bond debt		3 539.1
Payments - interest on loans	-216.3	-281.4
Payments - group contribution	175.0	
Net cash flow from financing activities	-118.5	-47.1
Netto kontantstrøm fra finansieringsaktiviteter	-665.7	154.1
Net cash flow in the period	9.9	0.7
Cash and bank deposits at the start of the period	408.3	422.8
Cash and bank deposits at the end of the period	418.2	423.5

The company has a credit arrangement (drawing facility) with Storebrand Bank ASA that is included in the item "Liabilities to credit institutions" as at 30.06.2013. See also Note 11.

The cash flow analysis shows the company's cash flows for operations, investment and financing activities pursuant to the direct method. The cash flows show the overall change in cash and bank deposits over the year.

Operatios

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 financing activities.

Cash and bank deposits

Cash and bank deposits are defined as lending to and claims on financial institutions.

Notes

NOTE 1 ACCOUNTING PRINCIPLES

The interim accounts for first half of 2013 are prepared in accordance 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 financial statements of Storebrand Boligkreditt AS have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the EU and appurtenant interpretations.

A description of rest of the accounting principles applied by the company in preparing the accounts is found in the Annual report for 2012. See www.storebrand.no. There have not been any changes of accounting principles in 2013.

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 2012.

NOTE 3 NET INTEREST INCOME

NOK MILLION	Q2				FULL YEAR
	2013	2012	30.06.2013	30.06.2012	2012
Interest and other income on loans to and deposits with credit institutions	0.0	2.1	2.8	4.7	10.1
Interest and other income on loans to and due from customers	172.1	159.7	331.1	320.4	635.6
Interest on short-term debt instruments, bonds and other interest-bearing securities					
Other interest income					
Total interest income	172.0	161.8	333.9	325.1	645.7
Interest and other expenses on debt to credit institutions	-32.6	-29.3	-66.1	-67.1	-132.0
Interest and other expenses on deposits from and due to customers					
Interest and other expenses on securities issued	-72.9	-92.9	-146.8	-199.8	-364.2
Interest and other expenses on subordinated loan capital					
Other interest expenses					
Total interest expenses	-105.5	-122.2	-212.9	-266.9	-496.2
Net interest income	66.5	39.6	121.0	58.2	149.5

Notes

NOTE 4 NET GAINS FROM FINANCIAL ASSETS AND LIABILITIES

NOK MILLION	Q2			FULL YEAR	
	2013	2012	30.06.2013	30.06.2012	2012
<i>Fair value hedging</i>					
Realised gain/loss on derivatives and bonds issued, fair value hedging			-2.8		-1.0
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	-1.3	1.4	-2.1	0.8	1.4
Net gain/loss on financial instruments at fair value hedging	-1.3	1.4	-4.8	0.8	0.4
<i>Bonds issued</i>					
Realised gain/loss on bonds issued at amortised cost		-0.2		-4.7	-4.7
Total gain/loss on bonds issued at amortised cost	0.0	-0.2	0.0	-4.7	-4.7
Net income and gains from financial assets and liabilities	-1.3	1.2	-4.8	-3.9	-4.3

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 KEY FIGURES

NOK MILLION	Q2			FULL YEAR	
	2013	2012	30.06.2013	2012	
Profit and Loss account: (as % of avg. total assets) ¹⁾					
Net interest income	1.46%	0.90%	1.33%	0.84%	
Main balance sheet figures:					
Total assets			17 637.0	18 077.3	
Average total assets	18 267.3	17 645.5	18 289.5	17 705.8	
Gross lending to customers			16 895.7	17 302.3	
Equity			957.8	791.4	
Other key figures:					
Loan losses and provisions as % of average total lending	0.01%	0.01%	0.02%	0.01%	
Individual loan loss provisions as % of gross loss-exposed loans ³⁾			10.9 %	7.0 %	
Cost/income ratio	6.2 %	10.8 %	6.9 %	11.5 %	
Return on equity before tax ²⁾			26.7 %	17.3 %	
Core (tier 1) capital ratio			13.3 %	10.4 %	

Definitions:

- ¹⁾ Average total assets is calculated on the basis of monthly total assets for the year.
- ²⁾ Annualised profit before tax adjusted for hedging ineffectiveness as % of average equity.
- ³⁾ Gross loss-exposed loans with evidence of impairment.

Notes

NOTE 6 TAX

Tax cost is based on an expected average tax rate of 28% of company's profit before tax adjusted for permanent difference if there are any differences.

NOTE 7 CLOSE ASSOCIATES

Transactions with group companies as at 30 June 2013:

NOK MILLION	STOREBRAND BANK ASA	OTHER GROUP COMPANIES
Interest income	2.6	
Interest expense	98.2	
Services sold		
Services purchased	6.7	0.4
Due from	340.8	
Liabilities to	4 411.8	

Covered bonds are not included in the overview. Storebrand Bank ASA has invested a total of NOK 2.7 billion in covered bonds issued by Storebrand Boligkreditt AS as of 30 June 2013.

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 agreements with Storebrand Bank ASA for two credit facilities to finance loans purchased and settlement of covered bonds (see note 11).

NOTE 8 SEGMENT INFORMATION

Business segments are the company's primary reporting segments. The company has only one segment, Retail Lending. This segment comprises lending to private individuals, and all loans are purchased from Storebrand Bank ASA. The company's accounts for the first half of 2013 therefore relate entirely to the Retail Lending segment.

Notes

NOTE 9 LOAN TO VALUE RATIOS AND COLLATERAL

NOK MILLION	30.06.2013	31.12.2012
Gross lending ¹⁾	16 895.7	17 302.3
Average loan balance	1.5	1.5
No. of loans	11 127	11 704
Weighted average seasoning (months)	35	33
Weighted average remaining term (months)	208	209
Average loan to value ratio	47%	49%
Over-collateralisation ³⁾	144%	143%
Composition of collateral:		
Residential mortgages ¹⁾	16 842.5	17 217.3
Supplementary security	417.9	406.5
Total	17 260.4	17 623.7

¹⁾ In accordance with the Regulation for credit institutions that issue covered bonds, lending cannot exceed 75% of the value of collateral (i.e. value of properties pledged as collateral). As per 30 June 2013 the company had NOK 20.8 million that exceeds the loan to value limit and has therefore not been included in the cover pool. As per 30 June 2013, the company has 15 non-performing loans, equivalent to NOK 23.5 million. There are eight non-performing loans with impairment of NOK 9.0 million where the impairment is assessed to be NOK 2.6 million. Non-performing loans are not included in the cover pool.

²⁾ Over-collateralisation has been calculated based on total volume of issued covered bonds of nominal value NOK 11.9 billion.

NOTE 10 NON-PERFORMING LOANS AND LOAN LOSSES

NOK MILLION	30.06.2013	31.12.2012
Non-performing loans		
Non-performing loans without evidence of impairment	23.5	30.2
Loss-exposed loans with evidence of impairment	9.0	5.6
Gross non-performing and loss-exposed loans	32.4	35.8
Loan loss provisions on individual loans	-2.6	-2.1
Net non-performing and loss-exposed loans	29.9	33.7
Key figures		
Net non-performing and loss-exposed loans as % of gross lending	0.19%	0.21%

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.

Notes

NOTE 10 NON-PERFORMING LOANS AND LOAN LOSSES (continued)

NOK MILLION	Q2			FULL YEAR	
	2013	2012	30.06.2013	30.06.2012	2012
Change in individual loan loss provisions	-0.3	-0.3	-0.4	-0.7	-1.9
Change in grouped loan loss provisions		-0.1	-1.1	0.5	0.8
Other effects on loan loss provisions	0.2	-0.1	0.1	0.0	
Realised losses specifically provided for previously	-0.2		-0.2		
Realised losses not specifically provided for previously					
Recoveries on previous realised losses					
Loan losses for the period	-0.3	-0.5	-1.7	-0.3	-1.1

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 additional loan loss provisions on individual or for groups of loans as at 30 June 2013.

NOTE 11 LOANS TO AND DEPOSITS WITH CREDIT INSTITUTIONS

The company has two credit facilities with Storebrand Bank ASA. The first agreement is used for general operations, such as the acquisition of home mortgages from Storebrand Bank. The second agreement may be used for repayment of interest and principal on covered bonds and related derivatives. At all times, the size of the available credit facility should cover the interest and repayment of covered bonds for the coming 12 months.

NOTE 12 COMMERCIAL PAPERS AND BONDS ISSUED

Covered bonds:

NOK MILLION					BOOK VALUE
ISIN Code	NOMINAL VALUE	CURRENCY	INTEREST	MATURITY ¹⁾	30.06.2013
NO0010428584	1000.0	NOK	Fixed	06.05.2015	1 070.8
NO0010466071	850.0	NOK	Fixed	24.04.2014	880.9
NO0010548373	1250.0	NOK	Fixed	28.10.2019	1 420.8
NO0010507809	2040.0	NOK	Floating	27.04.2015	2 047.1
NO0010575913	646.5	NOK	Floating	03.06.2016	647.7
NO0010612294	2000.0	NOK	Floating	15.06.2016	1 996.6
NO0010635071	2650.0	NOK	Floating	21.06.2017	2 668.1
NO0010638307	1000.0	NOK	Floating	17.06.2015	1 000.5
NO0010660822	500.0	NOK	Floating	20.06.2018	499.9
Total commercial papers and bonds issued					12 232.4

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

The loan agreements contain standard covenants. Under the loan programme the company's overcollateralisation requirement was 109.5 per cent fulfilled. In H1 2013, Storebrand Boligkreditt AS met all terms and conditions with respect to the loan agreements.

Notes

NOTE 13 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

NOK MILLION	30.06.2013	31.12.2012
Undrawn credit limits	1 838.6	1 794.7
Total contingent liabilities	1 838.6	1 794.7

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

The company has not pledged nor received any collateral.

NOTE 14 CAPITAL ADEQUACY

Net primary capital

NOK MILLION	30.06.2013	31.12.2012
Share capital	350.0	350.0
Other equity	607.8	441.4
Total equity	957.8	791.4
Deductions		
Provision for group contribution		-85.3
Profit not included in the calculation of net primary capital	-76.6	
Core capital exc. Hybrid Tier 1 capital	881.1	706.1
Deductions		
Core capital	881.1	706.1
Deductions		
Net primary capital	881.1	706.1

Minimum capital requirement

NOK MILLION	30.06.2013	31.12.2012
Credit risk	513.5	526.1
Of which:		
Institutions	11.9	11.9
Loans secured against real estate	490.8	503.7
Loans past-due	1.7	2.3
Other	9.1	8.2
Total minimum requirement for credit risk	513.5	526.1
Total minimum requirement for market risk	0.0	0.0
Operational risk ¹⁾	15.7	15.7
Deductions	-0.1	0.0
Minimum requirement for net primary capital	529.1	541.8

Notes

NOTE 14 CAPITAL ADEQUACY (continued)

Capital adequacy

	30.06.2013	31.12.2012
Capital ratio	13.3 %	10.4 %
Core (tier 1) capital ratio	13.3 %	10.4 %
Core capital ratio exc. Hybrid Tier 1 capital	13.3 %	10.4 %

The standard method is used for credit risk and market risk, and the basic method for operational risk. New capital requirements came into force from 1 July 2013. The overall requirements for core tier 1 capital and equity and subordinated loan capital are 9 and 12.5 per cent respectively as of 1 July 2013, and 10 and 13.5 per cent respectively as of 1 July 2014. Additionally, it has been indicated that a counter-cyclical capital buffer of up to 2.5 per cent core tier 1 capital will be introduced from the second half of 2014.

Basis of calculation (risk-weighted volume)

NOK MILLION	30.06.2013	31.12.2012
Credit risk	6 418.6	6 576.2
Of which:		
Institutions	148.7	148.9
Loans secured against real estate	6 135.3	6 296.7
Loans past-due	21.3	28.4
Other	113.3	102.2
Total basis of calculation credit risk	6 418.6	6 576.2
Total basis of calculation market risk	0.0	0.0
Operational risk	196.8	196.8
Deductions:		
Loan loss provisions on groups of loans	-1.6	-0.5
Total basis of calculation of minimum requirements for capital base	6 613.8	6 772.5

Notes

NOTE 15 QUARTERLY PROFIT AND LOSS

NOK MILLION	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Interest income	172.0	161.9	161.1	159.5	161.8	163.3	157.3	123.9
Interest expense	-105.5	-107.4	-110.1	-119.2	-122.2	-144.7	-150.0	-110.9
Net interest income	66.5	54.5	51.0	40.3	39.6	18.6	7.3	13.0
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	-1.3	-3.5	0.1	-0.5	1.2	-5.2	0.2	0.0
Other income								
Total other operating income	-1.3	-3.5	0.1	-0.5	1.2	-5.2	0.2	0.0
Staff expenses			-0.1	0.0	-0.1		-0.1	
General administration expenses					-0.1			
Other operating cost	-4.0	-4.0	-4.0	-4.1	-4.2	-4.1	-3.9	-4.4
Total operating costs	-4.0	-4.0	-4.1	-4.1	-4.4	-4.1	-4.0	-4.5
Operating profit before loan losses	61.2	46.9	47.1	35.7	36.4	9.4	3.6	8.5
Loan losses for the period	-0.3	-1.4		-0.8	-0.5	0.3	-0.2	0.7
Profit before tax	60.9	45.5	47.1	34.9	35.9	9.6	3.4	9.2
Tax	-17.1	-12.8	-13.2	-9.8	-10.1	-2.7	-0.9	-2.6
Profit for the year	43.9	32.8	33.9	25.1	25.8	6.9	2.4	6.6

Notes

NOTE 16 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 2012 annual report explains the company's financial risks which also is representative of the financial risks as per 30 June 2013.

NOTE 17 VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

Storebrand Boligkreditt AS conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value.

Unlisted derivatives, including primarily interest rate and foreign exchange instruments, are also valued theoretically. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Reuters, Bloomberg and Norges Bank.

Storebrand Boligkreditt AS carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

The Storebrand Group categorises financial instruments that are valued at fair value into three different levels which are described in more detail in the Annual report for 2012. The levels express the differing degrees of liquidity and different measurement methods used.

Specification of financial assets at fair value

NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	BOOK VALUE	BOOK VALUE
	QUOTED PRICES	OBSERVABLE AS-SUMPTIONS	NON-OBSERVABLE ASSUMPTIONS	30.06.2013	31.12.2012
Interest rate derivatives		260.3		260.3	345.0
Total derivatives	0	260.3	0.0	260.3	345.0
Derivatives with a positive fair value		260.3		260.3	345.0
Derivatives with a negative fair value					
Total derivatives 2012		345.0			

There have not been any changes between quoted prices and observable assumptions on the various financial instruments in the quarter.

Storebrand Boligkreditt AS

- Declaration by the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer have today considered and approved the half-yearly report and half-yearly accounts of Storebrand Boligkreditt AS for the first six months as at 30 June 2013 (the 2013 half-yearly report).

The half-yearly report has been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting as approved by the EU, as well as the additional Norwegian requirements set out in the Securities Trading Act.

The Board of Directors and the Chief Executive Officer hereby confirm that, to the best of their knowledge, the half-yearly accounts for 2013 have been prepared in accordance with the current accounting standards, and the information contained in the accounts gives a true and fair view of the company's assets, liabilities, and financial position taken as a whole as at 30 June 2013.

The Board of Directors and the Chief Executive Officer confirm that, to the best of their knowledge, the half-yearly report gives a true and fair summary of important events during the accounting period and their effect on the half-yearly accounts. The Board of Directors and the Chief Executive Officer also confirm that, to the best of their knowledge, the description of the most important risk and uncertainty factors that the business faces in the next accounting period, together with the description of material transactions with close associates, provide a true and fair summary.

Lysaker, 11 July 2013

The Board of Directors of Storebrand Boligkreditt AS

Heidi Skaaret

Chairman of the Board

Geir Holmgren

Deputy Chairman of the Board

Leif Helmich Pedersen

Thor Bendik Weider

Åse Jonassen

Chief Executive Officer

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 June 30, 2013, and the related statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the six-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" as 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 interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by EU.

Oslo, July 11, 2013
Deloitte AS

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

Company information

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Åse Jonassen CEO

Board of Directors:

Heidi Skaaret	Chairman
Geir Holmgren	Deputy chairman
Thor Bendik Weider	Board Member
Leif Helmich Pedersen	Board Member

Contact persons:

Åse Jonassen. CEO. 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.