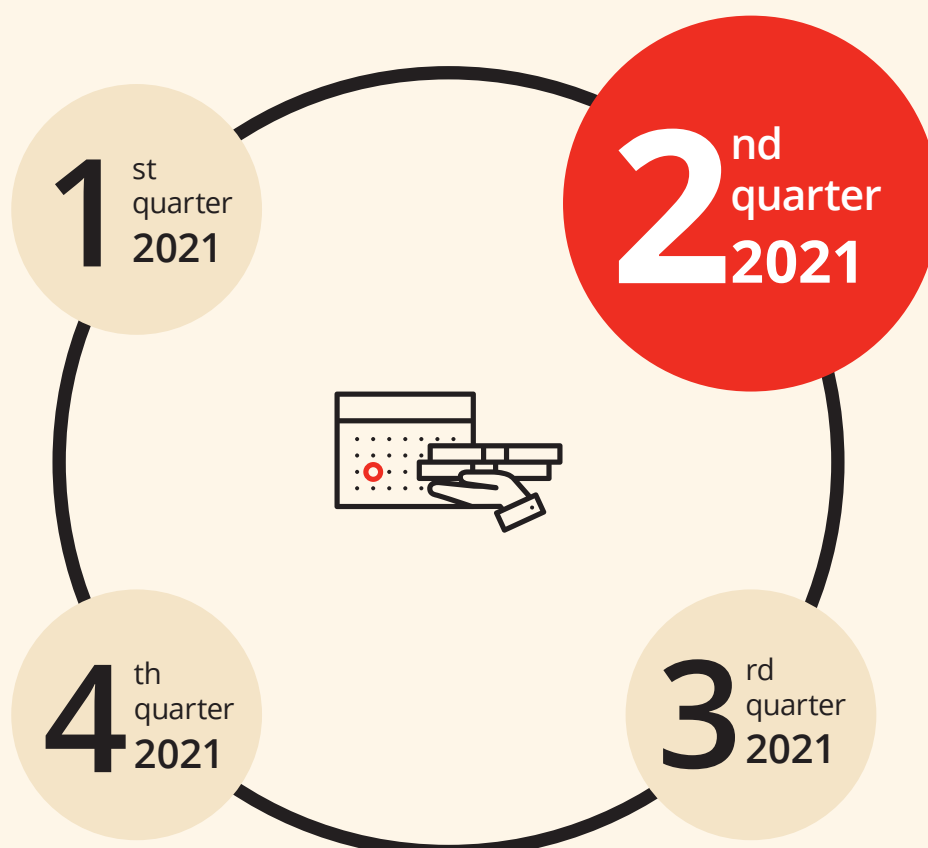


Interim report 2021

Storebrand Boligkreditt AS (unaudited)



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This document may contain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Storebrand Group's control. As a result, the Storebrand Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in these forward-looking statements. Important factors that may cause such a difference for the Storebrand Group include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) market related risks such as changes in equity markets, interest rates and exchange rates, and the performance of financial markets generally. The Storebrand Group assumes no responsibility to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make.

Storebrand Boligkreditt AS

- Interim report for the first half of 2021

(Profit figures for the corresponding period in 2020 are shown in brackets. Balance sheet figures in brackets are for the end of 2020)

- Solid interest margins
- Increased lending

Financial performance

Pre-tax profit was NOK 37 million (NOK 7 million) for the second quarter and a pre-tax of NOK 77 million (NOK 24 million) year to date.

Net interest income was NOK 61 million (NOK 28 million) in the second quarter. The increase from the second quarter of 2020 was due to both increased lending volume and increased margins. As a percentage of average total assets, net interest income was 1.03 per cent (0.54 per cent) for the second quarter and 1.03 per cent (0.73 per cent) year to date.

Other operating income in the second quarter amounted to minus NOK 0.5 million (NOK 0.1 million) and NOK 3 million (minus NOK 4 million) year to date and relate to net gain on financial instruments at fair value.

Operating expenses was stable in the quarter and totalled NOK 23 million (NOK 21 million) in the second quarter and NOK 45 million (NOK million 43) year to date.

Loan losses in the second quarter amounted to NOK 0.4 million recognised as loss (NOK 0.5 million gain) and gain of NOK 0.2 million (NOK 4 million loss) year to date.

Balance sheet development

The lending volume has increased by NOK 3.1 billion since the end of 2020 and amounted to NOK 24.1 billion (NOK 21.1 billion). Storebrand Bank ASA and Storebrand Boligkreditt AS operate with restrictive lending practices. The average loan-to-value ratio in the portfolio was 52 per cent (52 per cent) at the end of the first half-year. On the date of transfer, the loan-to-value ratio never exceeds 75 per cent. The company has over-collateralisation of 127 per cent (116 per cent).

Defaulted loans at the end of the first half-year amounted to NOK 35 million (NOK 41 million), equivalent to 0.14 per cent of gross loans in the company (0.19 per cent). All the loans have a loan-to-value ratio within 75 per cent of market value or have mainly been written down. Loan loss provisions amounted to NOK 4 million (NOK 4 million) at the end of the half-year.

The company's loan programme is AAA rated by S&P Global Ratings.

At the end of the first half-year of 2021, the company had a liquidity portfolio consisting of fixed-income securities with a AAA rating and AA+ rating from S&P Global Ratings with a market value of NOK 290 million, which is classified at amortised cost.

The company's total assets as of 30 June 2021 were NOK 24.5 billion (NOK 22.6 billion), an increase of NOK 1.9 billion compared with the end of 2020.

At the end of the first half-year of 2021, Storebrand Boligkreditt AS had issued covered bonds with a total carrying amount of NOK 19 billion with remaining terms of approximately 11 months to 10 years.

Storebrand Boligkreditt AS has two credit facilities with Storebrand Bank ASA. One of these is a normal overdraft facility, with a ceiling of NOK 6.0 billion. This has no expiry date but can be terminated by the bank on 15 months' notice. The other facility may not be terminated by Storebrand Bank ASA until at least 3 months after the maturity date of the covered bond and the associated derivatives with the longest period to maturity.

Capital adequacy

Equity in the company at the end of the first half-year amounted to NOK 1.7 billion (NOK 1.6 billion) after group contributions paid/received. The eligible capital (Tier 1 capital + Tier 2 capital) at the end of the first half-year amounted to NOK 1.6 billion (NOK 1.6 billion). The capital base of Storebrand Boligkreditt AS consists entirely of Core Equity Tier 1 (CET1). The CET1 adequacy ratio in the company was 17.5 per cent (19.7 per cent) at the end of the first half-year. The requirement for the capital base was 14.5 per cent as of 30 June 2021. The company has satisfactory solvency and liquidity based on the company's business activities. The company satisfied the combined capital and capital buffer requirements by a good margin at the end of the first half-year.

Storebrand Boligkreditt AS must comply with an LCR of 100 per cent. At the end of the first half-year of 2021, the company's LCR was 2,221 per cent.

Credit risk

The loan portfolio at 30 June 2021 is not significantly changed from previous quarters. The portfolio consists of loans and credits secured in real estate. The average LTVs are low and have not changed significantly from previous quarters. Loans in arrear and defaulted loans are on similar levels as in previous quarters.

The macroeconomic uncertainty is still reflected in the IFRS 9 expected credit losses, even though there are signs of macroeconomic improvement. The delta variant of the corona virus has led to increase in infections in some countries, causing higher macroeconomic uncertainty. Storebrand Boligkreditt AS has not changed the outlook significantly from the first quarter of 2020, and the parameters in the model remain unchanged from Q1 2021. The expected credit losses are therefore not significantly changed in the second quarter. There is still a higher uncertainty in the point estimate of expected credit losses compared to credit losses pre-COVID-19 at year end 2019, as well as a higher possibility for larger variations in expected credit losses in future quarters.

Strategy and future prospects

In 2021, Storebrand Boligkreditt AS will continue its core activity, which is the acquisition and management of mortgages from Storebrand Bank ASA. The company is aiming for moderate growth in collateralisation during 2021. Storebrand Boligkreditt AS will continue to monitor the development of Covid-19 and adjust its operations to the changing conditions, both in terms of macroeconomic development and impact on individual customers.

The market trends and the non-performing loans are being closely monitored. Efforts to ensure good working procedures and high data quality will continue and thereby ensure that government and rating requirements continue to be fulfilled. 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 AS in 2021.

New issues of covered bonds will be made available when the company decides it is favourable to do so and there is sufficient collateral. Storebrand Boligkreditt AS will continue to contribute to Storebrand Bank ASA having diversified financing.

The Board of Directors are not aware of any events of material importance to the preparation of the interim financial statements that have occurred since the balance sheet date.

Lysaker, 13 July 2021

The Board of Directors of Storebrand Boligkreditt AS

Storebrand Boligkreditt AS

Key figures

NOK million and percentage	Q2				Full Year
	2021	2020	30.06.2021	30.06.2020	2020
Profit and loss account: (as % of avg. total assets) ¹⁾					
Net interest income	1.03 %	0.54 %	1.03 %	0.73 %	0.93 %
Profit before other comprehensive income as % of total assets			0.24 %	0.05 %	0.27 %
Main balance sheet figures:					
Total assets			24,478.9	19,699.7	22,587.5
Average total assets	23,530.3	20,537.3	23,229.4	20,535.1	21,249.2
Gross loans to customers			24,124.1	18,904.9	21,069.7
Equity			1,669.1	1,554.6	1,609.0
Other key figures:					
Loan losses and provisions as % of average total lending	0.01 %	0.08 %	0.00 %	0.08 %	0.01 %
Individual loan loss provisions as % of gross loss-exposed loans ²⁾			13.6 %	22.1 %	12.5 %
Cost/income ratio	38.3 %	49.4 %	36.8 %	49.4 %	46.7 %
Core equity Tier 1 (CET1) capital ratio			17.5 %	18.9 %	19.7 %
LCR ³⁾			2,221.0 %	892.0 %	991.0 %

Definitions:

- 1) Average total assets is calculated on the basis of monthly total assets for the quarter and for the year respectively..
- 2) Gross loss-exposed loans with evidence of impairment.
- 3) Liquidity coverage requirement.

Storebrand Boligkreditt AS

Income statement

(NOK million)	note	Q2			Full year	
		2021	2020	30.06.2021	30.06.2020	2020
Interest income and similar income						
Interest income calculated by using the effective interest method		101.6	110.8	200.8	265.0	462.7
Other interest income		1.2	0.3	3.1	0.8	3.2
Total interest income and similar income		102.8	111.1	203.9	265.8	465.8
Interest expenses and similar expenses						
Interest expenses calculated by using the effective interest method		-43.1	-83.1	-86.1	-189.7	-265.0
Other interest expenses		0.9	-0.4	0.3	-1.3	-3.4
Total interest expenses and similar expenses		-42.3	-83.5	-85.7	-191.0	-268.4
Net interest income	12	60.6	27.6	118.2	74.8	197.5
Fee and commission income from banking services						
Fee and commission income from banking services				0.1		0.1
Fee and commission expense for banking services		-0.1	-0.1	-0.2	-0.2	-0.3
Net change in fair value and gain/loss on foreign exchange and financial instruments						
Net change in fair value and gain/loss on foreign exchange and financial instruments		-0.4	0.2	3.4	-4.3	-16.2
Staff expenses						
Staff expenses		-0.1	-0.1	-0.1	-0.1	-0.2
Other operating expenses		-23.0	-21.4	-44.6	-42.4	-84.2
Total operating expenses		-23.0	-21.5	-44.8	-42.5	-84.5
Total credit loss on loans, guarantees and interest-bearing securities						
Total credit loss on loans, guarantees and interest-bearing securities	14	-0.4	0.5	0.2	-3.8	-2.7
Profit before tax for continued operations		36.6	6.8	77.0	24.1	93.8
Tax on profit from continued operations						
Tax on profit from continued operations	3	-8.0	-1.5	-16.9	-5.3	-20.6
Profit before other comprehensive income		28.5	5.3	60.0	18.8	73.2
<i>Other comprehensive income</i>						
<i>Other income and expenses not to be reclassified to profit/loss</i>						
Other income and expenses						
Tax on other income and expenses not to be reclassified to profit/loss						
<i>Other income and expenses that may be reclassified to profit/loss</i>						
Change in unrealised gain/loss on loans valued at fair value through other comprehensive income (OCI)						
Other income and expenses						
Tax on other income and expenses that may be reclassified to profit/loss						
Total other income and expenses		0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the period		28.5	5.3	60.0	18.8	73.2

Storebrand Boligkreditt AS

Statement of financial position

(NOK million)	note	30.06.2021	30.06.2020	31.12.2020
Loans to and deposits with credit institutions	6	11.6	15.3	8.3
Loans to customers	6, 11, 13, 15,16, 17	24,120.1	18,899.7	21,065.6
Interest-bearing securities	6	290.2	744.6	1,497.8
Derivatives	6	7.1		
Other current assets	6	49.8	40.1	15.8
Total assets		24,478.9	19,699.7	22,587.5
Loans and deposits from credit institutions	6, 8	3,829.9	1,117.9	1,712.7
Debt securities issued	6, 9	18,952.8	17,019.3	19,243.1
Derivatives	6			
Other current liabilities	6	3.6	1.3	0.7
Tax payable		16.9	5.3	15.3
Deferred tax		6.6	1.3	6.6
Provisions for guarantees and unused credit facilities	17			
Total liabilities		22,809.8	18,145.1	20,978.5
Share capital		490.0	490.0	490.0
Share premium		550.1	550.1	550.1
Other paid in equity		521.4	467.0	467.0
Total paid in equity		1,561.5	1,507.0	1,507.0
Other equity		107.6	47.6	102.0
Total retained earnings		107.6	47.6	102.0
Total equity	10	1,669.1	1,554.6	1,609.0
Total liabilities and equity		24,478.9	19,699.7	22,587.5

Lysaker, 13 July 2021
The Board of Directors of Storebrand Boligkreditt AS

Storebrand Boligkreditt AS

Statement of changes in equity

(NOK million)	Share capital	Share premium	Other paid in equity	Total paid in equity	Other equity	Total retained earnings	Total equity
Equity at 31.12.2019	490.0	550.1	404.3	1,444.4	91.4	91.4	1,535.8
Profit for the period					73.2	73.2	73.2
Other comprehensive income							
Total comprehensive income for the period	0.0	0.0	0.0	0.0	73.2	73.2	73.2
Equity transactions with the owner:							
Group contribution received			62.6	62.6			62.6
Group contribution paid					-62.6	-62.6	-62.6
Equity at 31.12.2020	490.0	550.1	467.0	1,507.0	102.0	102.0	1,609.0
Profit for the period					60.0	60.0	60.0
Other comprehensive income							
Total comprehensive income for the period	0.0	0.0	0.0	0.0	60.0	60.0	60.0
Equity transactions with the owner:							
Group contribution received			54.4	54.4			54.4
Group contribution paid					-54.4	-54.4	-54.4
Equity at 30.06.2021	490.0	550.1	521.4	1,561.5	107.6	107.6	1,669.1
Equity at 31.12.2019	490.0	550.1	404.3	1,444.4	91.4	91.4	1,535.8
Profit for the period					18.8	18.8	18.8
Other comprehensive income							
Total comprehensive income for the period	0.0	0.0	0.0	0.0	18.8	18.8	18.8
Equity transactions with the owner:							
Group contribution received			62.6	62.6			62.6
Provision for group contribution					-62.6	-62.6	-62.6
Equity at 30.06.2020	490.0	550.1	467.0	1,507.0	47.6	47.6	1,554.6

Storebrand Boligkreditt AS is 100 per cent owned by Storebrand Bank ASA. Number of shares are 35 000 000 of nominal value NOK 14 per share.

Storebrand Boligkreditt AS

Statement of cash flow

(NOK million)	30.06.2021	30.06.2020
Cash flow from operating activities		
Net receipts of interest, commissions and fees from customers	199.7	274.8
Net disbursements/payments on customer loans	-3,087.0	1,470.4
Net receipts/payments on securities	1,211.6	-604.6
Payments of operating costs	-43.0	-47.3
Net cash flow from operating activities	-1,718.7	1,093.4
Cash flow from financing activities		
Payments - repayments of loans and issuing of bond debt	-1,067.0	-5,891.3
Receipts - new loans and issuing of bond debt	780.0	3,534.3
Payments - interest on loans	-92.8	-176.0
Net receipts/payments of liabilities to credit institutions	2,117.2	1,465.7
Receipts - group contribution	54.4	62.6
Payments - group contribution	-69.8	-80.3
Net cash flow from financing activities	1,722.0	-1,084.9
Net cash flow in the period	3.3	8.4
Cash and bank deposits at the start of the period	8.3	6.8
Cash and bank deposits at the end of the period	11.6	15.3

Storebrand Boligkreditt AS has credit facility agreements with Storebrand Bank ASA . The amount drawn on the credit facilities is recognised in the item "Liabilities to credit institutions" as at 30.06.2021. See also Note 8.

Storebrand Boligkreditt AS

Notes

Note 01 | Accounting principles

The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not contain all the information that is required in full annual financial statements. The financial statements of Storebrand Boligkreditt AS have been prepared in accordance with International Financial Reporting Standards (IFRS) and appurtenant interpretations.

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2020 annual report, and the interim financial statements are prepared with respect to these accounting policies.

There are none new or changed accounting standards that entered into effect in 2021.

Note 02 | Estimates

Critical accounting estimates and judgements are described in the 2020 annual financial statements' note 2 and valuation of financial instruments at fair value are described in note 8.

In preparing financial statements the management are required to make judgements, estimates and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and expectations of future events and represent the management's best judgment at the time the financial statements were prepared.

Actual results may differ from these estimates.

The uncertainty of the economic development causes an increase in expected credit losses from year end 2020. There is also a higher uncertainty in the point estimate of expected credit losses, and there is a higher possibility in larger variations in expected credit losses in the next quarters. See further information in note 5 financial risk and note 16 non-performing loans and loan losses.

Note 03 | Tax

Storebrand Boligkreditt AS has activities within "Section K" (financing and insurance activities as defined in Standard Industrial Classification 2007) which exceed 30 per cent and are therefore subject to the financial tax, but since the company does not have any employees it is not subject to finance tax. A tax rate of 22 per cent has been used for capitalizing deferred tax asset in the balance sheet.

Note 04 | Related Parties

Issued covered bonds

Storebrand Bank ASA has not invested in covered bonds issued by Storebrand Boligkreditt AS as of 30 June 2021.

Loans transferred from Storebrand Bank ASA

Storebrand Bank ASA sells loans to the mortgage company Storebrand Boligkreditt AS. Once the loans are transferred, Storebrand Boligkreditt AS assumes all the risks and benefits of owning the loan portfolio. It is Storebrand Boligkreditt AS that receives all the cash flows from the loan customer. Storebrand Bank ASA shall arrange the transfer and return of loans when changes have to be made in case of change from variable to fixed interest and conversion to a flexible mortgage. In some cases Storebrand Bank ASA shall arrange the transfer and return of loans when changes of loan amount or conversion to another mortgage product have to be made. The costs are included in the contractual administration fee. Non-performing loans in Storebrand Boligkreditt AS remain in the company. These loans will, pursuant to the service agreement with Storebrand Bank ASA, be treated in the same way as non-performing loans in the bank. Specific reports are prepared for non-performing loans in Storebrand Boligkreditt AS. These loans are not included in the cover pool.

Loans to employees can be transferred to Storebrand Boligkreditt AS. The difference between the market interest rate and the subsidised interest rate is covered monthly by the company in which the debtor is employed.

Storebrand Bank ASA has not pledged any guarantees in connection with loans to Storebrand Boligkreditt AS.

Credit facilities with Storebrand Bank ASA

Storebrand Boligkreditt AS has two credit facilities with Storebrand Bank ASA. See note 8 for more information.

Other

Storebrand Boligkreditt AS has no employees, and purchases personnel resources from Storebrand Bank ASA and services including accounting functions from Storebrand Livsforsikring AS.

Storebrand Boligkreditt AS conducts transactions with close associates as part of its normal business activities. The terms for transactions with senior employees and related parties are stipulated in note 27 in the 2020 annual report for Storebrand Boligkreditt AS.

Note 05 | Financial risk

Notes 4 to 8 in the 2020 annual report provide a detailed overview of the company's financial risk. The descriptions are applicable at 31 March 2021.

Credit Risk – credit exposure

There are no significant changes to PD, EAD and LGD estimates from 31 March 2021 to 30 June 2021. The LTV's are not significantly changed. There are no significant changes to loans in arrear and defaulted loans at 30 June 2021 compared to previous quarters.

The macro economic uncertainty is still reflected in the IFRS 9 expected credit losses, even though there are signs of macro economic improvement. The delta variant of the corona virus has led to increase in infections in some countries, causing higher macro economic uncertainty. Storebrand Bank has not changed the outlook significantly from the first quarter of 2020, and the parameters in the model remain unchanged from Q1 2021. The expected credit losses are therefore not significantly changed in the second quarter. There is still a higher uncertainty in the point estimate of expected credit losses compared to credit losses pre-COVID-19 at year end 2019, as well as a higher possibility for larger variations in expected credit losses in future quarters.

Loan-to-value ratio, secured loans

(NOK million)	30.06.2021			
	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
0% - 40%	21.7 %	4,887.4	580.0	5,467.4
40% - 60%	40.5 %	9,818.7	373.7	10,192.4
60% - 80%	36.5 %	9,136.8	54.0	9,190.8
80% - 90%	0.9 %	198.7	15.2	213.8
90% - 100%	0.2 %	48.3	3.3	51.6
> 100%	0.1 %	34.0	3.6	37.6
Total secured loans	100.0 %	24,123.8	1,029.8	25,153.7
Loan commitments and financing certificates, secured				
Total secured loans incl. loan commitments and financing certificates		24,123.8	1,029.8	25,153.7

(NOK million)	31.12.2020			
	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
0% - 40%	27.2 %	4,999.2	1,023.7	6,023.0
40% - 60%	31.9 %	7,013.7	62.0	7,075.8
60% - 80%	39.8 %	8,806.7	4.9	8,811.6
80% - 90%	0.6 %	139.8		139.8
90% - 100%	0.3 %	69.2		69.2
> 100%	0.2 %	40.7		40.7
Total secured loans	100.0 %	21,069.4	1,090.7	22,160.1
Loan commitments and financing certificates, secured				
Total secured loans incl. loan commitments and financing certificates		21,069.4	1,090.7	22,160.1

Risk related to secured loans

(NOK million)	Distribution in per cent	30.06.2021		
		Book value (gross)	Unused credit limits	Total commitments
Low risk	95.2 %	22,928.9	1,028.5	23,957.5
Medium risk	4.4 %	1,095.1	1.3	1,096.4
High risk	0.3 %	65.2		65.3
Non-performing and loss-exposed loans incl. loans with evidence of impairment	0.1 %	34.6		34.6
Total secured loans incl. loan commitments and financing certificates	100.0 %	24,123.8	1,029.8	25,153.7
Loan commitments and financing certificates, secured				
Total secured loans incl. loan commitments and financing certificates		24,123.8	1,029.8	25,153.7

(NOK million)	Distribution in per cent	31.12.2020		
		Book value (gross)	Unused credit limits	Total commitments
Low risk	94.2 %	19,795.3	1,088.6	20,884.0
Medium risk	5.2 %	1,144.8	2.1	1,146.8
High risk	0.4 %	88.7		88.8
Non-performing and loss-exposed loans incl. loans with evidence of impairment	0.2 %	40.6		40.6
Total secured loans	100.0 %	21,069.4	1,090.7	22,160.1
Loan commitments and financing certificates, secured				
Total secured loans incl. loan commitments and financing certificates		21,069.4	1,090.7	22,160.1

Note 06 | Valuation of financial instruments

The Storebrand group categorises financial instruments on three different levels. Criteria for the categorisation and processes associated with valuing are described in more detail in note 8 in the 2020 annual report for Storebrand Boligkreditt AS.

The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

Valuation of financial instruments at fair value through profit and loss (FVTPL)

(NOK million)	Level 1	Level 2	Level 3	Book value	Book value
	Quoted prices	Observable assumptions	Non-observable assumptions	30.06.2021	31.12.2020
Government and government guaranteed bonds					
Mortgage and asset backed bonds					1,456.1
Total interest-bearing securities 30.06.2021	0.0	0.0	0.0	0.0	
Total interest-bearing securities 31.12.2020		1,456.1			
Interest rate derivatives		7.1		7.1	
Total derivatives 30.06.2021	0.0	7.1	0.0	7.1	
Derivatives with a positive fair value		7.1		7.1	
Derivatives with a negative fair value					
Total derivatives 31.12.2020					

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

Valuation of financial instruments at fair value through other comprehensive income (FVOCI)

(NOK million)	Stage 1	Stage 2	Stage 3	Book value 30.06.2021	Book value 31.12.2020
Loans to customers - retail market			24,120.1	24,120.1	21,065.6
Total loans to customers			24,120.1	24,120.1	21,065.6

Valuation of financial instruments at amortised cost

(NOK million)	Fair value 30.06.2021	Book value 30.06.2021	Fair value 31.12.2020	Book value 31.12.2020
Financial assets				
Loans to and deposits with credit institutions	11.6	11.6	8.3	8.3
Loans to customers - retail market				
Other current assets	49.8	49.8	15.8	15.8
Interest-bearing securities	290.2	290.2	41.8	41.7
Financial liabilities				
Liabilities to credit institutions	3,829.9	3,829.9	1,712.7	1,712.7
Debt securities issued	19,040.5	18,952.8	19,325.3	19,243.1
Other liabilities	3.6	3.6	0.7	0.7

Note 07 | 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 2nd quarter of 2021 therefore relate entirely to the Retail Lending segment.

Note 08 | Liabilities to credit institutions

Storebrand Boligkreditt AS has two credit facilities with Storebrand Bank ASA.

One of these facilities is a normal overdraft facility, with a commitment of NOK 6 billion. This has no expiry date, but can be terminated by the bank on 15 months' notice.

The amount of the other facility is the payment obligations of Storebrand Boligkreditt AS the following 31 days on interest and principal amounts regarding Covered Bonds, including any connected derivatives. This facility may not be terminated by Storebrand Bank ASA until at least 3 months after the maturity date of the covered bond and the associated derivatives with the longest period to maturity.

In 2021 all covenant requirements are fulfilled.

Note
09

Debt securities issued

Covered bonds

(NOK million) ISIN Code	Nominal value	Currency	Interest	Maturity ¹⁾	Book value 30.06.2021
NO0010786726	4,000.0	NOK	Floating	15.06.2022	4,005.7
NO0010813959	4,000.0	NOK	Floating	20.06.2023	4,002.4
NO0010873177	5,000.0	NOK	Floating	19.06.2024	4,997.2
NO0010894199	5,000.0	NOK	Floating	25.06.2025	5,148.2
NO0010936917	300.0	NOK	Floating	21.02.2031	313.9
NO0010951528	480.0	NOK	Fixed	15.04.2031	485.4
Total debt securities issued ²⁾	18,780.0				18,952.8
Total debt securities issued as at 31.12.2020	19,067.0				19,243.1

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

2) For covered bonds (CBs) that are allocated to the company's security, regulatory requirements for over-collateralisation of 102 per cent and an over-collateralisation requirement of 109.5 per cent apply for bonds issued prior to 21 June 2017. In 2021 all covenants are fulfilled. See note 11.

Note
10

Capital Adequacy

Eligible capital

(NOK million)	30.06.2021	31.12.2020
Share capital	490.0	490.0
Other equity	1,179.1	1,119.0
Total equity	1,669.1	1,609.0
Deductions		
Profit not included in the calculation of eligible capital	-60.0	
AVA adjustments	-24.1	-22.5
Provision for group contribution		-54.4
Additions		
Group contribution received		54.4
Core Equity Tier 1 (CET1)	1,584.9	1,586.6
Additional Tier 1 capital		
Capital instruments eligible as Additional Tier 1 capital		
Additions		
Tier 1 capital	1,584.9	1,586.6
Tier 2 capital		
Subordinated loans		
Tier 2 capital deductions		
Eligible capital (Tier 1 capital + Tier 2 capital)	1,584.9	1,586.6

Minimum capital requirement

(NOK million)	30.06.2021	31.12.2019
Credit risk	698.5	621.3
Of which:		
Institutions	1.1	0.3
Loans secured against real estate	668.7	584.5
Loans past-due	2.7	3.3
Covered bonds		11.6
Other	26.1	21.6
Total minimum requirement for credit risk	698.5	621.3
Total minimum requirement for market risk	0.0	0.0
Operational risk	24.3	22.6
CVA risk ¹⁾	1.8	
Deductions		
Minimum requirement for net primary capital	724.7	644.0

1) Regulation on own funds requirements for credit valuation adjustment risk.

Capital adequacy

	30.06.2021	31.12.2020
Capital ratio	17.5 %	19.7 %
Tier 1 capital ratio	17.5 %	19.7 %
Core equity Tier 1 (CET1) capital ratio	17.5 %	19.7 %

The standard method is used for credit risk and market risk and the basis method is used for operational risk. Total requirement to Core Equity Tier 1 (CET1) and eligible capital (Tier 1 capital + Tier 2 capital) are 12.3 per cent and 15.8 per cent. The countercyclical capital buffer requirement has decreased to 1.0 percentage from 31 March 2020.

Basis of calculation (risk-weighted volume)

(NOK million)	30.06.2021	31.12.2020
Credit risk	8,731.5	7,766.6
Of which:		
Institutions	13.7	3.7
Loans secured against real estate	8,358.3	7,306.2
Loans past-due	33.7	41.7
Covered bonds		145.5
Other	325.8	269.5
Total basis of calculation credit risk	8,731.5	7,766.6
Total basis of calculation market risk	0.0	0.0
Operational risk	304.1	283.0
CVA risk	22.8	
Deductions		
Total basis of calculation of minimum requirements for capital base	9,058.4	8,049.6

Note
11

Loan to value ratios and collateral

(NOK million)	30.06.2021	31.12.2020
Gross loans ¹⁾	24,124.1	21,069.7
Average loan balance per customer	2.5	2.3
No. of loans	10,386	9,560
Weighted average seasoning (months)	34	36
Weighted average remaining term (months)	287	279
Average loan to value ratio	52 %	52 %
Over-collateralisation ²⁾	127 %	116 %
Cover pool:		
Residential mortgages ¹⁾	24,030.0	20,966.3
Supplementary security	2.3	1,355.7
Total	24,032.3	22,321.9

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 2021, the company had NOK 48 million that exceeds the loan to value limit and has therefore not been included in the cover pool. As per 30 June 2021, the company has 14 non-performing loans without evidence of impairment, equivalent to NOK 29 million. There are 4 non-performing loans with evidence of impairment of NOK 6 million where the impairment is assessed to be NOK 1.2 million. Non-performing loans with and without evidence of impairment, are not included in the cover pool.

2) Over-collateralisation has been calculated based on total volume of issued covered bonds of NOK 18.8 billion (nominal value).

Note
12

Net interest income

(NOK million)	Q2		Full Year		
	2021	2020	30.06.2021	30.06.2020	2020
Interest on loans to credit institutions		0.1		0.3	0.5
Interest on loans to customers - loans valued at fair value with change in value through other comprehensive income (OCI)	101.5	110.6	200.7	264.4	461.8
Interest on interest-bearing securities valued at amortised cost	0.1	0.1	0.2	0.3	0.4
Total interest income calculated by using the effective interest method	101.6	110.8	200.8	265.0	462.7
Interest on interest-bearing securities valued at fair value with change in value through profit and loss	1.2	0.3	3.1	0.8	3.2
Total other interest income	1.2	0.3	3.1	0.8	3.2
Total interest income	102.8	111.1	203.9	265.8	465.8
Interest on loans from credit institutions	-3.9	-7.1	-8.2	-19.5	-27.1
Interest on debt securities issued	-39.2	-76.0	-77.8	-170.1	-237.8
Total interest expenses calculated by using the effective interest method	-43.1	-83.1	-86.1	-189.7	-265.0
Interest on derivatives	1.6		2.0		
Other interest expenses	-0.8	-0.4	-1.7	-1.3	-3.4
Total other interest expenses	0.9	-0.4	0.3	-1.3	-3.4
Total interest expenses	-42.3	-83.5	-85.7	-191.0	-268.4
Net interest income	60.6	27.6	118.2	74.8	197.5

Note 13 | Off balance sheet liabilities and contingent liabilities

(NOK million)	30.06.2021	31.12.2020
Unused credit facilities	1,029.8	1,090.7
Total contingent liabilities	1,029.8	1,090.7

Unused credit facilities encompass unused flexible mortgage facilities.

Per 30 June 2021, the company has not pledged any collateral.

Note 14 | Losses on loans, guarantees and unused credits

(NOK million)	30.06.2021			30.06.2020		
	Loans to customers and securities valued at amortised cost and loans to customers valued at fair value through other comprehensive income (OCI)	Guarantees and unused credit limits which not are valued at fair value through profit and loss	Total	Loans to customers and securities valued at amortised cost and loans to customers valued at fair value through other comprehensive income (OCI)	Guarantees and unused credit limits which not are valued at fair value through profit and loss	Total
The periods change in impairment losses stage 1	-0.7		-0.7	-0.8		-0.8
The periods change in impairment losses stage 2	0.8		0.8	-2.2		-2.2
The periods change in impairment losses stage 3			0.0	-0.6		-0.6
Realised losses			0.0	-0.2		-0.2
Recoveries on previously realised losses			0.0			0.0
Credit loss on interest-bearing securities			0.0			0.0
Other changes			0.0			0.0
Loss expense for the period	0.2	0.0	0.2	-3.8	0.0	-3.8

The company has no outstanding contractual amounts for realised losses during the first half-year 2021 that still are subject to enforcement activities. In the first half-year of 2020, Storebrand Boligkreditt AS, had NOK 0.2 million in outstanding contractual amounts for realised losses during 2020 that were subject to enforcement activities.

Loan portfolio and guarantees

Loan portfolio and guarantees

(NOK million)	Book value 30.06.2021	Book value 31.12.2020
Loans to customers at amortised cost		
Loans to customers at fair value through profit and loss		
Loans to customers at fair value through other comprehensive income (OCI)	24,124.1	21,069.7
Total gross loans to customers	24,124.1	21,069.7
Provision for expected loss Stage 1	-1.5	-0.8
Provision for expected loss Stage 2	-1.1	-2.0
Provision for expected loss Stage 3	-1.4	-1.4
Net loans to customers	24,120.1	21,065.6

Change in gross loans to customers valued at fair value through other comprehensive income (OCI)

(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2021	19,211.8	1,817.1	40.9	21,069.7
Transfer to stage 1	754.5	-754.5		0.0
Transfer to stage 2	-167.2	183.6	-16.3	0.0
Transfer to stage 3		-24.4	24.4	0.0
New loans	5,962.4	282.0		6,244.4
Derecognition	-2,716.4	-254.3	-14.0	-2,984.7
Other changes	-200.0	-5.1	-0.2	-205.3
Gross loans 30.06.2021	22,845.0	1,244.2	34.8	24,124.1

(NOK million)	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2020	19,225.6	1,144.6	34.8	20,404.9
Transfer to stage 1	221.3	-218.4	-2.9	0.0
Transfer to stage 2	-775.6	782.8	-7.1	0.0
Transfer to stage 3	-8.5	-23.2	31.7	0.0
New loans	6,863.7	559.0	2.3	7,425.1
Derecognition	-5,959.2	-401.8	-17.4	-6,378.4
Other changes	-355.4	-26.0	-0.5	-381.9
Gross loans 31.12.2020	19,211.8	1,817.1	40.9	21,069.7

Change in maximum exposure for guarantees and unused credits

(NOK million)	Stage 1	Stage 2	Stage 3	Total exposure
Maximum exposure 01.01.2021	1,073.3	17.4		1,090.7
Transfer to stage 1	13.5	-13.5		0.0
Transfer to stage 2	-0.8	0.8		0.0
Transfer to stage 3				0.0
New loans	14.4			14.4
Derecognition	-96.8	-0.9		-97.7
Other changes	20.9	1.4		22.3
Maximum exposure 30.06.2021	1,024.6	5.3	0.0	1,029.8

(NOK million)	Stage 1	Stage 2	Stage 3	Total exposure
Maximum exposure 01.01.2020	1,225.3	3.9		1,229.2
Transfer to stage 1	2.6	-2.6		0.0
Transfer to stage 2	-14.6	14.6		0.0
Transfer to stage 3				0.0
New loans	19.4	1.1		20.5
Derecognition	-239.8	-0.7		-240.5
Other changes	80.4	1.0		81.5
Maximum exposure 31.12.2020	1,073.3	17.4	0.0	1,090.7

Note
16

Non-performing loans and loan losses

(NOK million)	30.06.2021	31.12.2020
Non-performing loans		
Non-performing loans without evidence of impairment	29.3	33.1
Loss-exposed loans with evidence of impairment	5.5	7.8
Gross non-performing and loss-exposed loans	34.8	40.9
Loan loss provisions on individual loans excl. statistical provisions (IFRS9)	-1.1	-1.2
Net non-performing and loss-exposed loans	33.7	39.7
Key figures		
Net non-performing and loss-exposed loans as % of gross loans	0.14 %	0.19 %

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

- when a credit facility has been overdrawn for more than 90 days and the overdrawn amount minimum is NOK 2,000
- when an ordinary mortgage has arrears older than 90 days and the arrears minimum is NOK 2,000
- when a credit card has arrears older than 90 days

When one of the three situations described above occurs, the specific loan is considered as non-performing, without taking into account the customers other engagements.

Overview of loan loss provisions and securities on loans in stage 3

(NOK million)	Gross amount	Loan loss provisions	30.06.2021		Type of collateral
			Net value	Value of collateral	
Overview of loan loss provisions and securities on loans in stage 3					
- retail exposures secured by mortgages on immovable property	29.3	-0.3	29.0	60.5	residential property
- unsecured retail exposures including credit cards exposures					
- other exposures including SME exposures					
Total non-performing loans without evidence of impairment	29.3	-0.3	29.0		

Loss-exposed loans with evidence of impairment					
- retail exposures secured by mortgages on immovable property	5.3	-1.1	4.2	18.4	residential property
- unsecured retail exposures including credit cards exposures					
- other exposures including SME exposures	0.3	-0.1	0.2		
Total loss-exposed loans with evidence of impairment	5.5	-1.1	4.4		

The company has loans of NOK 20 million in stage 3 where no loan loss provisions have been made due to the value of collateral.

(NOK million)	Gross amount	Loan loss provisions	31.12.2020		Type of collateral
			Net value	Value of collateral	
Non-performing loans without evidence of impairment					
- retail exposures secured by mortgages on immovable property	33.1	-0.2	32.9	83.1	residential property
- unsecured retail exposures including credit cards exposures					
- other exposures including SME exposures					
Gross non-performing loans without evidence of impairment	33.1	-0.2	32.9		
Loss-exposed loans with evidence of impairment					
- retail exposures secured by mortgages on immovable property	7.5	-1.1	6.4	17.6	residential property
- unsecured retail exposures including credit cards exposures					
- other exposures including SME exposures	0.3	-0.1	0.2		
Gross loss-exposed loans with evidence of impairment	7.8	-1.2	6.6		

The company has loans of NOK 23.1 million in stage 3 where no loan loss provisions have been made due to the value of collateral.

Loan loss provisions

(NOK million)	Stage 1 12-month ECL	Stage 2 Lifetime ECL - no objective evidence of impairment	Stage 3 Lifetime ECL - objective evidence of impairment	Total
Loan loss provisions 01.01.2021	0.8	2.0	1.4	4.1
Transfer to stage 1 (12-month ECL)	0.2	-0.2		0.0
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)				0.0
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)		-0.1	0.1	0.0
Net remeasurement of loan losses	-0.2		0.2	0.0
New financial assets originated or purchased	1.1	0.4		1.5
Financial assets that have been derecognised	-0.1	-0.7	-0.2	-1.1
ECL changes of balances on financial assets without changes in stage in the period	-0.3	-0.3		-0.6
Changes due to modification without any effect in derecognition				0.0
ECL allowance on written-off (financial) assets				0.0
Changes in models/risk parameters				0.0
Foreign exchange and other changes				0.0
Loan loan loss provisions 30.06.2021	1.5	1.1	1.4	4.0
Loan loss provisions on loans to customers valued at amortised cost				0.0
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	1.5	1.1	1.4	4.0
Loan loss provisions on guarantees and unused credit limits				0.0
Total loan loss provisions	1.5	1.1	1.4	4.0

The macroeconomic uncertainty is still reflected in the IFRS 9 expected credit losses, even though there are signs of macro economic improvement. The delta variant of the corona virus has led to increase in infections in some countries, causing higher macro economic uncertainty. Storebrand Boligkredit AS has not changed the outlook significantly from the first quarter of 2020, and the parameters in the model remain unchanged from Q1 2021. The expected credit losses are therefore not significantly changed in the second quarter. There is still a higher uncertainty in the point estimate of expected credit losses compared to credit losses pre-COVID-19 at year end 2019, as well as a higher possibility for larger variations in expected credit losses in future quarters.

(NOK million)	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL - no objective evidence of impairment	Lifetime ECL - objective evidence of impairment	
Loan loss provisions 01.01.2020	0.3	0.6	0.8	1.6
Transfer to stage 1 (12-month ECL)	0.1		-0.1	0.0
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)				0.0
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)				0.0
Net remeasurement of loan losses	-0.1	0.5	0.8	1.2
New financial assets originated or purchased	0.4	0.3		0.7
Financial assets that have been derecognised	-0.1	-0.2		-0.3
ECL changes of balances on financial assets without changes in stage in the period	0.2	0.8	0.1	1.1
Changes due to modification without any effect in derecognition				0.0
ECL allowance on written-off (financial) assets			-0.2	-0.2
Changes in models/risk parameters				0.0
Foreign exchange and other changes				0.0
Loan loan loss provisions 31.12.2020	0.8	2.0	1.4	4.1
Loan loss provisions on loans to customers valued at amortised cost				0.0
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	0.8	2.0	1.4	4.1
Loan loss provisions on guarantees and unused credit limits				0.0
Total loan loss provisions	0.8	2.0	1.4	4.1

Note
18

Distribution of loan loss provisions and exposure on secured and unsecured retail exposures

Distribution of loan loss provisions

(NOK million)	30.06.2021			Total loan loss provisions
	Stage 1	Stage 2	Stage 3	
Retail exposures secured by mortgages on immovable property	1.5	1.1	1.3	3.9
Unsecured retail exposures including credit cards exposures				0.0
Other exposures including SME exposures			0.1	0.1
Total loan loss provisions	1.5	1.1	1.4	4.0

(NOK million)	31.12.2020			Total loan loss provisions
	Stage 1	Stage 2	Stage 3	
Retail exposures secured by mortgages on immovable property	0.8	2.0	1.3	4.1
Unsecured retail exposures including credit cards exposures				0.0
Other exposures including SME exposures			0.1	0.1
Total loan loss provisions	0.8	2.0	1.4	4.1

Distribution of exposure incl. unused credit facilities and guarantees

(NOK million)	30.06.2021			Total exposure
	Stage 1	Stage 2	Stage 3	
Retail exposures secured by mortgages on immovable property	23,869.6	1,249.5	34.6	25,153.7
Unsecured retail exposures including credit cards exposures				0.0
Other exposures including SME exposures			0.3	0.3
Total exposure	23,869.6	1,249.5	34.8	25,153.9

(NOK million)	31.12.2020			Total exposure
	Stage 1	Stage 2	Stage 3	
Retail exposures secured by mortgages on immovable property	20,285.1	1,834.5	40.6	22,160.1
Unsecured retail exposures including credit cards exposures				0.0
Other exposures including SME exposures			0.3	0.3
Total exposure	20,285.1	1,834.5	40.9	22,160.4

Note
19

Quarterly income statement

(NOK million)	Q2	Q1	Q4	Q3	Q2
	2021	2021	2020	2020	2020
Interest income	102.8	101.1	101.1	99.0	111.1
Interest expense	-42.3	-43.4	-36.5	-40.9	-83.5
Net interest income	60.6	57.7	64.6	58.1	27.6
Net gains on financial instruments	-0.4	3.8	0.4	-12.3	0.2
Other income			-0.1	-0.1	-0.1
Total other operating income	-0.4	3.8	0.3	-12.4	0.1
Staff expenses	-0.1		-0.1		-0.1
General administration expenses	-23.0	-21.7			
Other operating expenses			-21.3	-20.5	-21.4
Total operating expenses	-23.0	-21.7	-21.4	-20.5	-21.5
Operating profit before loan losses	37.1	39.7	43.5	25.2	6.3
Loan losses for the period	-0.4	0.6	1.5	-0.4	0.5
Profit before tax	36.7	40.4	45.0	24.8	6.8
Tax	-8.0	-8.9	-9.9	-5.5	-1.5
Profit before other comprehensive income	28.7	31.5	35.1	19.3	5.3

Storebrand Boligkreditt AS

- Statement from the Board of Directors and the CEO

Today the Board members and the CEO have considered and approved the interim report and interim financial statements of Storebrand Boligkreditt AS for the first six months of 2021 (2021 half-yearly report).

The Interim report has been prepared in accordance with the requirements of IAS, 34 Interim Financial Reporting as adopted by the EU and additional Norwegian requirements pursuant to the Norwegian Securities Trading Act.

In the best judgement of the Board and the CEO, the financial statements for the first six months of 2021 have been prepared in accordance with the applicable accounting standards, and the information presented in the financial accounts provides a true and fair view of company's assets, liabilities, financial position and results as a whole as of 30 June 2021. In the best judgement of the Board and the CEO, the half-yearly report provides a true and fair view of the material events that occurred during the accounting period and their effects on the financial statements of Storebrand Boligkreditt AS. In the best judgement of the Board and the CEO, the descriptions of the most important elements of risk and uncertainty that the company faces in the next accounting period, and a description of related parties' material transactions, also provide a true and fair view.

Lysaker, 13 July 2021

The Board of Directors of Storebrand Boligkreditt AS

Bernt Uppstad (sign.)
Chairman of the Board

Karin Greve-Isdahl Flaa (sign.)

Leif Helmich Pedersen (sign.)

Thor Bendik Weider (sign.)

Einar A. Leikanger (sign.)
CEO

Financial calendar 2021



27 October

Results Q3 2021

09 February 2022

Results Q4 2021

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