

Storebrand Boligkreditt AS

First half 2012

 storebrand



Storebrand Boligkreditt AS

- interim report for the 1st half of 2012

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

- Profit before taxes of NOK 36 million in the quarter
- Total lending amounted to NOK 17.0 billion
- Good portfolio quality

Earnings performance

The profit before taxes was NOK 36 million (13 million) for the second quarter and NOK 46 million (33 million) for the first half-year.

Net interest income for the second quarter amounted to NOK 40 million (17 million) and NOK 58 million (41 million) for the first half-year. Lending margins increased in the second quarter, in line with developments in the market. Net interest income as a percentage of average total assets was 0.90 per cent (0.39 per cent) for the second quarter and 0.67 per cent (0.51 per cent) for the first half of 2012. The mortgage interest rates were reduced with effect from June, in line with reduced money market rates.

Other operating income totalled NOK 1 million (0 million) in the second quarter and minus NOK 4 million (0 million) in the first half of 2012; these originate entirely from bond buy-backs prior to maturity.

Operating expenses totalled NOK 4 million (4 million) in the second quarter and NOK 9 million (8 million) for the first half of 2012. Expenses as a percentage of income decreased to 11 per cent (23 per cent) and 16 per cent (19 per cent) respectively, as a result of increased income compared to the same periods last year. The company primarily purchases services from Storebrand Bank and Storebrand Livsforsikring.

Losses were low and the company reported net expenses of NOK 1 million (0 million) relating to loan losses in the second quarter and NOK 0 million (0 million) in the first half of 2012.

Balance sheet performance

Total lending in the 1st half of 2012 grew slightly compared with the end of 2011 and totalled NOK 17.0 billion. Storebrand Bank and Storebrand Boligkreditt have a conservative lending policy, and combined with the fact that property values rose during the first half of 2012, the average loan-to-value ratio was low. The average loan to-value ratio in the portfolio is 48 per cent, the same level as at the end of 2011. On the date of transfer, the loan-to-value ratio never exceeds 75 per cent. The risk in the loan portfolio is therefore considered to be very low. The company has a significant level of overcollateralisation in relation to the value of issued covered bonds.

Non-performing loans at the end of the first half-year amounted to NOK 40 million (29 million), equivalent to 0.23 per cent of gross loans in the company, a slight increase compared with the end of 2011 when defaulted loans totalled 0.17 per cent. Individual loan loss provisions were NOK 0.9 million at the end of the first half-year.

The management does not consider it necessary to establish further individual loan loss provisions relating to non-performing loans as the credit risk is deemed to be low. At the end of the 1st half of 2012, loan loss provisions on groups of loans were NOK 0.9 million, a reduction compared with the end of 2011 when loan loss provisions on groups of loans totalled NOK 1.3 million.

The company's total assets under management at the end of the 1st half-year were NOK 17.8 billion compared with NOK 17.3 billion at the end of 2011.

At the end of the second quarter, the company had issued covered bonds worth NOK 11.8 billion, with maturities from approx. 2 to 7.5 years. Of these, NOK 9.1 billion 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 2.0 billion of the swap scheme 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 1.2 billion at the end of the second quarter. The company's liquidity is considered to be satisfactory and its liquidity risk is deemed to be low.

The company issued covered bonds for NOK 3.5 billion in the first half-year.

Capital ratio at the end of the quarter was 10.5 per cent, and the core capital ratio was the same. Equity in the company at the end of the quarter amounted to NOK 733 million. Storebrand Boligkreditt AS applied for IRB approval at the same time as the parent bank¹, for the use of internal models to calculate capital requirements.

Since the balance sheet date there have not been any events with a material effect on the interim financial statements.

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

¹ IRB approval: "internal ratings-based" means that in-house credit risk models are developed based on the bank's own loan portfolio and, when approved, can be used to calculate capital requirements.

Storebrand Boligkreditt AS

PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q2				FULL YEAR
		2012	2011	30.06.2012	30.06.2011	2011
Interest income	6	161.8	138.6	325.1	296.6	577.8
Interest expense	6	-122.2	-121.4	-266.9	-255.9	-516.8
Net interest income	3	39.6	17.2	58.2	40.7	61.0
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	1.2		-3.9		0.2
Other income						
Total other operating income		1.2	0.0	-3.9	0.0	0.2
Staff expenses		-0.1	-0.1	-0.1	-0.1	-0.2
General administration expenses		-0.1		-0.1	-0.1	-0.1
Other operating costs	6	-4.2	-3.9	-8.3	-7.5	-15.8
Total operating costs		-4.4	-4.0	-8.5	-7.7	-16.2
Operating profit before loan losses		36.4	13.2	45.8	33.1	45.1
Loan losses for the period	9	-0.5	-0.2	-0.3	-0.1	0.4
Profit before tax		35.9	13.0	45.5	32.9	45.5
Tax	5	-10.1	-3.6	-12.7	-9.2	-12.7
Profit for the year		25.8	9.3	32.8	23.7	32.8

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q2				FULL YEAR
	2012	2011	30.06.2012	30.06.2011	2011
Other comprehensive income					
Profit for the period	25.8	9.3	32.8	23.7	32.8
Total comprehensive income for the period	25.8	9.3	32.8	23.7	32.8

Storebrand Boligkreditt AS

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	30.06.2012	31.12.2011
Loans to and deposits with credit institutions		423.5	422.8
Financial assets designated at fair value through profit and loss:			
Derivatives	16	302.3	314.5
Other current assets	6	61.6	46.6
Gross lending	8	16 997.5	16 550.4
Loan loss provisions on individual loans	9	-0.9	-0.2
Loan loss provisions on groups of loans	9	-0.9	-1.3
Net lending to customers		16 995.7	16 548.9
Total assets		17 783.1	17 332.8
Liabilities to credit institutions	6, 10	5 258.8	4 267.2
Other financial liabilities:			
Commercial papers and bonds issued	11	11 776.3	12 311.9
Other liabilities	6	0.3	51.6
Deferred tax		15.2	2.5
Total liabilities		17 050.6	16 633.2
Paid in equity		669.0	669.0
Other equity		63.4	30.7
Total equity		732.5	699.7
Total liabilities and equity		17 783.1	17 332.8

Lysaker, 12 July 2012
The Board of Directors of Storebrand Boligkreditt AS

Storebrand Boligkreditt AS

KEY FIGURES

NOK MILLION	Q2			FULL YEAR
	2012	2011	30.06.2012	2011
Profit and Loss account: (as % of avg. total assets) 1) 1)				
Net interest income	0.90 %	0.39 %	0.67 %	0.37 %
Main balance sheet figures:				
Total assets			17 783.1	17 332.8
Average total assets	17 645.5	16 184.2	17 533.1	16 397.5
Gross lending to customers			16 997.5	16 550.4
Equity			732.5	699.7
Other key figures:				
Loan losses and provisions as % of average total lending	0.01 %	0.01 %	0.00 %	0.00 %
Individual loan loss provisions as % of gross loss-exposed loans 3)			2.6 %	4.5 %
Cost/income ratio	10.8 %	23.3 %	15.7 %	26.4 %
Return on equity before tax 2)			12.8 %	6.3 %
Core (tier 1) capital ratio			10.5 %	10.8 %

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.

Storebrand Boligkreditt AS

CHANGES IN EQUITY

NOK MILLION	PAID IN EQUITY				OTHER EQUITY			TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID IN EQUITY	TOTAL PAID IN EQUITY	REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	
Equity at 31.12.2010	350.0	200.1	118.9	669.0		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
Totalresultat for perioden	0.0	0.0	0.0	0.0	0.0	32.8	32.8	32.8
Equity transactions with the owner:								
Other changes						-33.9	-33.9	-33.9
Equity at 31.12.2011	350.0	200.1	118.9	669.0	0.0	30.7	30.7	699.7
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 at 30.06.2012	350.0	200.1	118.9	669.0	0.0	63.4	63.4	732.5

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

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

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

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

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

For further information on the company's fulfilment of the capital requirements, see note 13.

Storebrand Boligkreditt AS

CASH FLOW STATEMENT

NOK MILLION	30.06.2012	30.06.2011
Cash flow from operations		
Net receipts/payments of interest, commissions and fees from customers	324.6	254.0
Net disbursements/payments on customer loans	-461.5	-2 055.4
Net receipts/payments - securities at fair value	-3.9	
Payments of operating costs	-12.6	7.8
Net cash flow from operations	-153.4	-1 793.6
Cash flow from financing activities		
Payments - repayments of loans and issuing of bond debt	-3 056.5	-1 659.1
Receipts - new loans and issuing of bond debt	3 539.1	3 608.9
Payments - interest on loans	-281.4	-232.9
Receipts - group contribution		64.5
Payments - group contribution	-47.1	-89.6
Net cash flow from financing activities	154.1	1 691.8
Net cash flow in the period	0.7	-101.9
Cash and bank deposits at the start of the period	422.8	513.4
Cash and bank deposits at the end of the period	423.5	411.5

The company has a credit arrangement (drawing facility) with Storebrand Bank ASA that is included in the item "Liabilities to credit institutions" as at 30.06.2012. See also Note 10.

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.

Operations

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 and bank deposits

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

Notes Storebrand Boligkreditt AS

NOTE 1 ACCOUNTING PRINCIPLES

The interim accounts for the first half of 2012 are prepared in accordance with the Norwegian regulations for the annual accounts of banks and finance companies etc., and with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required for full annual accounts prepared in accordance with all the current IFRS standards. The company has elected to apply Section 1-5 of the regulations for the annual accounts of banks and finance companies etc. that provides for "Simplified application of international accounting standards", (hereinafter termed simplified IFRS). A description of the accounting principles applied by the company in preparing the accounts is found in the Annual report for 2011. See www.storebrand.no. There have not been any changes of accounting principles in 2012.

NOTE 2 ESTIMATES

The preparation of the interim accounts involves the use of estimates and assumptions that have an effect on assets, liabilities, revenue, costs, the notes to the accounts and information on potential liabilities. In the future, actual experience may deviate from the estimates used. Please refer to note 1 and 2 in the annual report and accounts for 2011.

NOTE 3 NET INTEREST INCOME

NOK MILLION	Q2				FULL YEAR
	2012	2011	30.06.2012	30.06.2011	2011
Interest and other income on loans to and deposits with credit institutions	2.1	2.7	4.7	5.1	11.4
Interest and other income on loans to and due from customers	159.7	135.9	320.4	264.4	566.4
Interest on short-term debt instruments, bonds and other interest-bearing securities					
Other interest income					
Total interest income	161.8	138.6	325.1	269.5	577.8
Interest and other expenses on debt to credit institutions	-29.3	-34.8	-67.1	-53.9	-132.6
Interest and other expenses on deposits from and due to customers					
Interest and other expenses on securities issued	-92.9	-86.6	-199.8	-174.9	-384.2
Interest and other expenses on subordinated loan capital					
Other interest expenses					
Total interest expenses	-122.2	-121.4	-266.9	-228.8	-516.8
Net interest income	39.6	17.2	58.2	40.7	61.0

Notes Storebrand Boligkreditt AS

NOTE 4 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES

NOK MILLION	Q2			FULL YEAR	
	2012	2011	30.06.2012	30.06.2011	2011
<i>Financial derivatives</i>					
Realised gain/loss on financial derivatives, held for trading					
Unrealised gain/loss on financial derivatives, held for trading					
Total gain/loss on financial derivatives, held for trading	0.0	0.0	0.0	0.0	0.0
Net income and gains from financial assets and liabilities at fair value	0.0	0.0	0.0	0.0	0.0
<i>Fair value hedging</i>					
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	1.4		0.8		
Net gain/loss on fair value hedging	1.4	0.0	0.8	0.0	0.0
<i>Bonds issued</i>					
Realised gain/loss on bonds issued at amortised cost	-0.2		-4.7		0.2
Total gain/loss on bonds issued at amortised cost	-0.2	0.0	-4.7	0.0	0.2
Net income and gains from financial assets and liabilities	1.2	0.0	-3.9	0.0	0.2

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

NOTE 5 TAX

Tax cost is estimated with an expected average tax rate of 28% on profit before tax adjusted for permanent differences.

NOTE 6 CLOSE ASSOCIATES

Transactions with group companies as at 30 June 2012:

NOK MILLION	STOREBRAND BANK ASA	OTHER GROUP COMPANIES
Interest income	2.8	
Interest expense	143.4	
Services sold		
Services purchased	6.7	0.6
Due from	332.4	
Liabilities to	5 258.8	

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 2012.

Storebrand Boligkreditt AS has no employees, and purchases personnel resources from Storebrand Bank ASA and services including accounting functions from Storebrand Livsforsikring AS. All loans made by the company are purchased from Storebrand Bank ASA pursuant to an agreement entered into with Storebrand Bank ASA to purchase loans, as well as a management agreement with Storebrand Bank ASA for management of the loan portfolio. In outline terms, the management agreement involves the company paying fees to Storebrand Bank ASA for management of the company's loan portfolio. In addition, the company has entered into an agreement with Storebrand Bank ASA for a credit facility to finance loans purchased (see Note 10).

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 the first half of 2012 therefore relate entirely to the Retail Lending segment.

NOTE 8 LOAN TO VALUE RATIOS AND COLLATERAL

NOK MILLION	30.06.2012	31.12.2011
Gross lending ¹⁾	16 997.5	16 550.4
Average loan balance	1.4	1.4
No. of loans	12 067	12 287
Weighted average seasoning (months)	35	35
Weighted average remaining term (months)	206	205
Average loan to value ratio	48 %	48 %
Over-collateralisation ²⁾	151 %	137 %
Composition of collateral:		
Residential mortgages ¹⁾	16 911.5	16 479.9
Supplementary security	407.9	
Total	17 319.5	16 479.9

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 the company had NOK 40.9 million that exceeds the loan to value limit and has therefore not been included in the cover pool. As per 30 June 2012, the company has 28 non-performing loans, equivalent to NOK 35.3 million. There are four non-performing loans with impairment of NOK 4.4 million where the impairment is assessed to be NOK 0.9 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 NOK 11.4 billion (nominal value).

Notes Storebrand Boligkreditt AS

NOTE 9 NON-PERFORMING LOANS AND LOAN LOSSES

NOK MILLION	30.06.2012	31.12.2011
Non-performing loans		
Non-performing loans without evidence of impairment	35.3	27.3
Loss-exposed loans with evidence of impairment	4.4	1.5
Gross non-performing and loss-exposed loans	39.7	28.8
Loan loss provisions on individual loans	-0.9	-0.2
Net non-performing and loss-exposed loans	38.8	28.7
Key figures		
Net non-performing and loss-exposed loans as % of gross lending	0.23 %	0.17 %

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

- when a credit facility has been overdrawn for more than 90 days
- when an ordinary mortgage has arrears older than 90 days
- when a credit card has arrears older than 90 days and the credit limit has been overdrawn. If a repayment plan has been agreed with the customer and is being adhered to, the overdraft is not regarded as a non-performing loan. When one of the three situations described above occurs, the commitment and the rest of the customer's commitments are regarded as non-performing. The number of days is counted from when the arrears exceed NOK 2,000. The account is given a clean bill of health when there are no longer any arrears. The amount in arrears at the time of reporting can be less than NOK 2,000.

NOK MILLION	Q2		FULL YEAR		
	2012	2011	30.06.2012	30.06.2011	2011
Change in individual loan loss provisions	-0.3	-0.2	-0.7	-0.2	-0.1
Change in grouped loan loss provisions	-0.1		0.5		0.6
Other effects on loan loss provisions	-0.1				-0.1
Realised losses specifically provided for previously					
Realised losses not specifically provided for previously					
Recoveries on previous realised losses					
Loan losses for the period	-0.5	-0.2	-0.3	-0.1	0.4

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 2012.

NOTE 10 LOANS TO AND DEPOSITS WITH CREDIT INSTITUTIONS

The company has entered into an agreement with Storebrand Bank ASA for a drawing facility of NOK 6.5 billion, which primarily is used to make payment for loans purchased and for repayments of issued covered bonds.

Notes Storebrand Boligkreditt AS

NOTE 11 COMMERCIAL PAPERS AND BONDS ISSUED

Covered bonds:

NOK MILLION						BOOK VALUE
<i>ISIN Code</i>	NOMINAL VALUE	CURRENCY	INTEREST	ISSUED	MATURITY ¹⁾	30.06.2012
NO0010466071	1 250	NOK	Fixed	09.10.2008	24.04.2014	1 321.2
NO0010507809	2 040	NOK	Floating	27.04.2009	27.04.2015	2 048.8
NO0010428584	1 000	NOK	Fixed	30.04.2008	06.05.2015	1 087.8
NO0010638307	1 000	NOK	Floating	08.03.2012	17.06.2015	1 000.4
NO0010575913	646,5	NOK	Floating	01.06.2010	03.06.2016	647.9
NO0010612294	2 000	NOK	Floating	09.06.2011	15.06.2016	1 995.8
NO0010635071	2 250	NOK	Floating	11.01.2012	21.06.2017	2 263.7
NO0010548373	1 250	NOK	Fixed	23.10.2009	28.10.2019	1 410.6
Total commercial papers and bonds issued						11 776.3

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

NOTE 12 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

NOK MILLION	30.06.2012	31.12.2011
Undrawn credit limits	1 800.4	1 676.6
Total contingent liabilities	1 800.4	1 676.6

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

The company has not pledged nor received any collateral.

Notes Storebrand Boligkreditt AS

NOTE 13 CAPITAL ADEQUACY

Net primary capital

NOK MILLION	30.06.2012	31.12.2011
Share capital	350.0	350.0
Other equity	382.5	349.7
Total equity	732.5	699.7
Deductions		
Profit not included in the calculation of net primary capital	-32.8	
Core capital	699.7	699.7
Deductions		
Net supplementary capital	0.0	0.0
Net primary capital	699.7	699.7

Minimum capital requirement

NOK MILLION	30.06.2012	31.12.2011
Credit risk	517.5	502.4
Of which:		
Institutions	12.7	12.6
Loans secured against real estate	497.2	484.1
Loans past-due	2.6	2.4
Other	5.0	3.4
Total minimum requirement for credit risk	517.5	502.4
Total minimum requirement for market risk	0.0	0.0
Operational risk ¹⁾	14.5	14.5
Deductions	-0.1	-0.1
Minimum requirement for net primary capital	531.9	516.8
Capital adequacy		
	30.06.2012	31.12.2011
Capital ratio	10.5 %	10.8 %
Core (tier 1) capital ratio	10.5 %	10.8 %

¹⁾ The figures for 30.06.2012 and 2011 are calculated as an average of total income for 2009, 2010 and 2011.

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

Notes Storebrand Boligkreditt AS

NOTE 14 QUARTERLY PROFIT AND LOSS

NOK MILLION	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Interest income	161.8	163.3	157.3	123.9	138.6	130.9	129.0	126.5
Interest expense	-122.2	-144.7	-150.0	-110.9	-121.4	-107.4	-105.0	-104.5
Net interest income	39.6	18.6	7.3	13.0	17.2	23.5	24.0	22.1
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	1.2	-5.2	0.2					
Other income								
Total other operating income	1.2	-5.2	0.2	0.0	0.0	0.0	0.0	0.0
Staff expenses	-0.1		-0.1		-0.1			
General administration expenses	-0.1					-0.1	-0.2	0.0
Other operating cost	-4.2	-4.1	-3.9	-4.4	-3.9	-3.6	-2.8	-3.2
Total operating costs	-4.4	-4.1	-4.0	-4.5	-4.0	-3.7	-3.1	-3.3
Operating profit before loan losses	36.4	9.4	3.6	8.5	13.2	19.9	20.9	18.8
Loan losses for the period	-0.5	0.3	-0.2	0.7	-0.2	0.1	0.3	0.2
Profit before tax	35.9	9.6	3.4	9.2	13.0	20.0	21.2	19.0
Tax	-10.1	-2.7	-0.9	-2.6	-3.6	-5.6	-5.9	-5.3
Profit for the year	25.8	6.9	2.4	6.6	9.3	14.4	15.3	13.7

Notes Storebrand Boligkreditt AS

NOTE 15 RISK

The market value of Storebrand Boligkreditt's financial assets and liabilities varies due to financial market risks. Note 3 to note 7 of the 2011 annual report explains the company's financial risks which also is representative of the financial risks as per 30 June 2012.

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

Credit risk

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

Liquidity risk

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

Market risk

The risk of 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 instruments trading, as well as stock market risk, interest rate risk and exchange rate risk.

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

Compliance risk

The risk that the company incurs public sanctions or financial losses due to failure to comply with external and internal regulations.

NOTE 16 VALUATION

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

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 2012 (the 2012 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 2012 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 2012.

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, 12 July 2012

The Board of Directors of Storebrand Boligkreditt AS

Truls Nergaard
Chairman of the Board

Thor Bendik Weider
Member of the Board

Trond Fladvad
Member of the Board

Inger Roll-Matthiesen
Member of the Board

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, 2012, and the related statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the six-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard No 34 "Interim Financial Reporting" adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Oslo, July 12, 2012
Deloitte AS

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

Company information

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Website: www.storebrand.no
E-mail address: bank@storebrand.no

Company registration number: 990 645 515

Senior Management:

Åse Jonassen Managing Director

Board of Directors:

Truls Nergaard	Chairman
Trond Fladvad	Board Member
Thor Bendik Weider	Board Member
Inger Roll-Matthiesen	Board Member

Contact persons:

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

Other sources of information:

The Annual Report and interim reports of Storebrand Boligkreditt AS are published on www.storebrand.no.