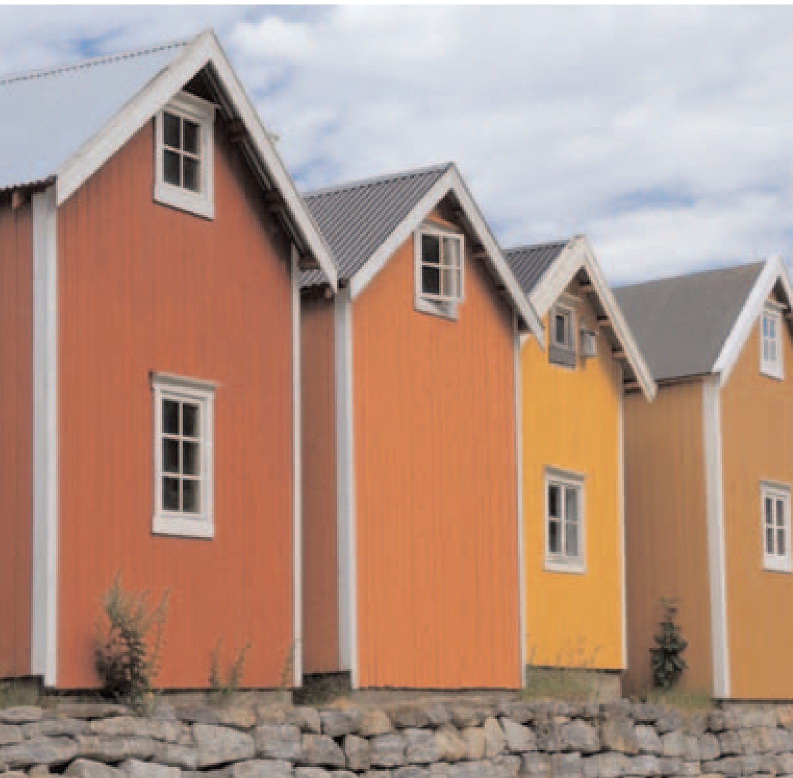
Storebrand Boligkreditt AS

1st Half 2010

storebrand



Storebrand Boligkreditt AS

- interim report for the first half of 2010

(Figures for the corresponding period in 2009 shown in brackets)

- Pre-tax profit of NOK 26 million for Q2 and NOK 53 million for the first half of 2010
- Lending volume NOK 13.7 billion, an increase of 7 per cent in the first half of the year
- Issued covered bonds in EUR redeemed in May 2010
- Good liquidity
- Lending programme updated in June 2010

Financial performance

The pre-tax profit was NOK 26 million (NOK 33 million) for Q2 and NOK 53 million for the first half of 2010, compared to NOK 49 million for the same period last year.

Net interest income amounted to NOK 41 million (NOK 36 million) for Q2 and NOK 71 million (NOK 61 million) for the first half of 2010, which represents continued positive growth. Net interest income as a percentage of average total assets was 0.92 per cent (0.95 per cent) for the first half of 2010.

In Q1, the company choose to invest its surplus liquidity in the form of bank deposits in Storebrand Bank ASA instead of investing in fixed income securities. Net income and gains from financial instruments at fair value had a negative effect on the result for Q2 due to the maturing of currency interest rate swaps amounting to NOK 12 million. The net negative effect on the result amounted to NOK 9 million (minus NOK 3.2 million) for the first half of 2010.

Operating costs totalled NOK 4 million in Q2 and were NOK 7 million (NOK 7 million) for the first half of 2010, on a par with previous periods. Costs as a percentage of income amounted to 12 per cent (10 per cent) for Q2 and 12 per cent (13 per cent) for the first half of 2010, on a par with the first half of 2009. The company primarily purchases services from Storebrand Bank ASA and Storebrand Livsforsikring AS.

Balance sheet performance

The lending volume increased throughout the first half of 2010 from NOK 12.9 billion at year-end 2009 to NOK 13.7 billion as per 30 June 2010. The company's collateral and lending portfolio were regarded as good at the end of the first half of 2010 and its average loan-to-collateral value ratio was 47 per cent as per 30 June 2010, a decrease from 51 per cent in 2009.

The volume of non-performing and loss-exposed loans amounted to NOK 23 million as per 30 June 2010, equivalent to 0.2 per cent of gross lending in the company, the same level as at year-end 2009. The management does not believe there is a need for individual write-downs in connection with these commitments since the credit risk is regarded as low. Nonetheless, group write-downs increased in the first half of 2010, due to the development of the volume of non-performing and loss-exposed loans and macro factors, and amounted to NOK 2.3 million compared to NOK 1.1 million at year-end 2009. Group write-downs decreased by NOK 0.2 million in Q2. The company has significant surplus collateral relative to the covered bonds it has issued. It has therefore not invested in any additional collateral.

At the close of the quarter the company's assets under management amounted to NOK 14.3 billion compared to NOK 13.7 billion at year-end 2009. The lending portfolio amounted to NOK 13.7 billion and relates entirely to lending in the retail customer segment. The company's liquidity portfolio was realised in Q1 and in March 2010 NOK 255 million was invested as deposits in Storebrand Bank ASA.

EUR 141 million of net issued covered bonds of the originally issued amount of EUR 500 million were redeemed in Q2. Bonds worth NOK 1 billion were issued in June 2010. At end of the first half of 2010, all of the bonds issued were in NOK.

At the close of the quarter the company had drawn NOK 1.9 billion from the company's drawing facility of NOK 5 billion with its the parent company, Storebrand Bank ASA. The company's liquidity is deemed satisfactory and the liquidity risk is regarded as low.

The capital ratio at the close of the quarter was 11.7 per cent and its core (tier 1) capital ratio was 11.7 per cent. Net primary capital at the close of the quarter amounted to NOK 633 million. The primary capital excludes the period's result.

No events have occurred since the balance sheet date that would be material to the interim financial statements.

The development of interest rates, the housing market and the funding market are regarded as the most significant risk factors that may affect the company's accounting figures in the next 6 months.

Lysaker, 14 July 2010

The Board of Directors of Storebrand Boligkreditt AS

Storebrand Boligkreditt AS

PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q2 2010	Q2 2009	01.01. - 30.06. 2010	01.01. - 30.06. 2009	FULL YEAR 2009
Interest income	6	121.4	127.8	239.7	294.1	503.9
Interest expense	6	-80.2	-91.3	-168.7	-233.5	-386.6
Net interest income	**3**	**41.2**	**36.5**	**71.0**	**60.6**	**117.3**
Commission income						0.1
Commission expense						
Net commission income		**0.0**	**0.0**	**0.0**	**0.0**	**0.1**
Net gains on financial instruments at fair value	4	-12.0	0.2	-8.9	-3.2	3.1
Other income						
Total other operating income		**-12.0**	**0.2**	**-8.9**	**-3.2**	**3.1**
Staff expenses				-0.1	-0.1	-0.2
General administration expenses		-0.1	-0.1	-0.2	-0.1	-0.3
Other operating costs	6	-3.4	-3.6	-7.1	-7.1	-14.6
Total operating costs		**-3.6**	**-3.7**	**-7.4**	**-7.3**	**-15.1**
Operating profit before losses and other items		**25.7**	**33.0**	**54.7**	**50.2**	**105.4**
Loss provisions on loans and guarantees	9	0.2	-0.5	-1.2	-0.8	-0.4
Profit before tax		**25.9**	**32.5**	**53.5**	**49.3**	**105.0**
Tax	5	-7.2	-9.1	-15.0	-13.8	-29.4
Profit for the year		**18.6**	**23.4**	**38.5**	**35.5**	**75.6**

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	Q2 2010	Q2 2009	01.01. - 30.06. 2010	01.01. - 30.06. 2009	FULL YEAR 2009
Other comprehensive income						
Profit for the period		18.6	23.4	38.5	35.5	75.6
Total comprehensive income for the period		**18.6**	**23.4**	**38.5**	**35.5**	**75.6**

Storebrand Boligkreditt AS

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	30.06.2010	31.12.2009
Loans to and deposits with credit institutions		280.4	58.4
Financial assets designated at fair value through profit and loss:			
Bonds and other fixed-income securities	10, 16		260.4
Derivatives	16	236.4	417.2
Other current assets	6	35.0	86.0
Gross lending	8	13 740.3	12 871.2
- Write-downs of individual loans	9		
- Write-downs of groups of loans	9	-2.3	-1.1
Net lending to customers		13 738.0	12 870.2
Deferred tax assets			
Total assets		**14 289.9**	**13 692.2**
Liabilities to credit institutions	6, 11	1 888.7	1 978.4
Other financial liabilities:			
Derivatives	16		90.7
Commercial paper and bonds issued	12	11 711.7	10 918.6
Other liabilities	6	0.7	69.1
Deferred tax		16.8	1.8
Total liabilities		**13 617.9**	**13 058.7**
Paid-in equity		604.5	604.5
Other equity		67.4	28.9
Total equity		**671.9**	**633.5**
Total liabilities and equity		**14 289.9**	**13 692.2**

Lysaker, 14 July 2010

The Board of Directors of Storebrand Boligkreditt AS

Storebrand Boligkreditt AS

KEY FIGUES

NOK MILLION	Q2 2010	Q2 2009	01.01. -30.06. 2010	FULL YEAR 2009
Profit and Loss account: *(as % of avg. total assets)* 1)				
Net interest income 2) 3)	0.99 %	1.16 %	0.92 %	0.90 %
Main balance sheet figures:				
Total assets			14 289.9	13 692.2
Average total assets	15 054.5	12 592.3	14 795.6	13 057.9
Total lending to customers			13 740.3	12 871.2
Equity			671.9	633.5
Other key figures:				
Total non-interest income as % of total income	-40.87 %	0.56 %	-14.24 %	2.63 %
Loan losses and provisions as % of average total lending	-0.01 %	0.02 %	0.02 %	0.01 %
Individual impairment loss as % of gross defaulted loans 5)			9.91 %	3.22 %
Costs as % of operating income	12.23 %	10.00 %	11.94 %	12.53 %
Return on equity after tax 4)			10.87 %	12.74 %
Core capital ratio			11.7 %	12.5 %

Definitions:

1) Average total assets is calculated on the basis of monthly total assets for the year.
2) Annualised net interest income adjusted for hedging ineffectiveness.
3) The method for calculating the "net interest income as a percentage of average assets under management" key figure has been changed from and including Q1 2010 and is now calculated on the basis of actual/365. The restated key figure for Q2 2009 would be 1.06 per cent. The change has no consequences for net interest income as a percentage of average assets under management on an annual basis and provides a more correct picture of the development over the year.
4) Annualised profit after tax adjusted for hedging ineffectiveness as % of average equity.
5) Gross defaulted loans with identified loss of value .

Storebrand Boligkreditt AS

CHANGES IN EQUITY

NOK MILLION	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER CAPITAL	TOTAL EQUITY
	PAID-IN CAPITAL				OTHER EQUITY			
Equity at 31.12.2008	350.0	200.1	7.8	557.9				557.9
Profit for the period						75.6	75.6	75.6
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**	**75.6**	**75.6**	**75.6**
Equity transactions with the owner:								
Group contribution received			46.6	46.6				46.6
Provision for group contribution						-46.6	-46.6	-46.6
Equity at 31.12.2009	**350.0**	**200.1**	**54.4**	**604.5**	**0.0**	**28.9**	**28.9**	**632.5**
Profit for the period						38.5	38.5	38.5
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**	**38.5**	**38.5**	**38.5**
Equity at 30.06.2010	**350.0**	**200.1**	**54.4**	**604.5**	**0.0**	**67.4**	**67.4**	**671.9**

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

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

Storebrand Boligkreditt pays particular attention to the active management of equity in the company. This management is tailored to the business-related financial risk and capital requirements in which the composition of its business areas and their growth will be an important driver for the company’s capital requirements. The goal of the capital management is to ensure an effective capital structure and reserve an appropriate balance between internal goals in relation to regulatory and the rating companies’ requirements. If there is a need for new equity, this must be procured by the parent bank Storebrand Bank ASA.

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

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

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

Storebrand Boligkreditt AS

CASH FLOW STATEMENT

NOK MILLION	30.06.2010	31.12.2009
Cash flow from operations		
Net receipts/payments of interest, commissions and fees from customers	246.3	519.6
Net disbursement/payments on customer loans	-899.3	-1 263.5
Net receipts/payments - securities at fair value	260.5	56.8
Payments of operating costs	-11.2	-14.6
Net cash flow from operating activities	**-403.8**	**-701.7**
Cash flow from investment activities		
Net payments on purchase/sale of fixed assets etc.		
Net cash flow from investment activities	**0.0**	**0.0**
Cash flow from financing activities		
Payments - repayments of loans and issuing of bond debt	-1 123.0	-1 397.5
Receipts - new loans and issuing of bond debt	2 035.0	2 500.0
Payments - interest on loans	-304.3	-337.7
Receipts - group contribution	64.8	12.3
Payments - group contribution	-46.6	-17.1
Net cash flow from financing activities	**625.8**	**760.0**
Net cash flow in period	**222.1**	**58.3**
Cash and bank deposits at the start of the period	58.4	0.0
Cash and bank deposits at the end of the period	**280.4**	**58.4**

The company has a credit arrangement (drawing facility) with Storebrand Bank ASA that is included in the item "Liabilities to credit institutions" as at 30.06.2010. See also Note 11.

The cash flow analysis shows the company's cash flows for operational, investment and financial activities pursuant to the direct method. The cash flows show the overall change in means of payment over the year.

Operational activities
A substantial part of the activities in a credit institution will be classified as operational.

Investment activities
Includes cash flows from tangible fixed assets.

Financing activities
Financing activities include cash flows for equity, subordinated loans and other borrowing that helps fund the company's activities. Payments of interest on borrowing and payments of group contribution are financial activities.

Cash/cash equivalents
Cash/cash equivalents are defined as lending to and claims on financial institutions.

Notes to the accounts

NOTE 1 ACCOUNTING PRINCIPLES

The interim accounts for the first half of 2010 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 2009 with exception of the changes described below. See www.storebrand.no.

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. In the opinion of the Board of Directors, the interim accounts are based on best estimates at the time the accounts were prepared.

The company changed its definition of non-performing and loss-exposed loans in Q4 2009, which resulted in more loans being defined as non-performing and loss exposed.

NOTE 3 NET INTEREST INCOME

	Q2		01.01. - 30.06.		FULL YEAR
NOK MILLION	2010	2009	2010	2009	2009
Interest and other income on loans to and deposits with credit institutions	0.1	0.2	0.4	0.3	0.8
Interest and other income on loans to and due from customers	121.3	121.3	236.4	284.3	484.5
Interest on short-term debt instruments, bonds and other interest-bearing securities		6.2	2.9	9.5	18.6
Other interest income					
Total interest income	**121.4**	**127.8**	**239.7**	**294.1**	**503.9**
Interest and other expenses on debt to credit institutions	-20.5	-13.6	-35.8	-28.3	-45.0
Interest and other expenses on deposits from and due to customers					
Interest and other expenses on securities issued	-59.6	-77.7	-133.0	-205.2	-341.6
Interest and other expenses on subordinated loan capital					
Other interest expenses					
Total interest expenses	**-80.2**	**-91.3**	**-168.7**	**-233.5**	**-386.6**
Net interest income	**41.2**	**36.5**	**71.0**	**60.6**	**117.3**

Notes to the accounts

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

	Q2		01.01. - 30.06.		FULL YEAR
NOK MILLION	2010	2009	2010	2009	2009
Commercial paper and bonds:					
Realised gain/loss on commercial paper and bonds			-0.1		0.1
Unrealised gain/loss on commercial paper and bonds		0.3	0.2		0.6
Total gain/loss on commercial paper and bonds	**0.0**	**0.3**	**0.1**	**0.0**	**0.7**
Financial derivatives and foreign exchange:					
Gain/loss on foreign exchange related to bonds issued	28.9	0.1	32.5	4.7	16.2
Realised gain/loss on financial derivatives, held for trading	-44.4	-10.0	-41.4	-5.7	1.1
Unrealised gain/loss on financial derivatives, held for trading	3.6	9.8	0.0	-2.1	-14.9
Total financial derivatives and foreign exchange	**-12.0**	**-0.1**	**-9.0**	**-3.2**	**2.4**
Net income and gains from financial assets and liabilities at fair value	**-12.0**	**0.2**	**-8.9**	**-3.2**	**3.1**

NOTE 5 TAX

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

NOTE 6 CLOSE ASSOCIATES

Transactions with group companies as at 30 June 2010:

NOK MILLION	STOREBRAND BANK ASA	OTHER GROUP COMPANIES
Interest income	1.8	
Interest expense	113.1	
Services sold		
Services purchased	4.8	0.5
Due from	281.0	
Liabilities to	1 888.7	

Covered bonds are not included in the overview. Storebrand Bank ASA has invested a total of NOK 7.0 billion in covered bonds issued by Storebrand Boligkreditt AS as of 30 June 2010.

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

Storebrand Boligkreditt AS has no employees, and purchases personnel resources from Storebrand Bank ASA and services including accounting functions from Storebrand Livsforsikring AS. All loans made by the company are purchased from Storebrand Bank ASA pursuant to an agreement entered into with Storebrand Bank ASA to purchase loans, as well as a management agreement with Storebrand Bank ASA for management of the loan portfolio. In outline terms, the management agreement involves the company paying fees to Storebrand Bank ASA for management of the company's loan portfolio. In addition, the company has entered into an agreement with Storebrand Bank ASA for a credit facility to finance loans purchased (see Note 11).
Agreements entered into with other companies in the group are based on the principle of business at arm's length.

Notes to the accounts

NOTE 7 SEGMENT INFORMATION

Business segments are the company's primary reporting segments. The company has only one segment, Retail Lending. This segment comprises lending to private individuals, and all loans are purchased from Storebrand Bank ASA. The company's accounts for H1 2010 therefore relate entirely to the Retail Lending segment.

NOTE 8 LOAN TO VALUE RATIOS AND COLLATERAL

NOK MILLION	30.06.2010	31.12.2009
Gross lending [1]	13 740.3	12 871.2
Average loan balance	1.2	1.3
No. of loans	11 209	10 252
Weighted average seasoning (months)	37	33
Weighted average remaning term (months)	194	189
Average loan to value ratio [1]	47 %	51 %
Overcollateralisation [3]	119 %	118 %
Composition of collateral:		
Residential mortgages	13 613.8	12 708.1
Supplementary security [2]	0.0	0.0
Total	**13 613.8**	**12 708.1**

[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 104.4 million that exceeds the base value limit and has therefore not been included in the calculation of the collateralisation. As per 30 June 2010, the company has 15 non-performing loans, equivalent to NOK 23.4 million. Non-performing loans are note included in the collateralisation.

[2] The company has no supplementary security.

[3] Surplus collateral amounting to NOK 11.2 billion has been calculated based on the total net issued bonds.

Notes to the accounts

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

NOK MILLION	30.06.2010	31.12.2009
Non-performing and loss-exposed loans		
Non-performing loans without evidence of impairment	23.4	33.3
Non-performing and loss-exposed loans with evidence of impairment		
Gross defaulted and loss-exposed loans	**23.4**	**33.3**
Provisions for individual impairment losses		
Net defaulted and loss-exposed loans	**23.4**	**33.3**

The definition of non-performing and loss exposed was changed in Q4 2009. Commitments are regarded as non-performing and loss exposed:
- when a credit facility has been overdrawn for more than 90 days
- when a repayment loan has arrears older than 90 days
- when a credit card has arrears older than 90 days and the credit limit has been overdrawn. If a repayment plan has been agreed with the customer and is being adhered to, the overdraft is not regarded a non-performance.

When one of the three situations described above occurs, the commitment and the rest of the customer's commitments are regarded as non-performing and loss exposed. The number of days is counted from when the arrears exceed NOK 2,000.
The account is given a clean bill of health when there are no longer any arrears. The amount in arrears at the time of reporting can be less than NOK 2,000.

	Q2		01.01. -30.06.		FULL YEAR
NOK MILLION	2010	2009	2010	2009	2009
Losses on loans and guarantees etc. during period					
Change in individual impairment loss provisions					
Change in grouped impairment loss provisions	0.2	-0.5	-1.2	-0.8	-0.4
Other write-down effects					
Realised losses specifically provided for previously					
Realised losses not specifically provided for previously					
Recoveries on previous realised losses					
Loss provisions on loans and guarantees	**0.2**	**-0.5**	**-1.2**	**-0.8**	**-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 individual write-downs or write-downs for groups of loans in addition to the write-downs recordes as at 30 June 2010.

NOTE 10 LIQUIDITY PORTFOLIO

The company sold all the papers in the liquidity portfolio in Q1 2010 and has no liquidity portfolio as per 30.06.2010.

NOTE 11 LOANS TO AND DEPOSITS WITH CREDIT INSTITUTIONS

The company has entered into an agreement with Storebrand Bank ASA for a drawing facility of NOK 5 billion, which will be principally used to make payment for loans purchased and for payments in respect of covered bonds issued.
The agreement was entered into on the principle of business at arm's length.

Notes to the accounts

NOTE 12 COMMERCIAL PAPER AND BONDS ISSUED

Covered bonds:

NOK MILLION *ISIN Code*	NOMINAL VALUE	CURRENCY	INTEREST	ISSUED	MATURITY	BOOK VALUE 30.06.2010
NO0010428584	1 000.0	NOK	Fixed	06.05.2008	06.05.2015	1 086.8
NO0010466071	1 250.0	NOK	Fixed	24.10.2008	24.04.2014	1 336.2
NO0010548373	1 000.0	NOK	Fixed	28.10.2009	28.10.2019	1 077.2
NO0010428592	2 640.0	NOK	Floating	02.05.2008	02.05.2011	2 652.2
NO0010479967	2 500.0	NOK	Floating	12.12.2008	12.06.2012	2 508.7
NO0010507809	2 040.0	NOK	Floating	27.04.2009	27.04.2015	2 048.3
NO0010575913	1 000.0	NOK	Floating	03.06.2010	03.06.2016	1 002.4
Total commercial paper and bonds issued						**11 711.7**

NOTE 13 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

NOK MILLION	30.06.2010	31.12.2009
Undrawn credit limits	1 383.5	1 292.1
Total contingent liabilities	**1 383.5**	**1 292.1**

Undrawn credit limits relate to the unused portion of credit limits on residential mortgage loans.
The company has not any collateral pledged or received.

NOTE 14 CAPITAL ADEQUACY

Capital base

NOK MILLION	30.06.2010	31.12.2009
Share capital	350.0	350.0
Other equity	321.9	283.5
Equity	**671.9**	**633.5**
Deductions		
Profit not included in the calculation of net primary capital	-38.5	
Core capital	**633.4**	**633.5**
Deductions		
Net supplementary capital	**0.0**	**0.0**
Net capital base	**633.4**	**633.5**

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NOTE 14 CAPITAL ADEQUACY *(continued)*

Minimum requirement for capital base

NOK MILLION	30.06.2010	31.12.2009
Credit risk	423.0	395.4
Of which:		
Institutions	9.4	9.3
Loans secured against real estate	404.0	377.4
Loans past-due	2.5	2.8
Other	7.0	5.9
Total minimum requirement for credit risk	**423.0**	**394.4**
Sum minimum requirement for market risk	**0.0**	**0.0**
Operational risk	10.8	10.8
Deductions	-0.2	-0.9
Minimum requirement for capital base	**433.6**	**404.3**

Capital adequacy

NOK MILLION	30.06.2010	31.12.2009
Capital ratio [1)]	11.7 %	12.5 %
Core capital ratio	11.7 %	12.5 %

[1)] The minimum requirement for capital adequacy is 8.00%.

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.

Basel II is divided into three pillars (areas). Pillar 1 deals with the minimum requirement for capital adequacy and represents a continuation of the former regulations pursuant to Basel I. Pillar 2 deals with supervisory evaluation of of capital requirement and supervisory monitoring, while Pillar 3 deals with the requirements for publication of financial information. The introduction of the new regulatory framework has caused changes to the calculation base for capital adequacy. Calculation of operational risk is a new element of the Basel II regulations. Management of market risk is affected by the transition to the Basel II regulations to a minor extent.

NOTE 15 RISK MANAGEMENT

The market value of Storebrand Boligkreditt's financial assets and liabilities varies due to financial market risks.
Note 25 of the 2009 annal report explains the company's financial risks which also describes the financial risks as per 30.06.2010.

NOTE 16 VALUATION

The company categorizes financial instruments valued at fair value on three levels, which are described in more detail in note 2 and note 24 of the 2009 annual report. There have not been any substantial changes in the categorization in 2010.

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 2010 (the 2010 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 2010 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 2010.

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, 14 July 2010
The Board of Directors of Storebrand Boligkreditt AS

Truls Nergaard
Chairman of the Board

Thor Bendik Weider
Member of the Board

Lars Syse Christiansen
Member of the Board

Inger Roll-Matthiesen
Member of the Board

Åse Jonassen
Chief Executive Officer

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Translation from the original Norwegian version

To the board of Storebrand Boligkreditt AS

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the condensed financial statement of Storebrand Boligkreditt AS as of June 30, 2010, showing a profit for the period of MNOK 38.5. The condensed financial Statement comprises the statement of income, the statement of financial position, the statement of cash flow, the statement of comprehensive income, the statement of changes in equity and selected explanatory notes by June 30, 2010. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Section 1-5 of the regulations for the annual accounts for banks and finance companies etc. that provides for simplified application of International Accounting Standard, including No 34 adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our 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.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information does not give a true and fair view of the financial position of the entity as at June 30, 2010, and of its financial performance and its cash flows and the changes in equity for the sixmonth period then ended in accordance with Section 1-5 of the regulations for the annual accounts for banks and finance companies etc. that provides for simplified application of International Accounting Standard, including No 34 adopted by EU.

Oslo, July 14, 2010
Deloitte AS

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

Company information

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E-mail address:	bank@storebrand.no

Company registration number: 990 645 515

Senior Management:

Åse Jonassen	Managing Director

Board of Directors:

Truls Nergaard	Chairman
Lars Syse Christiansen	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.

Photo: iStockphoto - Production: ReclameService - 07.2010