Annual Report

Storebrand Boligkreditt AS

2012

storebrand

Company information

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Storebrand Boligkreditt AS
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PO Box 474
N-1327 Lysaker
Norway

Telephone:	+ 47 - 22 31 50 50
Website:	www.storebrand.no
E-mail address:	bank@storebrand.no
Company registration number:	990 645 515

SENIOR MANAGEMENT:

Bjørnar Hungnes	Acting CEO

BOARD OF DIRECTORS:

Steinar Wessel-Aas	Chairman
Heidi Skaaret	Deputy chairman
Thor Bendik Weider	Board Member
Geir Holmgren	Board Member

CONTACT PERSONS:
Bjørnar Hungnes. Acting CEO. Tel. + 47- 90 54 46 84.

OTHER SOURCES OF INFORMATION:
The Annual Report and interim reports of Storebrand Boligkreditt AS are published on www.storebrand.no

Content

Key figures

NOK million	**2012**	**2011**
Profit and Loss account: (as % of avg. total assets)		
Net interest income	0,84 %	0,37 %
Main balance sheet figures:		
Total assets	18 077,3	17 332,8
Average total assets	17 705,8	16 397,5
Total lending to customers	17 302,3	16 550,4
Equity	791,5	699,7
Deposits from customers as % of gross lending	56.2 %	55.2 %
Other key figures:		
Loan losses and provisions as % of average total lending	0,01 %	0,00 %
Individual loan loss provisions as % of gross loss-exposed loans 3)	7,0 %	4,5 %
Cost/income ratio	11,5 %	26,4 %
Return on equity before tax 2)	17,3 %	6,3 %
Core (tier 1) capital ratio	10,4 %	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.

REPORT OF THE BOARD OF DIRECTORS FOR 2012

(Figures for 2011 are shown in parentheses)

MAIN TRENDS

Storebrand Boligkreditt AS is a wholly owned subsidiary of Storebrand Bank ASA (parent bank). The company is located at Storebrand Bank ASA's head office at Lysaker in the municipality of Bærum.

The company is licensed by the Financial Supervisory Authority of Norway to issue covered bonds (OMF). The objects of the company are to offer or purchase home mortgages. The loans are purchased from Storebrand Bank ASA, and Storebrand Bank ASA administers the mortgages for Storebrand Boligkreditt AS. The established loan programme is Aaa rated by Moody's rating agency, and at year-end 2012 the company has issued covered bonds worth about NOK 12.2 billion with maturities from 16 months to 7 years. The issued volume is partly invested in the market and partly placed on the parent bank's statement of financial position. The parent bank uses covered bonds in the swap scheme with Norges Bank. Storebrand Boligkreditt is an important part of Storebrand Bank's work on maintaining a favourable and long-term funding profile.

At the end of 2012 the mortgage company had 11,704 home mortgages and flexible mortgages equivalent to NOK 17.3 billion on its statement of financial position. The quality of the portfolio is very good. At year-end, there were 17 non-performing loans, equivalent to NOK 36 million. This amounted to 0.21 per cent of the portfolio. The average loan to value ratio is about 49 per cent.

EARNINGS PERFORMANCE

The company's profit before losses for 2012 was NOK 129 million (NOK 45 million). Net loan losses recognised as costs totalled almost NOK 1.1 million (NOK 0.5 million recognised in the income statement) of which NOK 0.8 million was recognised in the income statement and relates to Group write downs (NOK 0.6 million). Profit after taxes for Storebrand Boligkreditt was NOK 92 million, compared with NOK 33 million for 2011.

Net interest income

Net interest income amounted to NOK 150 million for the year (NOK 61 million), which is an increase compared with the previous year and in line with the general market development. Reduced funding costs coupled with higher home mortgage margins have increased net interest income as a percentage of average total assets to 0.84 per cent in 2012 compared with 0.37 per cent in the previous year.

Other income

Other income was negative totalling NOK 4.3 million in 2012 (positive NOK 0.2 million). Other income in 2012 originates entirely from gains/losses on bond buy-backs. In 2010 the company stopped investing its excess liquidity in certificates and bonds and presently invests these funds in bank deposits.

Operating expenses

Operating expenses are stable and totalled NOK 17 million in 2012 (NOK 16 million), equivalent to 12 per cent (26 per cent) of total operating income for the year. The company does not have any employees, and principally purchases services from Storebrand Bank ASA and Storebrand Livsforsikring AS. The services purchased are priced on commercial terms.

Losses and non-performing loans

The volume of non-performing loans at the end of 2012 was NOK 36 million (NOK 29 million). This is equivalent to 0.21 per cent (0.18 per cent) of gross loans. The non-performing loans are well secured. All the loans have a loan to value ratio within 70 per cent or are fully written down.

STATEMENT OF FINANCIAL POSITION

The company's total assets under management have increased somewhat in 2012 and amounted to NOK 18.1 billion at the end of 2012 (NOK 17.3 billion). The borrowings are covered bonds in Norwegian Kroner and a credit facility from Storebrand Bank ASA. The funding structure is balanced and suited to the mortgage company. At the end of 2012 covered bonds worth about NOK 12.2 billion have been issued, with maturities from 16 months to 7 years. NOK 9.5 billion of these bonds have been placed in the market, while the remaining

NOK 2.7 billion are being held in the parent bank. The bank has used NOK 2.0 billion of a swap scheme with covered bonds, administered by Norges Bank.

Storebrand Boligkreditt has a credit facility from Storebrand Bank ASA. The size of this credit facility shall cover the interest and instalments on covered bonds for the coming 12-month period at any given time.

RISK MANAGEMENT

A mortgage company's core activities are credit exposure to low-risk mortgages. Storebrand Boligkreditt is proactive in managing the risks in its business activities and continuously works to develop routines and processes for risk management. During 2012 Storebrand Boligkreditt applied for permission to use internal ratings-based (IRB) methods for measuring and managing credit risk. The current overall risk profile is regarded as being satisfactory and the company expects to make only minor adjustments to its risk profile during 2013.

Storebrand Boligkreditt is exposed to the following key risk areas: credit risk, liquidity risk, operational risk, compliance risk and market risk.

The risk in the company is closely monitored in accordance with guidelines for risk management and internal control that have been approved by the Board. The company's appetite for risk is expressed through risk policies that are designed to support the goals of the business. Policy documents state the measurement parameters that are followed up through risk reporting to the Board.

Credit risk

Storebrand Boligkreditt's gross credit exposure represents NOK 20 billion as at 31 December 2012. The volume of non-performing and impaired loans has increased by NOK 7 million in 2012, and accounts for 0.21 per cent of gross loans.

The Norwegian economy has developed favourably throughout 2012, and property values have increased significantly in recent years. Total non-performing loans in Storebrand Boligkreditt have increased in 2012. Even though the volume of non-performing loans is low, the company closely monitors developments in non-performing loans. Storebrand Bank, which administers the loans in Storebrand Boligkreditt, has conservative lending practices in relation to customers' debt servicing capacity. The security is deemed to be very good as the majority of loans are within 60 per cent of the value of the bank's security. In 2011 the bank group's lending practices became stricter in accordance with the recommendations by the Financial Supervisory Authority of Norway. The average loan to value ratio of Storebrand Boligkreditt's portfolio is 49 per cent (48 per cent), and at the date of transfer the loan to value ratio never exceeds 75 per cent. The risk in the loan portfolio is therefore considered to be very low. About 99 per cent of the property loans have a loan to value ratio that is 80 per cent or less.

The company has not issued any guarantees. Storebrand Boligkreditt has not deposited securities as collateral at Norges Bank.

Liquidity risk

Liquidity risk is the risk that Storebrand Boligkreditt will not be able to meet all its financial commitments as they become due. Liquidity in the mortgage company shall at all times be sufficient to support balance sheet growth, while also ensuring that funds are available to repay loans that are due for payment. The company manages its liquidity position based on a minimum liquidity balance and maximum volume per issue within a 6 month period.

The liquidity targets in Storebrand Boligkreditt are within the internally established limits.

Market risk

The company's aggregate interest rate and exchange rate exposure is restricted through low exposure limits in the risk policies. At year-end 2012 the company does not have a liquidity portfolio in fixed income securities, only in bank deposits.

Storebrand Boligkreditt has established limits for interest rate risk. This risk is deemed to be low as all the loans have administratively established interest rates and the borrowings are either variable or have been swapped to variable three month NIBOR.

Storebrand Boligkreditt does not have any exposure to currency risk at the end of 2012 as the company's loans and borrowings are in Norwegian kroner.

Operational risk

In order to manage operational risk, the company's administration prioritises establishing good work and control routines. Systematic risk reviews are undertaken quarterly as well as for special transactions or unexpected events. The last risk review was performed in autumn 2012.

Compliance risk

Compliance risk is the risk that Storebrand Boligkreditt incurs public sanctions or financial losses due to failure to comply with external and internal regulations. Storebrand Boligkreditt uses and is included in Storebrand banking Group's routines and processes for managing operational risk and compliance risk.

CAPITAL MANAGEMENT

Capital adequacy

The company's equity and net primary capital at the end of the year following year-end distributions amounted to NOK 706 million (NOK 700 million). This is equivalent to capital adequacy and core capital adequacy of 10.4 per cent (10.8 per cent).

Storebrand Boligkreditt AS has satisfactory solvency and liquidity based on the company's business activities.

PERSONNEL, ORGANISATION, CORPORATE BODIES AND THE ENVIRONMENT

Sustainability

The Storebrand Group has been systematically and purposefully working on sustainability for more than 15 years. Sustainable products and relationships are included in Storebrand's customer promises and are an integrated part of the Group's brand.

Environment

Storebrand Boligkreditt is part of Storebrand, which works systematically to reduce its impact on the environment, through its business activities, investments, procurement and property management.

Personnel and the organisation

At year-end 2012 there are no employees in the company. Therefore no special measures have been implemented for the working environment.

The company has an agreement with Storebrand Bank on the conditions for acquiring, transferring and managing loans. The company's work tasks are undertaken by employees of Storebrand Livsforsikring and Storebrand Bank. The services purchased are regulated through service agreements and price agreements which are updated annually. The CEO and Chief Risk Officer (CRO) of Storebrand Boligkreditt are formally under the employ of Storebrand Bank, and they are fully hired to Storebrand Boligkreditt AS.

Equality/diversity

The Board of Storebrand Boligkreditt comprises three men and one woman. The acting CEO is a man. A woman is on a leave of absence from this position.

Ethics and trust

Storebrand Boligkreditt follows Group guidelines regarding sustainability and ethics.

Statement of company management

Storebrand Boligkreditt's systems for internal control and risk management linked to the accounting process adhere to Storebrand Group guidelines. The Board decides upon the guidelines annually. In addition Storebrand Boligkreditt purchases, via its service contracts, all accounting expertise, bookkeeping and reporting from Storebrand Livsforsikring AS. The Storebrand Group established principles for corporate governance in 1998. Storebrand Group reports on the Group's policies and practice for corporate governance in accordance with section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance of 20 October 2011. For a further discussion of Storebrand Boligkreditt's corporate governance and a discussion of company management pursuant to Section 3-3b of the Accounting Act, cf. the separate article in Section 10 in the Annual Report of the Storebrand Group pertaining to the Group's accounting process.

The work of the Board is regulated by special rules of procedure for the Board. The Board of Storebrand ASA has also established a set of instructions for the Boards of subsidiary companies which describe how guidelines, plans and strategies adopted by the Group's Board of Directors are expected to be complied with. The Board of Storebrand ASA has two advisory subcommittees, common to Storebrand Group: The Remuneration Committee and the Audit Committee.

Storebrand Boligkreditt has laid down in its Articles of Association that the Company shall have the same nomination committee as Storebrand ASA, so it follows the Storebrand Group's processes for nomination and replacement of Board members. The company does not have any provisions in the Articles of Association and authorisations granting the Board the authority to decide that the company shall buy back or issue its own shares or equity certificates.

Changes in the composition of the Board

The Board comprises two internal and two external members as well as one internal substitute member. In 2012 Truls Nergaard, Trond Fladvad and Inger Roll-Matthiesen left the Board. The Board consists of Stein Wessel-Aas (Chairman of the Board), Heidi Skaaret (Deputy Chairman), Geir Holmgren (Board member) and Thor Bendik Weider (Board member). Nils Robert Hodnesdal is a substitute member.

CONTINUING OPERATIONS

The Board confirms that the prerequisites for the going concern assumption exist and accordingly the Annual Report has been prepared based on the going concern principle.

EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

No events of material importance to the financial statements have occurred since the statement of financial position date.

ALLOCATION OF THE RESULT FOR THE YEAR

The company's result for the year was a profit of NOK 91.8 million. The Board proposes a Group contribution be made of NOK 118.5 million before taxes (NOK 85.3 million after taxes) to Storebrand Bank ASA. The Board considers the company's capital situation to be good given the risk profile and proposes to the Board of Representatives and Annual General Meeting the following disposition of the result for the year:

Figures in NOK million:

Transferred to / from other equity	-6.5
Group contribution to the parent company (after taxes)	-85.3
Total allocations	**-91.8**

The company's equity available for distribution following the Group contribution was NOK 156 million as of 31/12/2012.

STRATEGY AND OUTLOOK FOR 2013

In 2013 Storebrand Boligkreditt will continue its core activity which is the acquisition and management of home mortgages from Storebrand Bank. Provided growth in the parent company, the company has ambitions of continued moderate growth in its lending portfolio during 2013.

The housing market and developments in total non-performing loans will be closely monitored. The work of ensuring good work routines and high data quality will continue and thereby ensure that government and rating requirements continue to be fulfilled.

At the start of 2013 we continue to see uncertainty in the international economy. The Norwegian economy has been touched by the crisis to a limited extent, and the finance markets in Norway at the end of the year are less affected by the crisis than they were a year ago. If the performance of the international economy deteriorates, there is a risk that the OMF market will worsen and borrowing costs will increase. New covered bonds will be issued when the company decides it is prudent to do so and there is sufficient security. Storebrand Boligkreditt will continue to assist Storebrand Bank in maintaining diversified funding.

Lysaker, 12 February 2013

The Board of Directors of Storebrand Boligkreditt AS

Translation - not to be signed

Stein Wessel-Aas Chairman of the Board	Heidi Skaaret Deputy chairman	Thor Bendik Weider Board Member
Geir Holmgren Board Member	Bjørnar Hungnes Acting CEO	

Accounts & Notes

Profit and loss account

1 January - 31 December

NOK million	Note	2012	2011
Interest income		645.7	577.8
Interest expense		-496.2	-516.8
Net interest income	**10**	**149.5**	**61.0**
Commission income		0.1	0.1
Commission expense			
Net commission income		**0.0**	**0.0**
Net gains on financial instruments at fair value	10	-4.3	0.2
Other income			
Total other operating income		**-4.3**	**0.2**
Staff expenses	12, 28	-0.2	-0.2
General administration expenses	12	-0.2	-0.1
Other operating costs	11, 12	-16.4	-15.8
Total operating costs		**-16.7**	**-16.2**
Operating profit before losses and other items		128.6	45.1
Loan losses	13	-1.1	0.4
Profit before tax		**127.5**	**45.5**
Tax	14	-35.7	-12.7
Profit for the year		**91.8**	**32.8**

Statement of comprehensive income

NOK million	Note	2012	2011
Other comprehensive income			
Profit for the period		91.8	32.8
Total comprehensive income for the period		**91.8**	**32.8**
Allocations:			
Provision for group contribution		-85.3	-33.9
Transferred to other equity		-6.5	1.2
Total allocations		**-91.8**	**-32.8**

Statement of financial position - Balance sheet

31. December

Assets

NOK million	Note	2012	2011
Loans to and deposits with credit institutions	4, 15, 16, 17	408.3	422.8
Financial assets designated at fair value through profit and loss account:			
Derivatives	4, 5, 8, 15, 18, 23	345.0	314.5
Other current assets	15, 22	24.2	46.6
Gross lending	4, 15, 16, 19	17 302.3	16 550.4
Loan loss provisions	4, 15, 16, 19, 21	-2.6	-1.5
Net lending to customers		17 299.7	16 548.9
Total assets		**18 077.3**	**17 332.8**

Liabilities and equity

NOK million	Note	2012	2011
Liabilities to credit institutions	5, 15, 16	4 618.1	4 267.2
Other financial liabilities:			
Commercial papers and bonds issued	5, 15, 16, 24	12 620.1	12 311.9
Other liabilities	5, 15, 25	42.7	17.6
Deferred tax	14	5.0	2.5
Total liabilities		**17 285.8**	**16 599.1**
Share capital		350.0	350.0
Share premium reserve		200.1	200.1
Other paid-in equity		118.9	118.9
Other equity		122.4	64.6
Total equity		**791.4**	**733.6**
Total liabilities and equity		**18 077.3**	**17 332.8**

Lysaker, 12 February 2013
The Board of Directors of Storebrand Boligkreditt AS

Translation - not to be signed

Stein Wessel-Aas
Chairman of the Board

Heidi Skaaret
Deputy chairman

Thor Bendik Weider
Boad Member

Geir Holmgren
Board Member

Bjørnar Hungnes
Acting CEO

Changes in equity

	Paid-in equity				Other 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 equity	Total equity
Equity at 31.12.2010	350,0	200,1	54,4	604,5	0,0	96,3	96,3	700,8
Profit for the period						32,8	32,8	32,8
Pension experience adjustments								
Total other comprehensive income	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**
Total comprehensive income for the period	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**32,8**	**32,8**	**32,8**
Equity transactions with the owner:								
Group contribution paid						-64.5	-64.5	-64.5
Group contribution received			64.5	64.5			0.0	64.5
Equity at 31.12.2011	**350.0**	**200.1**	**118.9**	**669.0**	**0.0**	**64.6**	**64.6**	**733.6**
Profit for the period						91.8	91.8	91.8
Pension experience adjustments								
Total other comprehensive income	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**91.8**	**91.8**	**91.8**
Equity transactions with the owner:								
Group contribution paid				0.0		-33.9	-33.9	-33.9
Equity at 31.12.2012	**350.0**	**200.1**	**118.9**	**669.0**	**0.0**	**122.5**	**122.5**	**791.4**

Storebrand Boligkreditt AS is 100% owned by Storebrand Bank ASA. Number of shares are 35.000.000 at 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 core capital adequacy have to be at least 9 per cent at all times. The core (tier 1) capital adequacy target with the current balance sheet structure has been set at 11 per cent from 2015.

For further information on the company's fulfilment of the capital requirements, see note 27.

Cash flow statement

1 January - 31 December

NOK million	**2012**	**2011**
Cash flow from operations		
Net receipts/payments of interest, commissions and fees from customers	645.3	571.7
Net disbursement/payments on customer loans	-719.8	-2 737.8
Net receipts/payments - securities at fair value	-4.3	0.2
Payments of operating costs	-20.9	-14.4
Net cash flow from operating activities	**-99.6**	**-2 180.2**
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	-3 798.9	-1 694.1
Receipts - new loans and issuing of bond debt	4 446.1	4 321.8
Payments - interest on loans	-514.9	-513.0
Receipts - group contribution		64.5
Payments - group contribution	-47.1	-89.6
Net cash flow from financing activities	**85.2**	**2 089.6**
Net cash flow in period	**-14.5**	**-90.6**
Net movement in cash and bank deposits	-14.5	-90.6
Cash and bank deposits at the start of the period	422.8	513.4
Cash and bank deposits at the end of the period	**408.3**	**422.8**

The company has a credit arrangement (drawing facility) with Storebrand Bank ASA that is included in the item "Liabilities to credit institutions" as at 31.12.2012. See also Note 5.

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 ccontribution are financial activities.

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

Notes to the account

Note 1 | Company information and accounting policies

NOTE 1: COMPANY INFORMATION AND ACCOUNTING POLICIES

1. COMPANY INFORMATION
Storebrand Boligkreditt AS is a Norwegian limited company with bonds quoted on Oslo Børs. The company's 2012 financial statements were approved by the Board of Directors on 12 February 2013.

Storebrand Boligkreditt offers home mortgages to the retail market. Storebrand Boligkreditt consists of the retail market business area. Storebrand Boligkreditt AS is headquartered at Professor Kohts vei 9, Lysaker.

2. THE BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS
The accounting policies applied in the company accounts are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances.

The financial statements of Storebrand Boligkreditt AS have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the EU and appurtenant interpretations, as well as other Norwegian disclosure obligations pursuant to the law and regulations.

Use of estimates in preparing the annual financial statements.
The preparation of the annual financial statements in accordance with IFRS requires the management to make judgements, estimates and assumptions that affect assets, liabilities, revenue, expenses, the notes to the financial statements and information on potential liabilities. Actual amounts may differ from these estimates. See note 2 for further information about this.

3. CHANGES IN ACCOUNTING POLICIES
During 2012 amendments have been made to IAS 1 – Presentation of financial statements. The amendments to IAS 1 require companies to group items presented under Other income and costs (Statement of total comprehensive income/Other Comprehensive Income (OCI)), based on whether the items can be reclassified to profit or loss in subsequent reporting periods. The change has not had a material impact on the financial statements of the company.

Other amendments to IFRS rules that apply, or may be applied, to financial statements prepared in accordance with IFRS after 1 January 2013 are also described below. The amendments are not expected to have a material impact on the financial statements of the company.
- Amendments to IFRS 12: State the minimum disclosure requirements for interests in other entities.
- Amendments to IFRS 13: Provide a single IFRS framework for measuring fair value.
- IAS 32: Prescribes the conditions under which financial assets and financial liabilities with the same counterparty can be offset and the net amount reported.
- IFRS 7: Changed information disclosure requirements relating to a company's opportunity to offset financial instruments and report the net amount as this pertains to contracts that specify net amounts.
- IFRS 9: Replaces the provisions for classification and measurement of financial instruments in IAS 39.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR MATERIAL STATEMENT OF FINANCIAL POSITION ITEMS
The assets side of the company's statement of financial position primarily consists of financial instruments. The majority of the financial instruments fall under the category Loans and receivables and are stated at amortised cost.
The liabilities side of the company's statement of financial position primarily consists of financial instruments (liabilities). With the exception of derivatives that are stated at fair value, the majority of the financial liabilities are stated at amortised cost.

The accounting policies are described in more detail below.

5. INCOME RECOGNITION

Net interest income - banking
Interest income is recognised in the profit and loss account using the effective interest method.

Income from financial assets
Income from financial assets is described in Section 6.

Other income
Fees are recognised when the income is reliable and earned, fixed fees are recognised as income in line with the delivery of the service, and performance fees are recognised as income once the success criteria have been met.

6. FINANCIAL INSTRUMENTS

6-1. GENERAL POLICIES AND DEFINITIONS
Recognition and derecognition
Financial assets and liabilities are recognised in the statement of financial position from such time Storebrand Boligkreditt becomes party to the instrument's contractual terms and conditions. Ordinary purchases and sales of financial instruments are booked on the transaction date. When a financial asset or a financial liability is initially recognised in the financial statements, it is valued at fair value. Initial recognition includes transaction costs directly related to the acquisition or issue of the financial asset or the financial liability, if it is not a financial asset or a financial liability at fair value in profit or loss.

Financial assets are derecognised when the contractual right to the cash flow from the financial asset expires, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, the risk and reward associated with ownership of the asset is transferred.

Financial liabilities are derecognised in the statement of financial position when they cease to exist, i.e. once the contractual liability has been fulfilled, cancelled or has expired.

Definition of amortised cost
Subsequent to initial recognition, held-to-maturity investments, loans and receivables as well as financial liabilities not at fair value in profit or loss, are measured at amortised cost using the effective interest method. The calculation of the effective interest rate involves estimating all cash flows and all contractual terms of the financial instruments (for example early repayment, call options and equivalent options). The calculation includes all fees and margins paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Definition of fair value
Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of financial assets listed on a stock exchange or in another regulated market place in which regular trading takes place is determined as the bid price on the last trading day up to and including the reporting date.

If a market for a financial instrument is not active, fair value is determined by using valuation techniques. Such valuation techniques make use of recent arm's length market transactions between knowledgeable and independent parties where available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and options pricing models. If a valuation technique is in common use by participants in the market and this method has proved to provide reliable estimates of prices actually achieved in market transactions, this method is used.

In calculating the fair value of loans the current market rate on similar loans is used. Changes in credit risk are taken into account.

Impairment of financial assets
For financial assets carried at amortised cost, an assessment is made at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that impairment has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not occurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate calculated at initial recognition). The amount of the loss is recognised in profit or loss.

Losses expected as a result of future events, no matter how likely, are not recognised.

6-2. CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES
Financial assets are classified into one of the following categories:
- Financial assets held for trading
- Financial assets at fair value through profit or loss in accordance with the fair value option (FVO)
- Financial assets loans and receivables

Held for trading
A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling or repurchasing it in the near term, or on initial recognition is part of a portfolio of identified financial instruments that are managed together and has evidence of a recent actual pattern of short-term profit-taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

With the exception of derivatives, only a limited proportion of Storebrand Boligkreditt's financial instruments fall into this category.
Financial assets held for trading are measured at fair value at the reporting date, with all changes in their fair value recognised in profit or loss.

At fair value through profit or loss in accordance with the fair value option (FVO)
Any Storebrand Boligkreditt liquidity portfolio in certificates and bonds will be classified at fair value through profit or loss because:
- such classification reduces the mismatch in the measurement or recognition that would otherwise arise as a result of the different rules for measuring assets and liabilities, or that
- the financial assets form part of a portfolio that is managed and reported on a fair value basis

The accounting treatment is equivalent to that for held for trading assets. At the end of 2012 the company did not have a liquidity portfolio because all surplus liquidity had been placed as bank deposits with Storebrand Bank ASA.

Loans and receivables
A significant proportion of Storebrand Boligkreditt's financial instruments are classified in the category Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of such assets that the company intends to sell immediately or in the near term that are classified as held for trading and those that the company upon initial recognition designates as at fair value through profit or loss,

Loans and receivables are carried at amortised cost using the effective interest method.

Loans and receivables that are designated as hedged items are subject to measurement under the hedge accounting requirements.

6-3. DERIVATIVES
Definition of a derivative
A derivative is a financial instrument or other contract within the scope of IAS 39, with all three of the following characteristics:
- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (sometimes called the 'underlying')
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors
- it is settled at a future date.

Accounting treatment of derivatives that are not hedging
Derivatives that do not meet the criteria for hedge accounting are treated as financial instruments held for trading. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

The majority of the derivatives used routinely for asset management fall into this category.

6-4. HEDGE ACCOUNTING
Fair value hedging
Storebrand Boligkreditt uses fair value hedging, where the items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised in profit or loss.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using an effective interest method, or at fair value.

7. TAX
The tax expense in the income statement comprises current tax and change in deferred tax and is based on the accounting standard IAS 12 Income Taxes. Tax is recognised in the income statement, except to the extent that it relates to items recognised in the statement of total comprehensive income. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities.

Deferred tax is calculated on the basis of the company's tax loss carry forwards, deductible temporary differences and taxable temporary differences.

8. PROVISION FOR GROUP CONTRIBUTION
In accordance with IAS 10 on events after the statement of financial position date, proposed Group contributions shall be classified as equity until approved by the AGM.

9. LEASING
A lease is classified as a finance lease if it transfers substantially the risk and rewards incident to ownership. Other leases are classified as operating leases. Storebrand Boligkreditt has no finance leases.

10. STATEMENT OF CASH FLOWS
The statement of cash flows is prepared using the direct method and shows cash flows grouped by sources and use. Cash is defined as cash, receivables from central banks and receivables from credit institutions with no agreed period of notice.
The statement of cash flows is classified according to operating, investing and financing activities.

NOTE 2 | Critical accounting estimates and judgements

In preparing the company's 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 judgement at the time the financial statements were prepared.
Actual results may differ from these estimates.

The company's critical estimates and judgements that could result in material adjustment of recognised amounts are discussed below.

FINANCIAL INSTRUMENTS AT AMORTISED COST
Financial instruments valued at amortised cost are assessed on the reporting date to see whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A certain degree of judgement must be used in assessing whether impairment has occurred and the amount of the impairment loss. Uncertainty grows when there is turmoil in financial markets. The assessments include credit, market and liquidity risk. Changes in assumptions for these factors will affect an assessment of whether impairment is indicated. There will thus be uncertainty concerning the recognised amounts of individual and group write-downs. This will apply to provisions for loan losses in the retail and corporate markets and bonds carried at amortised cost.

CONTINGENT LIABILITIES
Storebrand Boligkreditt AS can be a party in legal disputes. Contingent liabilities are assessed in each case and will be based on legal considerations.

NOTE 3 | Risk management

RISK MANAGEMENT AND CONTROL
The Board of Directors of Storebrand Boligkreditt AS has adopted guidelines for risk management and internal control that include robust functions for risk management, internal control, compliance and internal auditing. These functions ensure implementation of company strategies and compliance with the framework for risk-taking.

Storebrand Boligkreditt AS is affected by credit risk, liquidity risk, market risk and operational risk. The risk strategy in the Storebrand Bank Group lays the foundation for managing the forms of risk through policies for each risk form. The bank group's risk policies define a framework for the maximum risk exposure in Storebrand Boligkreditt AS. The company's Board adopts its own risk policies within these limits pursuant to its objectives and relevant regulations.

The Risk Management unit in Storebrand Bank ASA prepares a monthly risk report in which all forms of risk are monitored in relation to their respective policies. The risk report is considered by the company's Board.

NOTE 4 | Credit risk

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

All loans in Storebrand Boligkreditt are granted by Storebrand Bank's Retail Market. Loans are approved on the basis of credit scoring combined with a case-by-case evaluation of the borrower's ability to repay. The bank's routines for credit management are set forth in Retail Market's credit manual. The credit handbook was primarily written for customer account managers and others who participate in the credit approval process. The credit manual contains common guidelines for credit activities in the bank and is intended to ensure comprehensive and consistent credit approval processes. The credit manual is based on a credit policy that describes the principles for credit approval at a general level. The counterparty risk associated with trading financial derivatives with customers as the counterparty is included in credit risk and managed pursuant to a special policy based on credit ratings and the size of the commitment.

Analysis of credit risk by type of financial instrument
The maximum credit exposure is the sum of gross loans, guarantees, amounts drawn from credit lines and undrawn amounts of credit lines. The increase in the maximum credit exposure from the end of 2011 is mainly related to higher engagement amount.

	Maximum credit exposure	
NOK million	**2012**	**2011**
Loans to and deposits with credit institutions	408.3	422.8
Total commitments customers *)	19 094.4	18 225.5
Interest rate swaps	345.0	314.5
Total	**19 847.8**	**18 962.8**
*) Of which net loans to and amounts due from customers measured at fair value:	0.0	0.0

The amounts stated for the various financial instruments constitute the value recognised in the balance sheet, with the exception of net lending to and receivables from customers, which also includes unused credit facility and guarantees.

CREDIT RISK LOANS TO AND DEPOSITS WITH CREDIT INSTITUTIONS

Credit risk per counterparty

NOK million	**AAA Fair value**	**AA Fair value**	**A Fair value**	**BBBB Fair value**	**NIG Fair value**	**Total 2012 Fair value**	**Total 2011 Fair value**
Norway		109.8		298.5		408.3	422.8
Total loans to and deposits with credit institutions	**0.0**	**109.8**	**0.0**	**298.5**	**0.0**	**408.3**	**422.8**

CREDIT EXPOSURE FOR LENDING ACTIVITIES

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

The average weighted loan to value ratio in the company is around 48.7 per cent for mortgages, and 99 per cent of mortgages are within an 80 per cent loan to value ratio. Around 70 per cent of the mortgages are within a 60 per cent loan to value ratio in the covered bond company. The portfolio's credit risk is regarded as low.

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

Storebrand Boligkreditt's collateral is residential property. The collateral is regarded as very good for the portfolio. The collateral for the performing loans is also regarded as good.
The collateral for non-performing loans without impairment is good. The average loan to value ratio for these loans is 56 per cent. The collateral is sold in the retail market. It is not taken over by the bank.

The credit risk in the portfolio is low.

Commitments per customer group

NOK million	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments	Average loans to and due from customers
			2012		
Wage-earners	17 193.0		1 776.5	18 969.5	16 805.9
Other	7.2		1.4	8.5	4.8
Rest of world	102.1		16.9	119.0	115.7
Total	**17 302.3**	**0.0**	**1 794.7**	**19 097.1**	**16 926.4**
Loan loss provisions on individual loans	-2.1			-2.1	
Loan loss provisions on groups of loans	-0.5			-0.5	
Total loans to and due from customers	**17 299.7**	**0.0**	**1 794.7**	**19 094.4**	**16 926.4**

NOK million	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments	Average loans to and due from customers
			2011		
Wage-earners	16 418.8		1 657.6	18 076.4	15 058.1
Other	2.4		0.4	2.8	1.2
Rest of world	129.2		18.7	147.9	118.7
Total	**16 550.4**	**0.0**	**1 676.6**	**18 227.0**	**15 178.0**
Loan loss provisions on individual loans	-0.2			-0.2	
Loan loss provisions on groups of loans	-1.3			-1.3	
Total loans to and due from customers	**16 548.9**	**0.0**	**1 676.6**	**18 225.5**	**15 178.0**

The classification into customer groups is based on Statistics Norway's standard for sector and business classification. The individual customer's classification is determined by the customer's primary activity.

Given the relatively stable development of the balance sheet, the average size of the commitment from 31 December 2011 to 31 December 2012 is a best estimate of the average in the portfolio.

Commitments per geogaphical areas

NOK million	Loans to and due from customers	Guaran-tees	Undrawn credit limits	Total commit-ments	Non-per-forming loans without evidence of impair-ment	Non-per-forming and loss-exposed loans with evidence of impair-ment	Gross defaulted and loss-exposed loans	Provisions for indivi-dual loan losses	Net defaulted and loss-exposed loans
				2012					
Eastern Norway	13 883.7		1 399.1	15 282.8	18.0	4.4	22.4	1.0	21.4
Western Nor-way	2 275.4		266.0	2 541.4	6.9	1.2	8.1	1.1	7.0
Southern Norway	284.5		37.4	321.9	1.9		1.9		1.9
Mid-Norway	442.0		46.3	488.3	1.2		1.2		1.2
Northern Norway	313.7		28.2	341.9	2.2		2.2		2.2
Rest of world	103.1		17.7	120.8			0.0		0.0
Total	**17 302.3**	**0.0**	**1 794.7**	**19 097.1**	**30.2**	**5.6**	**35.8**	**2.1**	**33.7**

2011

NOK million	Loans to and due from customers	Guaran-tees	Undrawn credit limits	Total commit-ments	Non-per-forming loans without evidence of impair-ment	Non-per-forming and loss-exposed loans with evidence of impair-ment	Gross defaulted and loss-exposed loans	Provisions for indivi-dual loan losses	Net defaulted and loss-exposed loans
Eastern Norway	13 086.2		1 300.1	14 386.2	15.8	1.5	17.3	0.2	17.1
Western Norway	2 218.0		248.3	2 466.3	6.9		6.9		6.9
Southern Norway	305.9		27.8	333.7			0.0		0.0
Mid-Norway	482.5		57.7	540.3	3.0		3.0		3.0
Northern Norway	328.6		24.0	352.6			0.0		0.0
Rest of world	129.2		18.7	147.9	1.6		1.6		1.6
Total	**16 550.4**	**0.0**	**1 676.6**	**18 227.0**	**27.3**	**1.5**	**28.8**	**0.2**	**28.6**

Total engagement amount by remaining term to maturity

2012

NOK million	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments
Up to 1 month	0.1			0.1
1 - 3 months	0.3			0.3
3 months - 1 year	11.7			11.7
1 - 5 years	599.0		190.1	789.2
More than 5 years	16 691.2		1 604.6	18 295.8
Total	**17 302.3**	**0.0**	**1 794.7**	**19 097.1**

2011

NOK million	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments
Up to 1 month	0.1			0.1
1 - 3 months	0.7			0.7
3 months - 1 year	12.1			12.1
1 - 5 years	299.3		38.7	338.0
More than 5 years	16 238.2		1 638.0	17 876.2
Total	**16 550.4**	**0.0**	**1 676.6**	**18 227.0**

Age distribution of overdue engagements without impairments

2012

NOK million	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments
Overdue 1 - 30 days	123.4	0.0	0.6	124.0
Overdue 31 - 60 days	49.4		0.0	49.4
Ovedue 61- 90 days	3.1		0.0	3.1
Overdue more than 90 days	30.2		0.0	30.2
Total	**206.1**	**0.0**	**0.6**	**206.7**
Engagements overdue more than 90 days by geographical area:				
Eastern Norway	18.0			18.0
Western Norway	6.9			6.9
Southern Norway	1.9			1.9
Mid-Norway	1.2			1.2
Northern Norway	2.2			2.2
Rest of world				0.0
Total	**30.2**	**0.0**	**0.0**	**30.2**

2011

NOK million	Loans to and due from customers	Guarantees	Undrawn credit limits	Total commitments
Overdue 1 - 30 days	104.4		0.3	104.7
Overdue 31 - 60 days	46.5			46.5
Ovedue 61- 90 days	9.2			9.2
Overdue more than 90 days	27.3			27.3
Total	**187.4**	**0.0**	**0.3**	**187.7**
Engagements overdue more than 90 days by geographical area:				
Eastern Norway	15.8			15.8
Western Norway	6.9			6.9
Southern Norway				0.0
Mid-Norway	3.0			3.0
Northern Norway				0.0
Rest of world	1.6			1.6
Total	**27.3**	**0.0**	**0.0**	**27.3**

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.

Credit risk by customer group

2012

NOK million	Non-performing and loss-exposed loans with evidence of impairment	Non-performing loans without evidence of impairment	Gross defaulted and loss-exposed loans	Total provisions for individual loan losses	Net defaulted and loss-exposed loans	Total value changes	Total value change recognised in the profit and loss account during period
Wage-earners	5.6	30.2	35.8	2.1	33.7		1.9
Total	**5.6**	**30.2**	**35.8**	**2.1**	**33.7**	**0.0**	**1.9**

2011

NOK million	Non-performing and loss-exposed loans with evidence of impairment	Non-performing loans without evidence of impairment	Gross defaulted and loss-exposed loans	Total provisions for individual loan losses	Net defaulted and loss-exposed loans	Total value changes	Total value change recognised in the profit and loss account during period
Wage-earners	1.5	25.7	27.2	0.2	27.1		0.2
Rest of world		1.6	1.6		1.6		
Total	**1.5**	**27.3**	**28.8**	**0.2**	**28.7**	**0.0**	**0.2**

CREDIT RISK DERIVATIVES

The purpose of the use of financial derivatives is to identify and reduce currency and interest rate risk. Counterparty risk in connection with the trading of financial derivatives is included in credit risk. The Storebrand Boligkreditt's risk strategy establishes overall limits for how much credit risk the company is willing to accept. The summary shows the gross exposure, the company has no collateral for the credit risk.

Credit risk per counterparty *NOK million*	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total 2012 Fair value	Total 2011 Fair value
Norway			345.0			345.0	314.5
Total	**0.0**	**0.0**	**345.0**	**0.0**	**0.0**	**345.0**	**314.5**
Rating classes are based on Standard & Poors.							
Change in value:							
Total change in value on the balance sheet			345.0			345.0	314.5
Change in value recognised in the profit and loss during period			30.5			30.5	74.3

INTEREST RATE SWAPS AND BASIS SWAPS

Derivatives are entered into for hedging purposes. Derivative transactions are entered into with counterparties that are "investment grade" rated.

Note 5 | Liquidity risk

The risk that the company is unable to fulfil its obligations without incurring substantial additional expense in the form of low prices for assets that must be realised, or in the form of especially expensive financing.

The company's liquidity risk policy describes the principles for liquidity management and specifies stress testing, minimum liquidity reserves and financial indicators for measuring liquidity risk. Stress tests are used to illustrate the expected effects of various scenarios on the statement of financial position and cash flows.

The company's liquidity is primarily affected by relatively few large maturities of bonds. To ensure a sound liquidity situation, the company will, to the extent it makes business sense, issue soft bullet bonds, which means the date the bond matures can be extended by up to one year. In addition there will be limits with respect to how large each repayment can be. The maturing of new borrowings in Storebrand Boligkreditt shall otherwise be planned so that no breach of the liquidity measures must be expected in any future period.

Storebrand Boligkreditt's funding needs will most likely exceed what is funded via covered bonds. This funding need will be continuously covered by the parent bank. The company will draw on a borrowing facility from the parent bank when it requires liquidity in connection with repaying borrowing as well. Storebrand Boligkreditt has a credit facility at Storebrand Bank ASA. The size of this credit facility shall cover the interest and instalments on covered bonds for the coming 12-month period at any given time. The facility cannot be terminated by Storebrand Bank until at least 3 months after the maturity of covered bonds with the longest maturity. The agreement was entered into according to the arm's length principle.

The treasury function in Storebrand bank's Capital Market Products Department is responsible for the bank group's liquidity management and the bank's Middle Office in the Risk Management unit monitors and reports on the utilisation of limits pursuant to the liquidity policy of the Board of Storebrand Boligkreditt AS.

Non-discounted cash flows - financial obligations

NOK million	**0 - 6 months**	**6 months - 12 months**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**	**Total**	**Book value**
Liabilities to credit institutions	4 618.1					4 618.1	4 618.1
Commercial paper and bonds issued	233.4	171.5	5 843.4	5 597.9	1 884.4	13 730.6	12 620.1
Other liabilities	42.7					42.7	42.7
Undrawn credit limits	1 794.7					1 794.7	
Total financial liabilities 2012	**6 689.0**	**171.5**	**5 843.4**	**5 597.9**	**1 884.4**	**20 186.1**	**17 280.9**
Derivatives related to liabilites 31.12.2012	**-59.6**	**-26.9**	**-213.3**	**-70.3**	**-62.6**	**-432.7**	**345.0**
Total financial liabilities 2011	4 569.2	260.4	2 207.1	10 381.0	5 809.0	23 226.7	16 630.6

The amounts includes accrued interest.

The overview of non-discounted cash flows includes interest. Implicit forward interest rates based on the yield curve on 31 December 2012 are used to calculate interest for lending with FRN conditions. The maturity profile was set up using the PortWin risk management system. The maturity overview does not take account of the fact that the loans are soft bullet, i.e. the original maturity date is used. Call date is used as maturity date.

Loans to and deposits with credit institutions

NOK million	**2012**	**2011**
Total loans to and deposits with credit institutions without fixed maturity at amortised cost	4 618.1	4 267.2
Total loans to and deposits with credit institutions at amortised cost	**4 618.1**	**4 267.2**

Loans to and deposits with credit institutions consist of drawn amount on the credit facility in Storebrand Bank ASA.

Covered bonds

NOK million ISIN code	Nominal value	Currency	Maturity	Book value
NO0010466071	1 150.0	NOK	24.04.2014	1 239.6
NO0010507809	2 040.0	NOK	27.04.2015	2 047.4
NO0010428584	1 000.0	NOK	06.05.2015	1 113.3
NO0010638307	1 000.0	NOK	17.06.2015	1 000.5
NO0010575913	646.5	NOK	03.06.2016	647.8
NO0010612294	2 000.0	NOK	15.06.2016	1 996.0
NO0010635071	2 650.0	NOK	21.06.2017	2 670.2
NO0010660822	500.0	NOK	20.06.2018	499.9
NO0010548373	1 250.0	NOK	28.10.2019	1 405.3
Total commercial paper and bonds issued 2012				**12 620.1**
Total commercial paper and bonds issued 2011				**12 311.9**

The loan agreements contain standard covenants. Under the loan programme the company's overcollateralisation requirement was 109.5 per cent fulfilled. In 2012, Storebrand Boligkreditt AS met all terms and conditions with respect to the loan agreements.

Note 6 | Market risk

The risk of 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.

The risk policies for interest rate and currency risk set general limits for the management and control of market risk primarily associated with the company's fixed income securities. The company can be exposed to currency risk to a lesser degree. Storebrand Boligkreditt AS has none liabilites or assets in other currency than NOK as at 31 December 2012.

The company's market risk is primarily managed and controlled through daily monitoring of risk exposure pursuant to the risk policy and continuous analyses of positions.

The exposure limits are reviewed and renewed by the Board at least yearly. The size of these limits are set on the basis of stress tests and analyses of market movements, as well as risk capacity and willingness.

The bank's Middle Office in the Risk Management unit is responsible for the ongoing, independent monitoring of market risk.
The means of controlling market risk include monthly reports of the market risk indicators. Monthly reports for the individual portfolios are produced for the company's Board.

For changes in market risk that occur during the first year, the effect on the result and equity will be as shown below based on the balance sheet as of 31 December 2012:

Effect on accounting income

NOK million	Amount
Interest -1,0%	-1.6
Interest +1,0%	1.6

Effect on accounting profit/equity 1)

NOK million	Amount
Interest -1,0%	-1.6
Interest +1,0%	1.6

1) Before taxes.

Economic interest risk

NOK million	**Amount**
Interest -1,0%	6.1
Interest +1,0%	-6.1

The note presents the accounting effect over a 12-month period and the direct financial effect of an immediate parallel change in interest rates of +1.0% and -1.0% respectively. In calculating the accounting effect, consideration has been given to the one-time effect such an immediate interest rate change has on the items recognised at fair value and hedging value, and to the effects the interest rate change has on the result for the remainder of the interest rate duration before the interest rate change has income and costs-related effects. Items that would be affected by the one-time effects and which are recorded at fair value are derivatives. Items that would be affected by the one-time effects and which are recorded using hedging accounting are borrowings with fixed interest rate. When calculating the financial effect, consideration has been given to the effect such an immediate change in interest rates would have on the market value of all items recorded in the statement of financial position. Sensitivity analyses have been performed using the risk management system PortWin.

Note 7 | Operational risk

The risk of financial losses resulting from ineffective, inadequate or failing internal processes or systems, human error, external events or non-compliance with internal guidelines. Violations of the law and regulations could prevent the Group achieving its goals and this part of the compliance risk is coverd by operational risk.

Operational risk management and compliance with laws, regulations and internal rules are an integral part of the management responsibilities of all managers in the Storebrand Group. Risk assessments and internal control reporting are linked to a unit's ability to achieve its goals. Risk assessments are recorded and documented in Easy Risk Manager (ERM,
a risk management system supplied by Det Norske Veritas).

The Risk Management unit in Storebrand Bank ASA is responsible for monitoring operational risk in the company.
If the risk assessment requires the implementation of planned improvement measures, the measures must be documented and reported via ERM. Routines for any spot checks or other forms of regular quality control and the results from these must also be documented.

The work on operational risk is documented in an internal control status report that is considered by the company's Board.
The bank's Middle Office in the Risk Management unit carries out numerous checks and reconciliations in conjunction with monthly, quarterly and annual financial statements in order to check and reduce operational risk.

In addition to this the bank's compliance officer, financial crime unit and internal auditor carry out spot checks within a number of the bank's most important work processes. The results of these are reported to the Board of Storebrand Boligkreditt AS.

COMPLIANCE RISK

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

As a financial undertaking Storebrand Boligkreditt AS is not required to have its own compliance function. Compliance issues are addressed by the CEO who considers at all times whether to draw on internal or external expertise.

Note 8 | Valuation of financial instruments at fair value

Specification of financial assets at fair value

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	Book value 31.12.2012	Book value 31.12.2011
Interest rate swaps		345.0		345.0	314.5
Total derivatives	**0.0**	**345.0**	**0.0**	**345.0**	**314.5**
Derivatives with a positive fair value		345.0		345.0	314.5
Derivatives with a negative fair value					

Changes between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Bonds and other fixed-income securities		
Derivatives		

Storebrand Boligkreditt AS carries out a comprehensive process to ensure that the values established for financial instruments are in line with the market where possible. Listed financial instruments are valued on the basis of official prices on bourses obtained via Reuters and Bloomberg. As a generally rule, bonds are valued on the basis of prices from Reuters and Bloomberg. Bonds that are not quoted regularly will normaly be valued on the basis of recognised theoretical models. The latter is particularly true for bonds denominated in NOK. These types of valuations are based on discount rates consisting of swap interest rate plus a credit premium. The credit premium will often be issuer specific and normally based on a concensus of credit spreads quoted by well recognised brokerage houses.

Unlisted derivatitves, including primarily interest rate and currency instruments, are also valued theoretically. The money market rates, swap rates, exchange rates, and volatilities that provide the basis for valuations are obtained from Reuters, Bloomberg and Norges Bank (the Norwegian central bank).

Storebrand Boligkreditt AS continously performs checks to ensure the quality of the market data obtained from external sources. Generally such checks involve comparing multiple sources and checking and assessing the reasonableness of unusual changes.

Storebrand Group categorises financial instruments valued at fair value on three different levels, which are described in more detail below. The levels express the differing degree of liquidity and different measuring methods.

Level 1: Financial instruments valued on the basis of quoted priced for identical assets in active markets

Bonds, certificates or equivalent instruments issued by national governments are generally classified as level 1. Storebrand Boligkreditt AS had no investments classified at this level at the end of the year.

Level 2: Financial instruments valued on the basis of observable market information not covered by level 1

This category encompasses financial instruments that are valued on the basis of market information that are directly observable or indirectly observable. Market information that is indirectly observable means that prices can be derived from observable, related markets. Level 2 encompasses bonds and equivalent instruments. Interest rate and currency swaps, non-standardised interest rate and currency derivatives are classified as level 2.

Level 3: Financial instruments valued on the basis of information that is not observable pursuant to by level 2

Investments classified as level 3 encompass investments in primarily unlisted/private companies. The company had no investments classified at this level at the end of the year.

Note 9 | Segment reporting

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 2012 therefore relate entirely to the Retail Lending segment.Geographic segments form the company's secondary reporting segments. The company does not have any activities outside Norway. Customers from abroad are classified as part of the Norwegian activities. All operating income and the company's earnings therefore relate solely to its Norwegian activities.

Note 10 | Net income from financial instruments

NOK million	2012	2011
Net interest income		
Interest and other income on loans to and deposits with credit institutions	10.1	11.4
Interest and other income on loans to and due from customers	635.6	566.4
Interest on commercial paper, bonds and other interest-bearing securities		
Other interest income and related income		
Total interest income *)	**645.7**	**577.8**
Interest and other expenses on debt to credit institutions	-132.0	-132.6
Interest and other expenss on deposits from and due to customers		
Interest and other expenses on securities issued	-364.2	-384.2
Interest and expenses on subordinated loan capital		
Other interest expenses and related expenses		
Total interest expenses **)	**-496.2**	**-516.8**
Net interest income	**149.5**	**61.0**
*) Of which total interest income on financial assets that are not at fair value through profit and loss account	645.7	577.8
**) Of which total interest expenses on financial liabilities that are not at fair value through profit and loss account	-496.2	-516.8

Net income and gains from financial assets and liabilities	**2012**	**2011**
Financial derivatives		
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**
Fair value hedging		
Realised gain/loss on derivatives and bonds issued, fair value hedging	-1.0	
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	1.4	
Net gain/loss on fair value hedging	**0.4**	**0.0**
Bonds issued		
Realised gain/loss on bonds issued at amortised cost	-4.7	0.2
Total gain/loss on bonds issued at amortised cost	**-4.7**	**0.2**
Net income and gains from financial assets and liabilities	**-4.3**	**0.2**

Net gain/loss on financial assets at fair value through profit and loss account:		
Financial assets designated at fair value upon initial recognition	0.4	
Financial assets classified as held for trading		
Changes in fair value on assets due to changes i credit risk		
Net gain/loss on financial liabilities at fair value through profit and loss account:		
Financial liabilities designated at fair value upon initial recognition		
Financial liabilities classified as held for trading		

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

Note 11 | Remuneration paid to auditor

Remuneration excl. valued added tax

NOK 1000	**2012**	**2011**
Statutory audit	164	170
Other reporting duties 1)	165	185
Other non-audit services		
Total	**329**	**355**

1) Includes remuneration to Deloitte AS in their role as an independent investigator according to Norwegian covered bonds regulation.

Note 12: | Operating expenses

NOK million	**2012**	**2011**
Ordinary wages and salaries		
Employer's social security contributions		
Other staff expenses	0.2	0.2
Pension cost		
Total staff expenses	**0.2**	**0.2**
IT costs		
Printing, postage etc.		
Travel, entertainment, courses, meetings		
Other sales and marketing costs	0.2	0.1
Total general administration expenses	**0.2**	**0.1**
Contract personnel	0.5	0.7
Operating expenses on rented premises		
Inter-company charges for services	14.7	13.7
Other operating expenses	1.1	1.5
Total other operating expenses	**16.4**	**15.8**
Total operating expenses	**16.7**	**16.2**

Note 13 | Loan losses

NOK million	**2012**	**2011**
Change in loan loss provisions on individual loans for the period	-1.9	-0.1
Change in loan loss provisions on groups of loans for the period	0.8	0.6
Other corrections to loan loss provisions		-0.1
Realised losses in period on commitments specifically provided for previously		
Realised losses on commitments not specifically provided for previously		
Recoveries on previously realised losses		
Total loan losses for the period	**-1.1**	**0.4**

Note 14 | Tax

Tax base for the year

NOK million	**2012**	**2011**
Ordinary pre-tax profit	127.5	45.5
Permanent differences		
Change in temporary differences	-8.9	1.7
Tax base for the year	**118.6**	**47.2**

Tax charge for the year

NOK million	**2012**	**2011**
Tax payable for the period	33.2	13.2
Changes in deferred tax/deferred tax asset	2.5	-0.5
Total tax charge	**35.7**	**12.7**

Reconciliation of expected and actual tax charge

NOK million	**2012**	**2011**
Ordinary pre-tax profit	127.5	45.5
Expected tax on income at nominal rate	35.7	12.7
Tax charge	**35.7**	**12.7**
Tax payable	33.2	13.2
- tax effect of group contribution paid		
Tax payable in the balance sheet	**33.2**	**13.2**

Analysis of the tax effect of temporary differences and tax losses carried forward

NOK million	**2012**	**2011**
Tax increasing timing differences		
Derivatives	264.9	248.3
Total tax increasing timing differences	**264.9**	**248.3**
Tax reducing timing differences		
Bonds issued	-247.2	-239.5
Total tax reducing timing differences	**-247.2**	**-239.5**
Losses/allowances carried forward		
Net base for deferred tax/tax assets	17.7	8.8
Net deferred tax/defferd tax asset in the balance sheet	**-5.0**	**-2.5**

NOTE 15 | Classification of financial instruments

NOK million	Loans and receivables	Fair value, trading	Fair value, FVO	Liabilities at amortised cost	Total
Financial assets					
Loans to and deposits with credit institutions	408.3				408.3
Derivatives		345.0			345.0
Net lending to customers	17 299.7				17 299.7
Other assets	24.2				24.2
Total financial assets 2012	**17 732.3**	**345.0**	**0.0**	**0.0**	**18 077.3**
Total financial assets 2011	17 018.3	314.5	0.0	0.0	17 332.8
Financial liabilities					
Liabilities to credit institutions				4 618.1	4 618.1
Commercial papers and bonds issued				12 620.1	12 620.1
Other liabilities				42.7	42.7
Total financial assets 2012	**0.0**	**0.0**	**0.0**	**17 280.9**	**17 280.9**
Total financial assets 2011	0.0	0.0	0.0	16 630.7	16 630.7

NOTE 16 | Fair value on financial assets and liabilities at amortised cost

	2012		2011	
NOK million	Book value	Fair value	Book value	Fair value
Assets				
Loans and receivables:				
Loans to and deposits with credit institutions, amortised cost	408.3	408.3	422.8	422.8
Lending to customers, amortised cost	17 302.3	17 300.2	16 550.4	16 548.9
Liabilities				
Liabilities to credit institutions, amortised cost	4 618.1	4 618.1	4 267.2	4 267.2
Commercial papers and bonds issued, amortised cost	12 620.2	12 710.4	12 311.9	12 026.2

The fair value of lending to customers with variable interest is stated at book value. All of the loans are mortgages subject to variable interest rates in which the loan's interest rate can be adjusted at short notice. This had a minimal effect on the valuation of the loans. The fair value of lending and liabilities to financial institutions is based on valuation techniques. The valuation techniques use interest rate curves and credit spreads from external providers. The calculations are made using the PortWin risk management system.

NOTE 17 | Loans to and deposits with credit institutions

NOK million	2012 Book value	2011 Book value
Total loans to and deposits with credit institutions without fixed maturity at amortised cost	408.3	422.8
Total loans to and deposits with credit institutions at amortised cost	**408.3**	**422.8**

Note 18 | Financial derivatives

Nominal volum

Financial derivative contracts are related to underlying amounts which are not capitalised in the balance sheet. In order to quantify a derivative position, reference is made to underlying amounts such as nominal principal, nominal volume, etc. Nominal volume is calculated differently for different classes of derivatives, and gives an indication of the size of the position and the risk the derivative creates. Gross nominal volume principally indicates the size of the exposure, whilst net nominal volume gives an indication of the risk exposure. However nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivatives. In contrast to gross nominal volume, net nominal volume also takes into account the direction of the instruments' market risk exposure by differentiating between long (asset) positions and short (liability) positions. A long position in an equity derivative produces a gain in value if the share price increases. For interest rate derivatives, a long position produces a gain if interest rates fall, as is the case for bonds. A long position in a currency derivative produces a gain if the currency strengthens against the NOK. Average gross nominal volume is based on monthly calculations of gross nominal volume.

		2012			
	Gross	**Average**	**Net nom.**	**Fair value 1)**	
NOK million	**nom. value 1)**	**nom. value 2)**	**value 1)**	**Asset**	**Liability**
Interest rate swaps	3 400.0	3 325.0	3 400.0	345.0	
Total derivatives	**3 400.0**	**3 325.0**	**3 400.0**	**345.0**	**0.0**

		2011			
	Gross	**Average**	**Net nom.**	**Fair value 1)**	
NOK million	**nom. value 1)**	**nom. value 2)**	**value 1)**	**Asset**	**Liability**
Interest rate swaps	3 250.0	3 250.0	3 250.0	314.5	
Total derivatives	**3 250.0**	**3 250.0**	**3 250.0**	**314.5**	**0.0**

1) Value at 31.12.

2) Average for the year.

Note 19 | Analysis of loan portfolio and guarantees

NOK million	**2012 Book value**	**2011 Book value**
Lending to customers at amortised cost	17 302.3	16 550.4
Lending to customers at fair value		
Total gross lending to customers	**17 302.3**	**16 550.4**
Loan loss provisions on individual loans (see note 21)	-2.1	-0.2
Loan loss provisions on groups of loans (ses note 21)	-0.5	-1.3
Net lending to customers	**17 299.7**	**16 548.9**

See note 4 for specification of lending to customers.

NOTE 20 | Loan to value ratios and collateral

NOK million	2012	2011
Gross lending	17 302.3	16 550.4
Average loan balance	1.5	1.4
No. of loans	11 704	12 287
Weighted average seasoning (months)	33	35
Weighted average remaning term (months)	209	205
Average loan to value ratio	49 %	48 %
Overcollateralisation 2)	143 %	137 %
Composition of collateral:		
Residential mortgages 1)	17 217.3	16 479.9
Supplementary security	406.5	
Total	**17 623.7**	**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 31 December the company had NOK 48.5 million that exceeds the loan to value limit and has therefore not been included in the cover pool. As per 31 December 2012, the company has 17 non-performing loans, equivalent to NOK 30.2 million. There is five non-performing loan with impairment of NOK 5.6 million where the impairment is assesed to be NOK 2.1 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 12.2 billion (nominal value).

NOTE 21 | Loan loss provisions

NOK million	2012 Book value	2011 Book value
Loan loss provisions on individual loans 1.1.	0.2	
Losses realised in the period on individual loans previously written down		
Loan losses of individual loans for the period	1.9	0.1
Reversals of loan loss provisions of individual loans for the period		
Other corrections to loan loss provisions		0.1
Loan loss provisions on individual loans at 31.12.	**2.1**	**0.2**
Loan loss provisions on groups of loans and guarantees 1.1.	1.3	1.9
Grouped loan losses for the period	-0.8	-0.6
Loan loss provisions on groups of loans and guarantees etc. 31.12.	**0.5**	**1.3**
Total loan loss provisions	**2.6**	**1.5**

NOTE 22 | Other current assets

NOK million	2012 Book value	2011 Book value
Due from Storebrand group companies		23.0
Interest accrued on lending	24.1	23.5
Other current assets	0.1	0.1
Total other current assets	**24.2**	**46.6**

Note 23 | Hedge accounting

Storebrand uses fair value hedging for interest risk. The hedging items are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value through the profit or loss (FVO). Changes in the value of the hedged item that relate to the hedged risk are applied to the book value on the item and are recognised in the profit and loss account. The effectiveness of hedging is monitored at the individual item level. Hedge effectiveness is measuredd on the basis of a 2 per cent interest rate shock at the level of the individula security. In future periods, hedge effectiveness will be measured using the simplified Dollar Offset method, both for prospective and retrospective calculations. The hedging is expected to be highly effective during the period.

	2012			2011		
	Contract/	**Fair value 1), 2)**		**Kontrakt/**	**Fair value 1), 2)**	
NOK million	**nominal value**	**Assets**	**Liabilities**	**nominal value**	**Assets**	**Liabilities**
Interest rate swaps	3 400.0	345.0		3 250.0	314.5	
Total interest rate derivatives	3 400.0	345.0	0.0	3 250.0	314.5	0.0
Total derivatives	3 400.0	345.0	0.0	3 250.0	314.5	0.0

	Contract/	**Fair value 1), 2)**		**Kontrakt/**	**Fair value 1), 2)**	
NOK million	**nominal value**	**Assets**	**Liabilities**	**nominal value**	**Assets**	**Liabilities**
Underlying objects :						
Bonds issued	3 400.0		3 758.4	3 250.0		3 586.8
Hedging effectiveness - prospective			101 %			100 %
Hedging effectiveness - retrospective			100 %			99 %

Gain/loss on fair value hedging: 3)

NOK million	**2012 Gain/loss**	**2011 Gain/loss**
On hedging instruments	9.1	77.2
On items hedged	-7.7	-75.5

1) Book value at 31.12.
2) Includes accrued interest.
3) Amounts included in the line "Net interest income".

Note 24 | Commercial papers and bonds issued

NOK million	**2012 Book value**	**2011 Book value**
Covered bonds	12 620.1	12 311.9
Total commercial papers and bonds issued	**12 620.1**	**12 311.9**

See note 5 for specification of covered bonds.

Note 25 | Other liabilities

NOK million	**2012 Book value**	**2011 Book value**
Payable to Storebrand group companies	9.3	4.2
Tax payable	33.2	13.2
Other liabilities	0.3	0.2
Total other liabilities	**42.7**	**17.6**

Note 26 | Off balance sheet liabilities and contingent liabilities

NOK million	2012	2011
Undrawn credit limits	1 794.7	1 676.6
Total contingent liabilities	**1 794.7**	**1 676.6**

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 27 | Capital adequacy

Net capital base

NOK million	2012	2011
Share capital	350.0	350.0
Other equity	441.4	383.6
Total equity	**791.4**	**733.6**
Deductions		
Provision for group contribution	-85.3	-33.9
Core capital	**706.1**	**699.6**
Deductions		
Net capital base	**706.1**	**699.6**

Minimum requirements for capital base

NOK million	2012	2011
Credit risk	526.1	502.4
Of which:		
Institutions	11.9	12.6
Loans secured against real estate	503.7	484.1
Loans past-due	2.3	2.4
Other	8.2	3.4
Total minimum requirements for credit risk	**526.1**	**502.4**
Operational risk	15.7	14.5
Deductions:		
Loan loss provisions on groups of loans	0.0	-0.1
Minimum requirement for capital base	**541.8**	**516.8**

Capital adequacy

NOK million	2012	2011
Capital ratio	10.4 %	10.8 %
Core capital ratio	10.4 %	10.8 %

The company uses the standard method for credit risk and market risk, and the basic method for operational risk. The minimum requirement for capital adequacy is 8 %.

Basis of calculation (risk-weighted volume)

NOK million	2012	2011
Credit risk	6 576.2	6 279.7
Of which:		
Institutions	148.9	157.6
Loans secured against real estate	6 296.7	6 050.7
Loans past-due	28.4	29.5
Other	102.2	41.9
Total basis of calculation credit risk	**6 576.2**	**6 279.7**
Total basis of calculation market risk	**0.0**	**0.0**
Operational risk	196.8	181.3
Deductions:		
Loan loss provisions on groups of loans	-0.5	-1.3
Total basis of calculation of minimum requirements for capital base	**6 772.5**	**6 459.6**

Note 28 | Remuneration and close associates

Remuneration of senior employees and elected officers at 31.12.2012:

NOK 1000	Remun-eration	Bonus earned in 2012	Bonus paid in 2013	Bonus transferred to share bank in 2013	Post-termination salary (months)	Pension accrued for the year
Senior employees:						
Bjørnar Hungnes (acting CEO) 1)	944					118
Board of Directors: 3)						
Stein Wessel-Aas						
Heidi Skaaret 2)						
Thor Bendik Weider	78					
Geir Holmgren 2)						
Control Committee 4)						
Finn Myhre	264					
Tone Margrethe Reierselmoen	233					
Elisabeth Wille	324					
Harald Moen	233					
Anne Grete Steinkjer	233					
Ole Klette	233					

NOK 1000	Discounted present value of pension	No. of shares owed	Loan	Interest rate at 31.12.2012	Repayment period
Senior employees:					
Bjørnar Hungnes (acting CEO) 1)	1 170	1 748	6 350	2,25%	2042
Board of Directors: 3)					
Stein Wessel-Aas			1 410	3,5%	2022
Heidi Skaaret 2)			8 522	2,25-3,5%	2042
Thor Bendik Weider			3 436	3,5%	2019
Geir Holmgren 2)		4 460	3 237	2,25%	2022
Control Committee 4)					
Finn Myhre			5 404	3,64-3,94%	2025/2036
Tone Margrethe Reierselmoen		1 734	460	4,1%	2021
Elisabeth Wille		163			
Harald Moen		595			
Anne Grete Steinkjer		1 800			
Ole Klette					

1) Bjørnar Hungens (acting CEO) receives no remuneration from Storebrand Boligkreditt AS. The company purchase all its administrative services, incl. acting CEO from Storebrand Bank ASA. Åse Jonassen is not covered by Storebrand's bonus bank scheme.
2) Heidi Skaaret and Geir Holmgren receive no remuneration for their board work in Storebrand Boligkreditt AS.
3) The company elected a new Board of Directors in November 2012. NOK 193.750 has been paid to external board memebers in 2012.
4) Remuneration to the Control Committee covers all the Norwegian companies in the group which are required to have a control committee.

Remuneration of senior employees and elected officers at 31.12.2011:

NOK 1000	Remun-eration	Bonus earned in 2011	Bonus paid in 2012	Bonus transferred to share bank in 2012	Post-termination salary (months)	Pension accrued for the year
Senior employees:						
Åse Jonassen (CEO) 1)	881					181
Board of Directors:						
Truls Nergaard 2)	2 863	457	228	228	18	1 048
Trond Fladvad 2)	1 697	266	133	133		522
Thor Bendik Weider	75					
Inger Roll-Matthiesen	75					
Control Committee 3)						
Finn Myhre	275					
Tone Margrethe Reierselmoen	225					
Elisabeth Wille	315					
Harald Moen	225					
Ida Hjort Kraby	110					
Ole Klette	225					

NOK 1000	Discounted present value of pension	No. of shares owed	Loan	Interest rate at 31.12.2011	Repayment period
Senior employees:					
Åse Jonassen (CEO) 1)	1 067	3 139	3 004	2,75 %	2030/2034
Board of Directors:					
Truls Nergaard 2)	2 823	13 335	0		
Trond Fladvad 2)	2 489		6 912	2,75%/3,65%	2021/2032/2041
Thor Bendik Weider			3 033	3,65 %	2019
Inger Roll-Matthiesen			5 208	3,75%/3,84%	2020/2041
Control Committee 3)					
Finn Myhre			8 249	3,84%/3,94%	2014/2025 2030/2036
Tone Margrethe Reierselmoen		1 734	504	4,25 %	2021
Elisabeth Wille		163			
Harald Moen		595			
Ida Hjort Kraby					
Ole Klette					

1) Åse Jonassen receives no remuneration from Storebrand Boligkreditt AS. The company purchase all its administrative services, incl. acting CEO from Storebrand Bank ASA. Åse Jonassen is not covered by Storebrand's bonus bank scheme.

2) Truls Nergaard and Trond Fladvad receive no remuneration for their board work in Storebrand Boligkreditt AS. The stated amounts relate to their positions in Storebrand Bank ASA. As a consequence of the new bonus model with effect from 2011 the bonus bank was closed during the first half of 2011. The balance was paid less Storebrand's contribution. 50% of the amount paid after tax was used to acquire Storebrand shares with an 18-month lock-in period. Senior employees have a performance-related bonus agreement. 50% of the awarded bonus is paid in cash. The remaining part of the bonus is converted to synthetic stocks based on market prices, and registe red in a share bank with a three-year lock-in period. At the expiration of the three-year period the value of the synthetic shares is calculated with a new market price. Half of the payment amount from the share bank, after tax, is to be used to purchase physical shares in Storebrand ASA at the market price with new 3-year lock-in.

3) Control Committee covers all the Norwegian companies in the group which are required to have a control committee.

Transactions with group companies:

NOK million	2012 Storebrand Bank ASA	2012 Other group companies	2011 Storebrand Bank ASA	2011 Other group companies
Interest income	5.4		6.6	
Interest expense	244.7		360.9	
Services sold				
Services purchased	13.5	1.2	12.4	1.2
Due from	298.3		314.4	
Liabilities to	4 627.3		4 270.7	

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 31 December 2012.

Transactions with group companies are based on the principle of transactions at arm's length.

Storebrand Boligkreditt AS does not have any employees, and purchases personnel services from Storebrand Bank ASA and other services including bookkeeping from Storebrand Livsforsikring AS. All loans in the company are purchased from Storebrand Bank ASA after the loan purchase agreement has been signed with Storebrand Bank ASA, and a management agreement has been signed with Storebrand Bank ASA concerning management of the lending portfolio. In brief, the management agreement involves the company paying a fee to Storebrand Bank ASA for administering the company's lending portfolio. When purchasing the loans, Storebrand Boligkreditt assumes all the risks and rewards incidental to ownership of the lending portfolio. Storebrand Boligkreditt receives all the cash flows from the borrower. The bank and Storebrand Boligkreditt have not signed agreements for guarantees, options, repurchases or similar in connection with the lending portfolio in Storebrand Boligkreditt AS. It is Storebrand Boligkreditt that is exposed to any losses that may result from non-performance. Non-performing loans remain in the company, but are not included in the securities portfolio. The company has also signed an agreement with Storebrand Bank ASA concerning a credit facility for funding purchased loans (see note 5). Contracts with Group companies are entered into based on the arm's length principle.

Loans to employees:

NOK million	2012	2011
Loans to employees of Storebrand Boligkreditt AS	0.0	0.0
Loans to employees of Storebrand Group	1 859.8	1 561.1

Loans to employees are granted in part on the normal terms and conditions for loans to employees, i.e. loan to an individual of up to NOK 3.5 million at an intrest rate equal the norm intrest rate (for tax purposes) defined by the Norwegian Minestry of Finance. Loans in excess of NOK 3.5 million are granted on normal commercial terms and conditions. There has not been provided guarantees or security for borrowing by employees.

Headcount and personnel information:
There are no employees in the company.

Storebrand Boligkreditt AS

- Statement from the Board of Directors and the CEO

Today the Board members and the CEO have considered and approved the annual report and annual financial statements of Storebrand Bank ASA for the 2012 financial year and as of 31 December 2012 (2012 annual report).

The annual accounts have been prepared in accordance with International Financial Reporting Standards approved by the EU and appurtenant interpretations, as well as the other disclosure obligations stipulated by the Norwegian Accounting Act and the current applicable regulations relating to annual accounts of banks and finance companies etc. as of 31 December 2012. The annual report complies with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard no. 16.

In the best judgement of the Board and the CEO, the annual financial statements for 2012 have been prepared in accordance with the applicable accounting standards, and the information presented in the the financial accounts provides a true and fair view of company's assets, liabilities, financial position and results as a whole as of 31 December 2012. In the best judgement of the Board and the CEO, the annual report provides a true and fair view of the material events that occurred during the accounting period and their effects on the annual 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, 12 February 2013
The Board of Directors of Storebrand Boligkreditt AS

Translation - not to be signed

Stein Wessel-Aas
Chairman of the Board

Heidi Skaaret
Deputy chairman

Thor Bendik Weider
Board Member

Geir Holmgren
Board Member

Bjørnar Hungnes
Acting CEO

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand Boligkreditt AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Storebrand Boligkreditt AS, which comprise the statement of financial position as at December 31, 2012, and the profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Storebrand Boligkreditt AS as at December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Deloitte.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and statement of corporate governance principles and practices

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and statement of corporate governance principles and practices concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, February 12, 2013
Deloitte AS

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

Storebrand Boligkreditt AS

Control Committee's Statement for 2012

At its meeting on 26 February 2013, the Control Committee of Storebrand Boligkreditt AS reviewed the Board of Directors' proposed Annual Report and Accounts for 2012 for Storebrand Boligkreditt AS.

With reference to the auditor's report of 12 February 2013, the Control Committee recommends that the Annual Report and Accounts proposed be adopted as the Annual Report and Accounts of Storebrand Boligkreditt AS for 2012.

Lysaker, 26 February 2013

Translation – not to be signed

Elisabeth Wille
Chairman of the Control Committee

Storebrand Boligkreditt AS

Board of Representatives' Statement 2012

The Board of Directors' proposal for the Annual Report and Accounts, together with the Auditor's report and the Control Committee's statement have, in the manner required by law, been presented to the Board of Representatives.

The Board of Representatives recommends that the Annual General Meeting approve the Board of Directors proposal for the Annual Report and Accounts of Storebrand Boligkreditt AS.

The Board of Representatives raises no objections to the Board's proposal regarding the allocation of the result for the year of Storebrand Boligkreditt AS.

Lysaker, 4 March 2013

Translation – not to be signed

Terje Venold
Chairman of the Board of Representatives

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Company information

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