

Interim report

Storebrand Boligkreditt AS



1st quarter
2013

Storebrand Boligkreditt AS

- quarterly report for the 1st quarter of 2013

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

- Profit before taxes of NOK 46 million
- Total lending amounted to NOK 17.5 billion
- Good portfolio quality

Financial performance

Profit before taxes for the 1st quarter was NOK 46 million (NOK 10 million). The performance is in line with the general development of the market.

Net interest income for the 1st quarter was NOK 55 million (NOK 19 million). Lending margins increased over the course of the 1st quarter in line with market developments. As a percentage of average total assets, interest income was 1.20 per cent (0.43 per cent) for the 1st quarter.

Other operating revenues totalled minus NOK 4 million (minus NOK 5 million) in the 1st quarter and originate entirely from bond buy-backs prior to maturity.

Operating costs in the 1st quarter were NOK 4 million (NOK 4 million). The expense-to-income ratio has fallen and amounts to 8 per cent (31 per cent). The company primarily purchases services from Storebrand Bank and Storebrand Livsforsikring.

There were slight losses in the portfolio, and in the 1st quarter of 2013, the company charged NOK 1.4 million as a net expense on impairment losses on loans (NOK 0.3 million recognised as income).

Balance sheet performance

So far this year, the lending volume has increased marginally, and totals NOK 17.5 billion (NOK 17.3 billion). Storebrand Bank and Storebrand Boligkreditt operate with conservative lending practices. The average loan-to-asset value ratio in the portfolio is 48 per cent, the same level as at the end of 2012. On the date of transfer, the loan to value ratio never exceeds 75 per cent, and due to increased house prices, the average loan-to-asset value ratio is stable. The risk in the loan portfolio is therefore considered to be very low. The company has more than satisfied the requirements for assets pledged as security in relation to the value of issued covered bonds.

Defaulted loans at the end of the quarter amounted to NOK 28 million (NOK 36 million), equivalent to 0.16 per cent of gross loans in the company (0.21 per cent). Individual impairment losses on loans amounts to NOK 2 million at the end of the year (2 million).

The management does not consider it necessary to establish further individual impairment losses relating to non-performing commitments as the credit risk is deemed to be low. At the end of the quarter, group write-downs amount to NOK 2 million (NOK 1 million).

The company's total assets under management at the end of the 1st quarter of 2013 were NOK 18.4 billion compared with NOK 18.1 billion at the end of 2012.

At the end of the quarter, the company had issued covered bonds worth NOK 11.9 billion, with maturities from roughly 1 to 6.5 years. NOK 9.2 billion of these bonds have been placed in the market, while the remaining NOK 2.7 billion are being held in the parent bank. The bank has used NOK 1.5 billion of a swap facility with covered bonds, administered by Norges Bank.

Storebrand Boligkreditt has a credit facility with Storebrand Bank ASA. At all times, the size of the available credit facility should cover the interest and repayment of covered bonds for the coming 12 months.

Capital adequacy at the end of the quarter was 10.3 per cent, and the core capital adequacy was the same. Equity in the company at the end of the quarter amounted to NOK 739 million.

Since the balance sheet date there have not been any events, changes, occurrences or state of facts that, individually or in the aggregate, have had or could reasonably be expected to have a material effect on the interim financial statements.

International financial turmoil continues to result in significant macroeconomic uncertainty, even though Norway is only slightly affected. Developments in capital markets, interest rates, unemployment and the property market together with changes in the regulatory framework are considered to be the salient risk factors that may affect the financial statements for the company in 2013.

Lysaker, 23 April 2013

The Board of Directors of Storebrand Boligkreditt AS

Storebrand Boligkreditt AS

PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q1		FULL YEAR
		2013	2012	2012
Interest income	6	161.9	163.3	645.7
Interest expense	6	-107.4	-144.7	-496.2
Net interest income	3	54.5	18.6	149.5
Commission income				0.1
Commission expense				
Net commission income		0.0	0.0	0.1
Net gains on financial instruments	4	-3.5	-5.2	-4.3
Other income				
Total other operating income		-3.5	-5.2	-4.3
Staff expenses				-0.2
General administration expenses				-0.2
Other operating costs	6	-4.0	-4.1	-16.4
Total operating costs		-4.0	-4.1	-16.7
Operating profit before loan losses		46.9	9.4	128.6
Loan losses for the period	9	-1.4	0.3	-1.1
Profit before tax		45.5	9.6	127.5
Tax	5	-12.8	-2.7	-35.7
Profit for the year		32.8	6.9	91.8

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q1		FULL YEAR
	2013	2012	2012
Other comprehensive income			
Profit for the period	32.8	6.9	91.8
Total comprehensive income for the period	32.8	6.9	91.8

Storebrand Boligkreditt AS

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.03.2013	31.12.2012
Loans to and deposits with credit institutions		537.8	408.3
Financial assets designated at fair value through profit and loss:			
Derivatives	16	352.1	345.0
Other current assets	6	39.1	24.2
Gross lending	8	17 496.8	17 302.3
- Loan loss provisions on individual loans	9	-2.4	-2.1
- Loan loss provisions on groups of loans	9	-1.6	-0.5
Net lending to customers		17 492.8	17 299.7
Total assets		18 421.8	18 077.3
Liabilities to credit institutions	6, 10	5 337.5	4 618.1
Other financial liabilities:			
Commercial papers and bonds issued	11	12 324.9	12 620.1
Other liabilities	6	2.9	42.7
Deferred tax		17.7	5.0
Total liabilities		17 682.9	17 285.8
Paid in equity		669.0	669.0
Other equity		69.9	122.4
Total equity		738.9	791.4
Total liabilities and equity		18 421.8	18 077.3

Lysaker, 23 April 2013
The Board of Directors of Storebrand Boligkreditt AS

Storebrand Boligkreditt AS

KEY FIGURES

NOK MILLION	Q1		FULL YEAR
	2013	2012	2012
Profit and Loss account: (as % of avg. total assets) ¹⁾			
Net interest income	1.20%	0.43%	0.84%
Main balance sheet figures:			
Total assets	18 421.8	17 401.5	18 077.3
Average total assets	18 344.8	17 387.8	17 705.8
Gross lending to customers	17 496.8	16 564.2	17 302.3
Equity	738.9	706.6	791.5
Other key figures:			
Loan losses and provisions as % of average total lending	0.03%	-0.01%	0.01%
Individual loan loss provisions as % of gross loss-exposed loans ³⁾	11.1 %	2.9 %	7.0 %
Cost/income ratio	7.9 %	30.6 %	11.5 %
Return on equity before tax ²⁾	23.5 %	5.5 %	17.3 %
Core (tier 1) capital ratio	10.3 %	10.8 %	10.4 %

Definitions:

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

Storebrand Boligkreditt AS

RECONCILIATION OF EQUITY

NOK MILLION	PAID IN CAPITAL				OTHER EQUITY			TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID IN EQUITY	TOTAL PAID IN EQUITY	REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	
Equity at 31.12.2011	350.0	200.1	118.9	669.0		64.6	64.6	733.6
Profit for the period						91.8	91.8	91.8
Pension experience adjustments								
Total other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	91.8	91.8	91.8
Equity transactions with the owner:								
Group contribution paid				0.0		-33.9	-33.9	-33.9
Equity at 31.12.2012	350.0	200.1	118.9	669.0	0.0	122.5	122.5	791.4
Profit for the period						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						-85.3	-85.3	-85.3
Equity at 31.03.2013	350.0	200.1	118.9	669.0	0.0	69.9	69.9	738.9

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

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

Storebrand Boligkreditt 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.

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

Storebrand Boligkreditt AS

CASH FLOW STATEMENT

NOK MILLION	31.03.2013	31.03.2012
Cash flow from operations		
Net receipts/payments of interest, commissions and fees from customers	160.2	161.7
Net disbursements/payments on customer loans	-216.7	-16.9
Net receipts/payments - securities at fair value	-3.5	-5.2
Payments of operating costs	-4.4	-7.6
Net cash flow from operations	-64.4	132.0
Cash flow from financing activities		
Payments - repayments of loans and issuing of bond debt	-297.3	-2 677.7
Receipts - new loans and issuing of bond debt	719.4	2 756.0
Payments - interest on loans	-109.7	-152.7
Payments - group contribution	-118.5	-47.1
Net cash flow from financing activities	193.9	-121.5
Net cash flow in the period	129.5	10.5
Cash and bank deposits at the start of the period	408.3	422.8
Cash and bank deposits at the end of the period	537.8	433.3

The company has a credit arrangement (drawing facility) with Storebrand Bank ASA that is included in the item "Liabilities to credit institutions" as at 31.03.2013. See also Note 10.

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

Operatios

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

Investment activities

Includes cash flows from tangible fixed assets.

Financing activities

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

Cash and bank deposits

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

Notes Storebrand Boligkreditt AS

NOTE 1 ACCOUNTING PRINCIPLES

The interim accounts for Q1 2013 are prepared in accordance with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required for full annual accounts prepared in accordance with all the current IFRS standards. The financial statements of Storebrand Boligkreditt AS have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the EU and appurtenant interpretations, as well as other Norwegian disclosure obligations pursuant to the law and regulations.

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

NOTE 2 ESTIMATES

The preparation of the interim accounts involves the use of estimates and assumptions that have an effect on assets, liabilities, revenue, costs, the notes to the accounts and information on potential liabilities. In the future, actual experience may deviate from the estimates used. Please refer to note 1 and 2 in the annual report and accounts for 2012.

NOTE 3 NET INTEREST INCOME

NOK MILLION	Q1		FULL YEAR
	2013	2012	2012
Interest and other income on loans to and deposits with credit institutions	2.9	2.6	10.1
Interest and other income on loans to and due from customers	159.0	160.7	635.6
Interest on short-term debt instruments, bonds and other interest-bearing securities			
Other interest income			
Total interest income	161.9	163.3	645.7
Interest and other expenses on debt to credit institutions	-33.5	-37.7	-132.0
Interest and other expenses on deposits from and due to customers			
Interest and other expenses on securities issued	-73.9	-106.9	-364.2
Interest and other expenses on subordinated loan capital			
Other interest expenses			
Total interest expenses	-107.4	-144.7	-496.2
Net interest income	54.5	18.6	149.5

Notes Storebrand Boligkreditt AS

NOTE 4 NET INCOME AND GAINS FROM FINANCIAL ASSETS AND LIABILITIES

NOK MILLION	Q1		FULL YEAR
	2013	2012	2012
<i>Fair value hedging</i>			
Realised gain/loss on derivatives and bonds issued, fair value hedging	-2.8		-1.0
Unrealised gain/loss on derivatives and bonds issued, fair value hedging	-0.7	-0.7	1.4
Net gain/loss on fair value hedging	-3.5	-0.7	0.4
<i>Bonds issued</i>			
Realised gain/loss on bonds issued at amortised cost		-4.5	-4.7
Total gain/loss on bonds issued at amortised cost	0.0	-4.5	-4.7
Net income and gains from financial assets and liabilities	-3.5	-5.2	-4.3

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

NOTE 5 TAX

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

NOTE 6 CLOSE ASSOCIATES

Transactions with group companies as at 31 March 2013:

NOK MILLION	STOREBRAND BANK ASA	OTHER GROUP COMPANIES
Interest income	1.3	
Interest expense	49.7	
Services sold		
Services purchased	3.3	0.2
Due from	313.5	
Liabilities to	5 337.5	

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 March 2013.

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

Notes Storebrand Boligkreditt AS

NOTE 7 SEGMENT INFORMATION

Business segments are the company's primary reporting segments. The company has only one segment, Retail Lending. This segment comprises lending to private individuals, and all loans are purchased from Storebrand Bank ASA. The company's accounts for Q1 2013 therefore relate entirely to the Retail Lending segment.

NOTE 8 LOAN TO VALUE RATIOS AND COLLATERAL

NOK MILLION	31.03.2013	31.12.2012
Gross lending ¹⁾	17 496.8	17 302.3
Average loan balance	1.5	1.5
No. of loans	11 591	11 704
Weighted average seasoning (months)	33	33
Weighted average remaining term (months)	210	209
Average loan to value ratio	48%	49%
Over-collateralisation ²⁾	151%	143%
Composition of collateral:		
Residential mortgages ¹⁾	17 434.4	17 217.3
Supplementary security	588.9	406.5
Total	18 023.3	17 623.7

¹⁾ In accordance with the Regulation for credit institutions that issue covered bonds, lending cannot exceed 75% of the value of collateral (i.e. value of properties pledged as collateral). As per 31 March 2013 the company had NOK 34.0 million that exceeds the loan to value limit and has therefore not been included in the cover pool. As per 31 March 2013, the company has 12 non-performing loans, equivalent to NOK 21.7 million. There are seven non-performing loans with impairment of NOK 6.6 million where the impairment is assessed to be NOK 2.4 million. Non-performing loans are not included in the cover pool.

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

Notes Storebrand Boligkreditt AS

NOTE 9 NON-PERFORMING LOANS AND LOAN LOSSES

NOK MILLION	31.03.2013	31.12.2012
Non-performing loans		
Non-performing loans without evidence of impairment	21.7	30.2
Loss-exposed loans with evidence of impairment	6.6	5.6
Gross non-performing and loss-exposed loans	28.4	35.8
Loan loss provisions on individual loans	-2.4	-2.1
Net non-performing and loss-exposed loans	26.0	33.7
Key figures		
Net non-performing and loss-exposed loans as % of gross lending	0.16%	0.21%

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

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

NOK MILLION	Q1		FULL YEAR
	2013	2012	2012
Change in individual loan loss provisions	-0.1	-0.4	-1.9
Change in grouped loan loss provisions	-1.1	0.5	0.8
Other effects on loan loss provisions	-0.2	0.1	
Realised losses specifically provided for previously			
Realised losses not specifically provided for previously			
Recoveries on previous realised losses			
Loan losses for the period	-1.4	0.3	-1.1

The loan portfolio is purchased from Storebrand Bank ASA. In the opinion of the Board of Directors, the quality of the loan portfolio is such that there is no need for additional loan loss provisions on individual or for groups of loans as at 31 March 2013.

NOTE 10 LOANS TO AND DEPOSITS WITH CREDIT INSTITUTIONS

The company has entered into an agreement with Storebrand Bank ASA for a drawing facility which primarily is used to make payment for loans purchased and for repayments of issued covered bonds. There shall at all times be available size on the facility to cover interest and instalments on covered bonds the next twelve months.

Notes Storebrand Boligkreditt AS

NOTE 11 COMMERCIAL PAPERS AND BONDS ISSUED

Covered bonds:

NOK MILLION					BOOK VALUE
<i>ISIN Code</i>	NOMINAL VALUE	CURRENCY	INTEREST	MATURITY ¹⁾	31.03.2013
NO0010466071	850.0	NOK	Fixed	24.04.2014	923.6
NO0010428584	1 000.0	NOK	Fixed	06.05.2015	1 121.9
NO0010548373	1 250.0	NOK	Fixed	28.10.2019	1 418.2
NO0010507809	2 040.0	NOK	Floating	27.04.2014	2 047.3
NO0010638307	1 000.0	NOK	Floating	17.06.2015	1 000.4
NO0010575913	646.5	NOK	Floating	03.06.2016	647.7
NO0010612294	2 000.0	NOK	Floating	15.06.2016	1 996.7
NO0010635071	2 650.0	NOK	Floating	21.06.2017	2 669.1
NO0010660822	500.0	NOK	Floating	20.06.2018	499.9
Total commercial papers and bonds issued					12 324.9

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

The loan agreements contain standard covenants. Under the loan programme the company's overcollateralisation requirement was 109.5 per cent fulfilled. In Q1 2013, Storebrand Boligkreditt AS met all terms and conditions with respect to the loan agreements.

NOTE 12 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

NOK MILLION	31.03.2013	31.12.2012
Undrawn credit limits	1 877.1	1 794.7
Total contingent liabilities	1 877.1	1 794.7

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

The company has not pledged nor received any collateral.

Notes Storebrand Boligkreditt AS

NOTE 13 CAPITAL ADEQUACY

Net primary capital

NOK MILLION	31.03.2013	31.12.2012
Share capital	350.0	350.0
Other equity	388.9	441.4
Total equity	738.9	791.4
Deductions		
Provision for group contribution		-85.3
Profit not included in the calculation of net primary capital	-32.8	
Core capital	706.1	706.1
Deductions		
Net primary capital	706.1	706.1

Minimum capital requirement

NOK MILLION	31.03.2013	31.12.2012
Credit risk	534.4	526.1
Of which:		
Institutions	14.9	11.9
Loans secured against real estate	509.5	503.7
Loans past-due	2.0	2.3
Other	8.0	8.2
Total minimum requirement for credit risk	534.4	526.1
Total minimum requirement for market risk	0.0	0.0
Operational risk ¹⁾	15.7	15.7
Deductions	-0.1	0.0
Minimum requirement for net primary capital	550.0	541.8

Capital adequacy

	31.03.2013	31.12.2012
Capital ratio	10.3 %	10.4 %
Core (tier 1) capital ratio	10.3 %	10.4 %

¹⁾ The figures per 31.03.2013 and 31.12.2012 are calculated as an average of total income for 2010, 2011 and 2012.

Capital adequacy is calculated in accordance with the Basel II regulations. The company uses the standard method for credit risk and market risk, and the basic method for operational risk. The core capital adequacy have to be at least 9 per cent at all times.

Notes Storebrand Boligkreditt AS

NOTE 13 CAPITAL ADEQUACY (continues)

Basis of calculation (risk-weighted volume)

NOK MILLION	31.03.2013	31.12.2012
Credit risk	6 680.4	6 576.2
Of which:		
Institutions	186.2	148.9
Loans secured against real estate	6 368.9	6 296.7
Loans past-due	25.0	28.4
Other	100.4	102.2
Total basis of calculation credit risk	6 680.4	6 576.2
Total basis of calculation market risk	0.0	0.0
Operational risk	196.8	196.8
Deductions:		
Loan loss provisions on groups of loans	-1.6	-0.5
Total basis of calculation of minimum requirements for capital base	6 875.6	6 772.5

Notes Storebrand Boligkreditt AS

NOTE 14 QUARTERLY PROFIT AND LOSS

NOK MILLION	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Interest income	161.9	161.1	159.5	161.8	163.3	157.3	123.9	138.6
Interest expense	-107.4	-110.1	-119.2	-122.2	-144.7	-150.0	-110.9	-121.4
Net interest income	54.5	51.0	40.3	39.6	18.6	7.3	13.0	17.2
Fee and commission income from banking services								
Fee and commission expenses for banking services								
Net fee and commission income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net gains on financial instruments	-3.5	0.1	-0.5	1.2	-5.2	0.2		
Other income								
Total other operating income	-3.5	0.1	-0.5	1.2	-5.2	0.2	0.0	0.0
Staff expenses		-0.1		-0.1		-0.1		-0.1
General administration expenses				-0.1				0.0
Other operating cost	-4.0	-4.0	-4.1	-4.2	-4.1	-3.9	-4.4	-3.9
Total operating costs	-4.0	-4.1	-4.1	-4.4	-4.1	-4.0	-4.5	-4.0
Operating profit before loan losses	46.9	47.1	35.7	36.4	9.4	3.6	8.5	13.2
Loan losses for the period	-1.4		-0.8	-0.5	0.3	-0.2	0.7	-0.2
Profit before tax	45.5	47.1	34.9	35.9	9.6	3.4	9.2	13.0
Tax	-12.8	-13.2	-9.8	-10.1	-2.7	-0.9	-2.6	-3.6
Profit for the year	32.8	33.9	25.1	25.8	6.9	2.4	6.6	9.3

Notes Storebrand Boligkreditt AS

NOTE 15 RISK

The market value of Storebrand Boligkreditt's financial assets and liabilities varies due to financial market risks. Note 3 to note 7 of the 2012 annual report explains the company's financial risks which also is representative of the financial risks as per 31 March 2013.

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

Credit risk

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

Liquidity risk

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

Market risk

The risk of incurring losses on open positions in financial instruments due to changes in market variables and/or market conditions within a specified time horizon. Covers counterparty risk in financial instruments trading, as well as stock market risk, interest rate risk and exchange rate risk.

Operational risk

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

Compliance risk

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

NOTE 16 VALUATION

The company categorises financial instruments valued at fair value on three levels, which are described in more detail in note 2 and note 8 of the 2012 annual report. There have not been any substantial changes in the categorisation in 2013.



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Translation from the original Norwegian version

To the Board of Directors of Storebrand Boligkreditt AS

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the statement of financial position of Storebrand Boligkreditt AS as of March 31, 2013, and the related statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the three-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by EU.

Oslo, April 23, 2013
Deloitte AS

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

Company information

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Company registration number: 990 645 515

Senior Management:

Åse Jonassen CEO

Board of Directors:

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

Contact persons:

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Other sources of information:

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