

Interim report

Storebrand Boligkreditt AS

(unaudited)



4th quarter
2014

Storebrand Boligkreditt AS

Quarterly report for the fourth quarter of 2014

(Profit figures for the corresponding period in 2013 are shown in parentheses. Balance sheet figures in parentheses are for the end of 2013.)

- Profit before taxes of NOK 55 million in Q4 and NOK 216 million for the year to date
- Good portfolio quality
- Slight drop in lending volume

Financial performance

Profit before taxes in Q4 was NOK 55 million (NOK 62 million) and NOK 216 million (NOK 232 million) for the year. This performance is in line with general market trends.

Net interest income was NOK 58 million (65 million) for Q4 and NOK 242 million (256 million) for the year. Lending margins are under pressure as a result of greater competition. As a percentage of average total assets, net interest income was 1.49 per cent (1.65 per cent) for Q4 and 1.56 per cent (1.48 per cent) for the year.

Other operating income in Q4 amounted to plus NOK 0.4 million (minus NOK 0.2 million) and minus NOK 10 million (minus NOK 5 million) for the year, resulting primarily from realised losses on financial instruments.

Operating costs are stable.

Losses in the portfolio are low, and in Q4 the company had plus NOK 1 million (plus NOK 1 million) in loan losses and minus NOK 0.3 million (minus NOK 2.0 million) for the year.

Balance sheet performance

Total lending was marginally down in the quarter, and amounted to NOK 14.3 billion (NOK 14.8 billion). Storebrand Bank and Storebrand Boligkreditt operate with conservative lending practices. The average loan-to-value ratio in the portfolio is 49 per cent, against 48 per cent at the end of 2013. On the date of transfer, the loan-to-value ratio never exceeds 75 per cent. The risk in the loan portfolio is considered to be very low. The company has over-collateralisation of 135 per cent (126 per cent).

Defaulted loans at the end of the year amounted to NOK 23 million (NOK 39 million), equivalent to 0.16 per cent of gross loans in the company (0.26 per cent). All the loans have a loan-to-value ratio within 75 per cent of market value or are generally written down. Individual loan write-downs amount to NOK 1 million (NOK 2 million) at the end of year. At the end of 2014, group write-downs amounted to NOK 2 million (NOK 1 million).

The company's total assets under management at the end of year were NOK 15.0 billion compared with NOK 15.5 billion at the end of 2013.

At the end of the year, the company had issued covered bonds worth NOK 11.1 billion, with remaining terms of about 5 months to 5 years. NOK 8.3 billion worth of these bonds has been placed in the market, while the remaining

NOK 2.9 billion is being held in the parent bank.

Storebrand Boligkreditt has a credit facility agreement with Storebrand Bank ASA for the day-to-day operations of the company including the purchase of loans from Storebrand Bank, and to cover interest and repayment on covered bonds for the next 12 months at any given time.

Equity in the company at the end of the year amounted to NOK 1,037 million (NOK 1,048 million). The net capital base at year-end amounted to NOK 873 million (NOK 879 million). The company's capital adequacy and core capital adequacy were 14.4 per cent (14.7 per cent). The company has adjusted to the new capital requirements and aims to comply with the applicable buffer capital requirements at all times. The company has satisfactory solvency and liquidity based on the company's business activities.

In 2015, Storebrand Boligkreditt will continue its core activity which is the acquisition and management of home mortgages from Storebrand Bank. The company is aiming for moderate growth in collateralisation during 2015.

The company is continuously working to comply with the new statutory capital and capital buffer requirements in Norway at all times.

The housing market and developments in total non-performing loans will be closely monitored. Efforts to ensure good working procedures and high data quality will continue and thereby ensure that government and rating requirements continue to be fulfilled. Developments in the Norwegian and international capital markets, interest rates, unemployment and the property market are regarded as the key risk factors that can affect the results of Storebrand Boligkreditt in 2015.

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

No events of material importance to the interim financial statements have occurred since the balance sheet date.

Storebrand Boligkreditt AS

PROFIT AND LOSS ACCOUNT

NOK MILLION	NOTE	Q4		FULL YEAR	
		2014	2013	2014	2013
Interest income	4, 13	137.1	149.4	567.7	645.6
Interest expense	4, 13	-79.3	-84.0	-325.9	-390.0
Net interest income	13	57.7	65.4	241.8	255.6
Net gains on financial instruments		-0.1	-0.2	-10.3	-5.5
Other income		0.5	0.0	0.6	0.1
Total other operating income		0.4	-0.2	-9.7	-5.4
Staff expenses		-0.1	-0.1	-0.2	-0.1
General administration expenses		0.0	0.0	-0.5	-0.1
Other operating costs	4	-3.6	-3.7	-15.4	-15.9
Total operating costs		-3.7	-3.8	-16.1	-16.1
Operating profit before loan losses		54.5	61.5	216.0	234.1
Loan losses for the period	15	0.8	0.9	0.3	-2.0
Profit before tax		55.3	62.4	216.3	232.0
Tax	3	-14.9	-17.3	-58.4	-64.8
Profit for the year		40.3	45.0	157.9	167.2

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q4		FULL YEAR	
	2014	2013	2014	2013
Profit for the period	40.3	45.0	157.9	167.2
Other comprehensive income	0.0	0.0	0.0	0.0
Total comprehensive income for the period	40.3	45.0	157.9	167.2

Storebrand Boligkreditt AS

STATEMENT OF FINANCIAL POSITION

NOK MILLION	NOTE	31.12.2014	31.12.2013
Loans to and deposits with credit institutions	6	412.3	403.7
Financial assets designated at fair value through profit and loss:			
Derivatives	6	230.4	247.7
Other current assets	4	46.2	28.4
Gross lending	11	14 307.6	14 808.9
- Loan loss provisions on individual loans	15	-1.0	-2.4
- Loan loss provisions on groups of loans	15	-1.6	-0.7
Net lending to customers	6	14 304.9	14 805.9
Total assets		14 993.8	15 485.6
Liabilities to credit institutions	4, 6, 8	2 746.9	2 148.5
Other financial liabilities:			
Commercial papers and bonds issued	6, 9	11 106.7	12 219.0
Other liabilities	4	101.7	66.0
Deferred tax		1.7	3.9
Total liabilities		13 957.0	14 437.3
Paid in equity		844.0	844.0
Other equity		192.7	204.3
Total equity	10	1 036.8	1 048.3
Total liabilities and equity		14 993.8	15 485.6

Lysaker, 10 February 2015
The Board of Directors of Storebrand Boligkreditt AS

Storebrand Boligkreditt AS

RECONCILIATION OF EQUITY

NOK MILLION	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID IN EQUITY	TOTAL PAID IN EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	TOTAL EQUITY
Equity at 31.12.2012	350.0	200.1	118.9	669.0	122.4	122.4	791.4
Profit for the period					167.2	167.2	167.2
Other comprehensive income							0.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	167.2	167.2	167.2
Equity transactions with the owner:							
Capital increase	105.0	70.0		175.0			175.0
Group contribution paid					-85.3	-85.3	-85.3
Equity at 31.12.2013	455.0	270.1	118.9	844.0	204.3	204.3	1 048.3
Profit for the period					157.9	157.9	157.9
Other comprehensive income							0.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	157.9	157.9	157.9
Equity transactions with the owner:							
Group contribution paid					-169.5	-169.5	-169.5
Equity at 31.12.2014	455.0	270.1	118.9	844.0	192.7	192.7	1 036.8

Storebrand Boligkreditt AS is 100 per cent owned by Storebrand Bank ASA. Number of shares are 35.000.000 of nominal value NOK 13 per share.

Storebrand Boligkreditt AS

CASH FLOW STATEMENT

NOK MILLION	31.12.2014	31.12.2014
Cash flow from operations		
Net receipts/payments of interest, commissions and fees from customers	541.7	648.4
Net disbursements/payments on customer loans	554.4	2 475.8
Net receipts/payments on securities	-15.5	-5.5
Payments of operating costs	-16.1	-16.2
Net cash flow from operating activities	1 064.6	3 102.4
Cash flow from financing activities		
Payments - repayments of loans and issuing of bond debt	-1 084.6	-2 770.1
Receipts - new loans and issuing of bond debt	598.4	0.0
Payments - interest on loans	-334.5	-393.4
Receipts - issuing of share capital and other equity	0.0	175.0
Payments - group contribution	-235.4	-118.5
Net cash flow from financing activities	-1 056.1	-3 107.0
Net cash flow in the period	8.6	-4.6
Cash and bank deposits at the start of the period	403.7	408.3
Cash and bank deposits at the end of the period	412.3	403.7

Storebrand Boligkreditt has credit facility agreements with Storebrand Bank ASA
 The amount drawn on the credit facilities is recognized in the line item "Liabilities to credit institutions" as at 31.12.2014. See also Note 8.

Notes

NOTE 1 ACCOUNTING PRINCIPLES

The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all the information required in the annual report.

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.

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2013 annual report, and the interim financial statements are prepared with respect to these accounting policies.

There have been amendments to the IFRS regulations with effect from, or that can voluntary be applied from 1 January 2014. These changes have not caused significant effects on Storebrand Boligkreditt's interim financial statements.

NOTE 2 ESTIMATES

Critical accounting estimates and judgements are described in the 2013 annual financial statements' note 2 and valuation of financial instruments at fair value are described in note 8.

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

Actual results may differ from these estimates.

Notes

NOTE 3 TAX

Tax charge for the year

NOK MILLION	31.12.2014	31.12.2013
Tax payable for the period	-60.6	-65.9
Changes in deferred tax/deferred tax asset	2.2	1.1
Total tax charge	-58.4	-64.8

Reconciliation of expected and actual tax charge

NOK MILLION	31.12.2014	31.12.2013
Ordinary pre-tax profit	216.3	232.0
Expected tax on income at nominal rate	-58.4	-65.0
Change in tax rules	0.0	0.1
Tax charge	-58.4	-64.8
Tax payable	-60.6	-65.9
- tax effect of group contribution paid		
Tax payable in the balance sheet	-60.6	-65.9

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

NOK MILLION	31.12.2014	31.12.2013
Total tax increasing timing differences	191.7	176.8
Total tax reducing timing differences	-185.4	-162.4
Net timing differences	6.3	14.4
Losses/allowances carried forward		
Net base for deferred tax/tax assets	6.3	14.4
Net deferred tax/defferd tax asset in the balance sheet	-1.7	-3.9

Notes

NOTE 4 RELATED PARTIES

Issued covered bonds

Storebrand Bank ASA has invested a total of NOK 2.9 billion in covered bonds issued by Storebrand Boligkreditt AS as of 31. December 2014.

Loans transferred from Storebrand Bank ASA

Storebrand Bank ASA sells loans to the mortgage company Storebrand Boligkreditt AS. The mortgages are transferred on commercial terms. Once the loans are transferred, Storebrand Boligkreditt AS assumes all the risks and benefits of owning the loan portfolio. It is Storebrand Boligkreditt that receives all the cash flows from the loan customer.

Storebrand Bank ASA shall arrange the transfer and return of loans when changes have to be made, i.e. if there is a request to increase the loan amount, change from variable to fixed interest, conversion to employee loan or conversion to a flexible mortgage. The costs are included in the contractual administration fee. Non-performing loans in Storebrand Boligkreditt AS remain in the company. These loans will, pursuant to the service agreement with Storebrand Bank ASA, be treated in the same way as non-performing loans in the bank. Specific reports are prepared for non-performing loans in Storebrand Boligkreditt AS. These loans are not included in the cover pool. Loans to employees can be transferred to Storebrand Boligkreditt AS. The difference between the market interest rate and the subsidised interest rate is covered monthly by the company in which the debtor is employed.

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

Credit facilities with Storebrand Bank ASA

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

Other

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

Storebrand Boligkreditt AS conducts transactions with close associates as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with senior employees and related parties are stipulated in note 28 in the 2013 annual report for Storebrand Boligkreditt AS.

NOTE 5 FINANCIAL 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 2013 Annual report explains the company's financial risks which also is representative of the financial risks as per 31 December 2014.

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 11 and 12.

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.

Notes

NOTE 6 VALUATION OF FINANCIAL INSTRUMENTS

Storebrand Boligkreditt AS conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value.

Unlisted derivatives, including primarily interest rate and foreign exchange instruments, are also valued theoretically. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Reuters, Bloomberg and Norges Bank.

Storebrand Boligkreditt AS carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

The company categorises financial instruments on three different levels, for further information see note 8 in the 2013 annual report. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with reference to minimising the uncertainty of valuations.

Valuation of financial instruments at amortised cost

NOK MILLION	FAIR VALUE 31.12.2014	FAIR VALUE 31.12.2013	BOOK VALUE 31.12.2014	BOOK VALUE 31.12.2013
Financial assets				
Loans to and deposits with credit institutions	412.3	403.7	412.3	403.7
Lending to customers	14 304.9	14 805.9	14 304.9	14 805.9
Other current assets	46.2	28.4	46.2	28.4
Financial liabilities				
Deposits from and due to credit institutions	2 746.9	2 148.5	2 746.9	2 148.5
Commercial papers and bonds issued	11 211.2	12 312.9	11 106.7	12 219.0
Other liabilities	101.7	66.0	101.7	66.0

Valuation of financial instruments at fair value

NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	BOOK VALUE 31.12.2014	BOOK VALUE 31.12.2013
	QUOTED PRICES	OBSERVABLE ASSUMPTIONS	NON-OBSERVABLE ASSUMPTIONS		
Interest rate derivatives		230.4		230.4	247.7
Total derivatives	0.0	230.4	0.0	230.4	247.7
Derivatives with a positive fair value		230.4		230.4	247.7
Derivatives with a negative fair value					
Total derivatives 31.12.2013		247.7			

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

Notes

NOTE 7 SEGMENT INFORMATION

Business segments are the company's primary reporting segments. The company has only one segment, Retail Lending. This segment comprises lending to private individuals, and all loans are purchased from Storebrand Bank ASA. The company's accounts for the fourth quarter of 2014 therefore relate entirely to the Retail Lending segment.

NOTE 8 LIABILITIES TO CREDIT INSTITUTIONS

The company has two credit facilities with Storebrand Bank ASA. The first agreement is used for general operations, such as the acquisition of home mortgages from Storebrand Bank. The second agreement may be used for repayment of interest and principal on covered bonds and related derivatives. At all times, the size of the available credit facility should cover the interest and repayment of covered bonds for the coming 12 months.

NOTE 9 COMMERCIAL PAPERS AND BONDS ISSUED

Covered bonds

NOK MILLION					BOOK VALUE
ISIN CODE	NOMINAL VALUE	CURRENCY	INTEREST	MATURITY ¹⁾	31.12.2014
NO0010428584	746.5	NOK	Fixed	06.05.2015	784.4
NO0010548373	1 250.0	NOK	Fixed	28.10.2019	1 448.0
NO0010638307	1 000.0	NOK	Floating	17.06.2015	1 000.7
NO0010575913	646.5	NOK	Floating	03.06.2016	647.7
NO0010612294	2 000.0	NOK	Floating	15.06.2016	1 999.3
NO0010635071	2 650.0	NOK	Floating	21.06.2017	2 662.7
NO0010660822	2 540.0	NOK	Floating	20.06.2018	2 564.0
Total commercial papers and bonds issued					11 106.7
Total commercial papers and bonds issued as at 31.12.2013					12 219.0

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

The loan agreements contain standard covenants. In 2014, Storebrand Boligkreditt AS met all terms and conditions with respect to the loan agreements. The company's overcollateralisation requirement of 109,5 per cent is fulfilled and in accordance with the loan programme.

Notes

NOTE 10 CAPITAL ADEQUACY

Net primary capital

NOK MILLION	31.12.2014	31.12.2013
Share capital	455.0	455.0
Other equity	581.8	593.3
Total equity	1 036.8	1 048.3
Deductions		
Provision for group contribution	-163.8	-169.5
Core capital exc. Hybrid Tier 1 capital	873.0	878.9
Additional Tier 1 capital		
Capital instruments eligible as AT1 capital		
Additions		
Core capital	873.0	878.9
Subordinated loan capital less own holdings		
Tier 2 capital		
Tier 2 capital deductions		
Net primary capital	873.0	878.9

Minimum capital requirement

NOK MILLION	31.12.2014	31.12.2013
Credit risk	445.5	454.7
Of which:		
Institutions	16.7	10.9
Retail market	4.7	
Loans secured against real estate	414.4	431.0
Loans past-due	3.4	2.9
Other	6.3	9.9
Total minimum requirement for credit risk	445.5	454.7
Total minimum requirement for market risk	0.0	0.0
Operational risk	22.8	22.8
CVA risk	17.2	
Deductions		
Loan loss provisions on groups of loans	-0.1	-0.1
Minimum requirement for net primary capital	485.5	477.5

Notes

NOTE 10 CAPITAL ADEQUACY (continued)

Capital adequacy

	31.12.2014	31.12.2013
Capital ratio	14.4 %	14.7 %
Core (tier 1) capital ratio	14.4 %	14.7 %
Core capital ratio excl. Hybrid Tier 1 capital	14.4 %	14.7 %

The standard method is used for credit risk and market risk, and the basic method for operational risk. New capital requirements came into force from 1 July 2013. The overall requirements for core tier 1 capital and the capital base are 9 and 12.5 per cent respectively as of 1 July 2013, and 10 and 13.5 per cent respectively as of 1 July 2014. The introduction of a counter-cyclical capital buffer of 1 per cent core tier 1 capital should be expected from 30 June 2015. Regulation on own funds requirements for credit valuation adjustment risk (CVA-charge) has entered into force on September 30th, 2014. Minimum capital requirements for the 4th quarter 2014 are inclusive of CVA-charge.

Basis of calculation (risk-weighted volume)

NOK MILLION	31.12.2014	31.12.2013
Credit risk	5 569.0	5 683.4
Of which:		
Institutions	208.5	136.3
Retail market	58.9	
Loans secured against real estate	5 179.6	5 387.1
Loans past-due	42.9	35.7
Other	79.2	124.2
Total basis of calculation credit risk	5 569.0	5 683.4
Total basis of calculation market risk	0.0	0.0
Operational risk	285.5	285.5
CVA risk	215.3	
Deductions		
Loan loss provisions on groups of loans	-1.6	-0.7
Total basis of calculation of minimum requirements for capital base	6 068.2	5 968.2

Notes

NOTE 11 LOAN TO VALUE RATIOS AND COLLATERAL

NOK MILLION	31.12.2014	31.12.2013
Gross lending ¹⁾	14 307.6	14 808.9
Average loan balance	1.6	1.5
No. of loans	9 184	9 861
Weighted average seasoning (months)	40	39
Weighted average remaining term (months)	191	202
Average loan to value ratio	49 %	48 %
Over-collateralisation ²⁾	135 %	126 %
Cover pool:		
Residential mortgages ¹⁾	14 260.4	14 715.0
Supplementary security	410.0	403.3
Total	14 670.4	15 118.3

- 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 2014 the company had NOK 23.9 million that exceeds the loan to value limit and has therefore not been included in the cover pool. As per 31 December 2014, the company has 7 non-performing loans without evidence of impairment, equivalent to NOK 10.8 million. There are 8 non-performing loans with evidence of impairment of NOK 12.5 million where the impairment is assessed to be NOK 1 million. Non-performing loans with and without evidence of impairment, are not included in the cover pool.
- 2) Over-collateralisation has been calculated based on total volume of issued covered bonds of NOK 11.0 billion (nominal value).

NOTE 12 KEY FIGURES

NOK MILLION	Q4		FULL YEAR	
	2014	2013	2014	2013
Profit and Loss account: (as % of avg. total assets) ¹⁾				
Net interest income	1.49 %	1.65 %	1.56 %	1.48 %
Main balance sheet figures:				
Total assets			14 993.8	15 485.6
Average total assets	15 365.1	15 760.0	15 488.8	17 320.1
Gross lending to customers			14 307.6	14 808.9
Equity			1 036.8	1 048.3
Other key figures:				
Loan losses and provisions as % of average total lending	-0.02 %	-0.02 %	0.00 %	0.01 %
Individual loan loss provisions as % of gross loss-exposed loans ³⁾			9.3 %	8.6 %
Cost/income ratio	6.3 %	5.8 %	6.9 %	6.4 %
Return on equity before tax ²⁾			21.7 %	25.8 %
Core (tier 1) capital ratio			14.4 %	14.7 %

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.

Notes

NOTE 13 NET INTEREST INCOME

NOK MILLION	Q4		FULL YEAR	
	2014	2013	2014	2013
Interest and other income on loans to and deposits with credit institutions	2.2	2.2	8.7	10.2
Interest and other income on loans to and due from customers	134.8	147.2	559.0	635.5
Interest on short-term debt instruments, bonds and other interest-bearing securities				
Other interest income				
Total interest income	137.1	149.4	567.7	645.6
Interest and other expenses on debt to credit institutions	-17.9	-13.6	-66.2	-101.4
Interest and other expenses on deposits from and due to customers				
Interest and other expenses on securities issued	-61.5	-70.4	-259.7	-288.7
Interest and other expenses on subordinated loan capital				
Other interest expenses				
Total interest expenses	-79.3	-84.0	-325.9	-390.0
Net interest income	57.7	65.4	241.8	255.6

NOTE 14 OFF BALANCE SHEET LIABILITIES AND CONTINGENT LIABILITIES

NOK MILLION	31.12.2014	31.12.2013
Undrawn credit limits	1 733.9	1 732.5
Total contingent liabilities	1 733.9	1 732.5

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

NOTE 15 NON-PERFORMING LOANS AND LOAN LOSSES

NOK MILLION	31.12.2014	31.12.2013
Non-performing loans		
Non-performing loans without evidence of impairment	10.8	27.5
Loss-exposed loans with evidence of impairment	12.5	11.0
Gross non-performing and loss-exposed loans	23.3	38.5
Loan loss provisions on individual loans	-1.0	-2.4
Net non-performing and loss-exposed loans	22.3	36.1
Key figures		
Net non-performing and loss-exposed loans as % of gross lending	0.16 %	0.26 %

Loans 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 loans 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 regarded as active 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	Q4		FULL YEAR	
	2014	2013	2014	2013
Change in individual loan loss provisions	0.7	-0.1	1.4	-0.3
Change in grouped loan loss provisions		1.3	-0.9	-0.2
Other effects on loan loss provisions	0.2	0.4		0.4
Realised losses specifically provided for previously	-0.1	-0.1	-0.1	-1.5
Realised losses not specifically provided for previously		-0.5		-0.5
Loan losses for the period	0.8	0.9	0.3	-2.0

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 of 31 December 2014.

Notes

NOTE 16 QUARTERLY PROFIT AND LOSS

NOK MILLION	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Interest income	137.1	142.3	144.3	144.0	149.4
Interest expense	-79.3	-85.0	-82.7	-78.9	-84.0
Net interest income	57.7	57.3	61.6	65.2	65.4
Net gains on financial instruments	-0.1	-0.7	-9.5	-0.1	-0.2
Other income	0.5	0.0	0.0	0.0	0.0
Total other operating income	0.4	-0.7	-9.5	0.0	-0.2
Staff expenses	-0.1		-0.1		-0.1
General administration expenses			-0.4		0.0
Other operating cost	-3.6	-4.4	-3.7	-3.7	-3.7
Total operating costs	-3.7	-4.5	-4.2	-3.7	-3.8
Operating profit before loan losses	54.5	52.1	48.0	61.4	61.5
Loan losses for the period	0.8	-0.6	0.0	0.2	0.9
Total operating costs	-4.2	-3.7	-3.8	-4.3	-4.0
Profit before tax	55.3	51.5	48.0	61.6	62.4
Tax	-14.9	-13.9	-13.0	-16.6	-17.3
Profit for the year	40.3	37.6	35.0	45.0	45.0

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