SpareBank 1

BOLIGKREDITT

Annual Report 2013

Feeling Norway

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Overview 2013

During 2013 SpareBank 1 Boligkreditt AS has had good access to covered bond finance and the prices for the Company's bonds have been stable. The Company maintains a large and diversified investor base and executed three benchmark transactions in the international markets, in Euro and US Dollars, during the year. In the domestic Norwegian market the Company has also been active, issuing several bonds during the year.

The totals for the year show customer loan growth of NOK 14.6 billion to NOK 174.8 billion.

Nature and development of the company's business

SpareBank 1 Boligkreditt AS is a credit institution licensed by the Norwegian Financial Services Authority (Finanstilsynet) and is operated according to the legislation for covered bond issuers in Norway which is enshrined in the law regarding financial enterprises ("Finansieringsvirksomhetsloven") chapter 2, section IV and the detailed regulations thereof.

The purpose of the Company is to provide funding for the owners by buying residential mortgage loans with a loan-to-value ("LTV") of up to 75% and financing these primarily through the issuance of covered bonds. The Company which is based in Stavanger, is owned by banks which are members of the SpareBank 1 Alliance. A comprehensive agreement is signed which each of the banks in the SpareBank 1 Alliance which are selling mortgages to the Company regarding the purchasing process and the obligations which the banks owe the Company and its mortgage customers ("Transfer and Servicing Agreement", "TSA"). The ownership shares of the banks in the Company are determined by the relative shares of mortgages loans in the cover pool from each bank. Inherent to the process of purchasing mortgage loans is a capital injection from each selling bank in accordance with its volume of mortgages sold.

Boligkreditt's owners receive a commission from the Company which is accounted for as a deduction in interest revenues in Boligkreditt's income statement. The commission is determined as the difference between interest received on that part of the mortgage portfolio purchased from a specific bank and the funding cost of Boligkreditt, less a deduction for operating costs.

The ownership banks in the SpareBank 1 Alliance have further agreed to support Boligkreditt's capital in the case of an adverse credit event and an impact on the level of capital. Potential losses on individual mortgages can first be offset against one annual calendar years' worth of commission due to the bank from which the mortgages originated which caused the loss. The Alliance banks have furthermore committed themselves to support a minimum core Tier 1 capital ratio in Boligkreditt of 9%. The commitment is initially calculated pro rata based on each bank's shareholding in the Company, but in the second instance it is a joint and several commitment which is limited upwards to twice each bank's initial commitment.

SpareBank 1 Boligkreditt has acquired residential mortgage loans and issued covered bonds since 2007 and a loss on a mortgage has never occurred. Customers with payments in arrears are very limited and the mortgage portfolio subsequently is of a high quality. To the extent that the Company has made a provision for losses then these are based on general assumptions and an evaluation of risks and losses if defaults should occur.

The Company's issuances of covered bonds take place under the EUR 25,000,000,000 Global Medium Term Covered Note Programme (GMTCN Programme). One or more credit ratings from international rating agencies are important in order to be able to issue covered bonds. The Company have procured the services of Moody's Ratings Service and Fitch Ratings to evaluate the credit quality of the issuances under the GMTCN Programme. The bond ratings are Aaa from Moody's and AAA from Fitch.

The Board of Directors affirms that the conditions for presenting the 2011 accounts under the assumption of a going concern are fulfilled.

Employees and the working environment

SpareBank 1 Boligkreditt had eight employees as of 31.12.2013. The Company employs six males and two females. SpareBank 1 Boligkreditt AS has a Transfer and Servicing Agreement with each shareholder bank which is handling the customer contact and servicing the mortgage portfolio on behalf of the Company. In addition, the Company purchases a significant amount of its support functions from SpareBank 1 SR-Bank ASA, e.g. accounting, HR and IT functions as well as finance related back-office functions.

The working environment is characterised as good and there is no pollution of the physical environment. There has been 0.23% employee absence recorded in 2013 due to sickness. No workplace accidents which might have resulted in property and/or damage to any persons have occurred or been reported during the year.

The Board consists of five persons of which three are male and two are female. SpareBank 1 Boligkreditt AS strives to achieve an even distribution between the genders in recruiting for the staff and the Board.

At the establishment of SpareBank 1 Næringskreditt AS which represents a similar type of business activity to that of SpareBank 1 Boligkreditt AS, it was decided that the two companies will have identical staffing. Of the eight full time employees which in 2013 have been employed in SpareBank 1 Boligkreditt AS, 2.7 full time equivalents have been allocated to SpareBank 1 Næringskreditt AS. The Boards of the two companies have joint meetings, where the members associated with one of the companies take the role of observers when matters of the other Company are discussed.

Annual accounts

The annual accounts have been prepared in accordance with the International Reporting Standards (IFRS) as adopted by the EU and published by the International Reporting Standards Board (IASB).

The Board views the accounts as presented to be a true representation of SpareBank 1 Boligkreditt's operations and financial position at the end of the year. The total balance sheet amounts to NOK 206.2 billion vs. NOK 186.7 billion at the end of the previous year. The Company had in 2013 net interest income of NOK 295.2 million, including NOK 2,299.0 million earned by the ownership banks and accrued as a cost (commissions) to SpareBank 1 Boligkreditt. The cost of operations was NOK 31.4 million including depreciation. No additional amounts have been charged as loan provisions (write offs) in 2013, but the NOK 7.7 million in cumulative loan loss provisions as of 31.12.12 have been maintained. No actual loan losses have occurred. In total the year's result before tax was NOK 300.6 million.

Lending to customers amounted to NOK 174.8 billion at year-end 2013 vs. NOK 160.2 billion at year-end 2012. This business growth of just over 9% is according to expectations. The cash and cash equivalents at 31.12.2013 amounted to NOK 11,882.5 million, whereof 10,611 million are collateral received according to the derivatives agreements which hedge the Company's fixed rate and foreign currency bond issuances. Net cash flow for the year was NOK 5,836 million.

During the year the shareholders' equity increased by NOK 420.0 million through ordinary share issuances. Total equity amounted to NOK 8,289.0 million. The core capital ratio for the Company was 10.09% at year-end according to the current rules for determining core capital.

From July 1, 2013 a regulatory requirement of additional capital became effective which in practice means a total capital requirement of 12.5% of risk weighted assets. The Company's balance sheet consists mainly of residential mortgages with low loan to value ratios. Throughout the year there has been a discussion with regards to how the factors which contribute to the calculation of risk weighted assets, should be calculated, and if and how a floor of 80% compared to earlier requirements (Basel I) should be calculated. This has created uncertainty with regards to how the size of the risk weighted assets should be calculated and thus what the capital requirements are. The Company therefore decided to postpone the increase of total capital to 12.5% until a final ruling was available, and informed the Norwegian Financial Authority (Finanstilsynet) of this decision. Finanstilsynet stated in a letter on February 4th, 2014 a proposal which in practice means that the current method for calculating the floor is maintained. Based on this proposal the Company has called up and received NOK 300 million in additional equity on February 26, 2014 in order for the core capital to be a minimum 10.5%. Furthermore the Company made an announcement to the stock exchange on February 12, 2014 about its intention to issue subordinated debt (Tier 2 capital) debt of NOK 1.6 billion to its shareholders, an amount which will be paid in on March 7, 2014. The Company will thereupon have a total capital ratio of 12.5%.

The Company has as its policy to pay out available profits as dividends, and to cover additional capital needs by calling in additional capital. The Company has a very high degree of control over its balance sheet and the capital coverage at the time a dividend is paid is expected to meet the regulatory requirements, which is the Company's target for capital coverage. The Board proposes that out of net income after tax of NOK 222.9 million, NOK 222.6 million is distributed to shareholders (NOK 4.2 per share), and that in addition the previous year's fund for unrealised gains of NOK 97.1 million is also paid out as a dividend (NOK 1.9 per share based on the shares receiving a distribution in 2012).

Risk aspects

General considerations

SpareBank 1 Boligkreditt as an issuer of covered bonds is subject to strict rules regarding its exposure to credit, market, and liquidity risks. This fact and the aim of the maintenance of the AAA/Aaa rating means that the Company is subject to low levels of risk and places strong emphasis on risk control.

The Company strives to identify, measure, control and manage central sources of risk in such a way that its goals are achieved. SpareBank 1 Boligkreditt has during 2012 worked to develop further risk reporting. In 2009 the Norwegian Financial Authority gave its approval for SpareBank 1 Boligkreditt AS to use the rules according to the IRB approach. Because of the transition rules to Basel II and IRB, the Company is obligated to hold at least 80% of the capital it would have had to hold according to the old Basel I rules. The standard approach of Basel II (as opposed to IRB) would have meant that the amount of capital to be held would have been 70% compared to the Basel I rules. The regulatory authorities have postponed the full implementation of Basel II awaiting likely adjustment to the rules based on initiatives from the Basel committee. If the full effect of the rules according to the IRB method had been in effect, SpareBank 1 Boligkreditt would have had a capital ratio of 33.22% as of 31.12.2013.

Credit risk

Credit risk is defined as the risk that losses can occur as a consequence of that customers and others do not have the ability or willingness to meet their obligations to SpareBank 1 Boligkreditt.

The Company buys residential mortgages within 75% of the value of the objects on which the mortgages are secured. The mortgages are granted to customers with a high degree of ability to service their debts. The credit policy of the Company aims to keep the portfolio of loans within well defined and low levels of risk. The risk classification system is used to manage the portfolio of mortgage assets according to the overall strategy.

SpareBank 1 Boligkreditt AS utilises the SpareBank 1 Alliance's IT support systems in buying mortgages. Credit risk is monitored by measuring the development of the portfolio's credit quality, the details of loans in arrears and over the limit overdrafts.

During 2013 the total portfolio of mortgages to customers increased from NOK 160.2 billion to NOK 174.8 billion. The portfolio consists exclusively of mortgages secured with a first lien.

on residential property. The average size of a mortgage is approximately NOK 1.2 million. The average loan to value is approximately 51% at year-end 2013. No mortgages were above 90 days in arrears as of year-end. The portfolio of mortgages is distributed throughout Norway, with the main concentrations in the regions of Rogaland (22%), Sør-Trøndelag (9%) and Akershus (9%) and Oslo (9%).

SpareBank 1 Boligkreditt AS annually tests the portfolio of mortgages for the effects of a material decline in the value of the residential collateral and an increase in the probability of default. The results of this stress test is a very modest impact on the Company's equity, though some replacement assets will be required to maintain the legal asset liability test for cover pools as some mortgages will be above the 75% loan to value limit and are therefore partially excluded from the asset side. We expect that the ownership banks are able to commit sufficient replacement mortgages or other substitute liquid assets if this should become necessary.

The Board is of the opinion that SpareBank 1 Boligkreditt AS's portfolio represents a lower degree of credit risk than that found in ordinary banking and credit institutions.

Market risks

Market risk is defined as the risk of losses due to changes in market rates, i.e. interest rates, exchange rates and the prices of financial instruments.

The Company is subject to strict rules regarding market risk in the national legislation covering issuers of covered bonds. The Board of SpareBank 1 Boligkreditt AS has decided on moderate and specific limits for market risk. Market risk arises mainly as a consequence of covered bonds issued or investments made in fixed income in NOK or other currencies. The limits formulated by the Board means that all bond issuances or investments which incur market risk are hedged by the use of derivatives, or natural hedges were investments are made in the same currency as the issued bonds to ensure that the currency and interest rate risk are limited. The policy set by the Board allows for the use of derivatives only for hedging purposes.

At the end of the year SpareBank 1 Boligkreditt AS had issued bonds for approximately NOK 89.8 billion (in EUR), NOK 28.6 billion (in USD), NOK 73.3 billion in NOK and 0.2 billion (in SEK) . The foreign currency bonds and NOK bonds with a fixed coupon are hedged by financial swaps or natural hedges, effectively converting all of this debt to a NOK floating rate (3 months NI BOR).

SpareBank 1 Boligkreditt AS owns bonds and treasury bills at year-end for a total of NOK 6.7 billion and deposits in banks total NOK 1.3 billion. The bonds are mainly Nordic covered bonds with a triple-A rating from Fitch, Moody's or S&P. Deposits are placed in banks with a minimum rating of at least A/A2.

The Company had as of 31.12.2013 only moderate interest rate risk and immaterial amounts of currency risk.

Liquidity risk

Liquidity risk is defined as the risk that the Company is not able to meet its obligations at maturity or to be able to finance the purchase of loans at normal terms and conditions.

Liquidity risk is managed based upon a liquidity strategy approved by the Board. According to the strategy, SpareBank 1 Boligkreditt AS shall survive for a minimum of twelve months, also under stressed market conditions, without accessing external financing. In addition the Company shall at any point in time be able to meet its interest payments, including derivatives, which come due in the next three months under a scenario where no interest payments are received from the loan portfolio. At the start of 2014 SpareBank 1 Boligkreditt AS’s liquidity situation is characterised as good.

SpareBank 1 Boligkreditt AS’s owners have committed themselves to buying covered bonds issued by the Company in a situation where it may not be possible to issue these bonds in the open market. This entails no adverse liquidity effects for the SpareBank 1 banks as they are able to deposit/repo such covered bonds with the Norwegian Central Bank. The Company may, under the agreement with its ownership banks, sell covered bonds to them in an amount which matches the next upcoming 12 months of covered bond maturities at Boligkreditt, less the amount of liquidity held at the Company. An individual ownership bank’s commitment is limited to its shareholding percentage in the Company, but pro rata up to twice this initial commitment in the case where other banks did not or were not able to carry their own share. Each bank may also deduct already purchased amounts of bonds from the size of its commitment at any time.

Operational risk

Operational risk is defined as risk of loss due to error or neglect in transaction execution, weakness in the internal control or information technology systems breakdowns. Reputational, legal, ethical and competency risks are also elements of operational risk. The risk is considered to be moderate.

Corporate governance

SpareBank 1 Boligkreditt’s principles for corporate governance is based on the Norwegian accounting law and regulations and the Norwegian practice for corporate governance. The Board of Directors has appointed an audit committee which evaluates the Accounts inclusive of the Notes to the Accounts. The Board of Directors reviews the financial reporting processes in order to contribute to a culture which maintains a focus on quality and accuracy of this work. Boligkreditt seeks to deliver through its financial accounting relevant and timely information which can be compared over time to constituents in the SpareBank 1 Alliance, regulatory authorities and participants in the capital markets. The Board evaluates and approves Management’s proposed annual and quarterly financial accounts.

Boligkreditt maintains an administration which is suitable for the purposes, activities and extent of the business. The Management routinely evaluates internal procedures and policies for risk and financial reporting including measuring the results and effectiveness of the procedures and policies. Any breaches in the policy and procedures are reported continuously to the Board of Directors. Management is also responsible for following up and implementing actions, recommendations and new rules from the regulatory authorities.

The Company publishes its Corporate Governance policies in a document available on the Company’s website www.spabol.no. With regards to that the Company has a single purpose and that the shares are not freely tradeable nor listed on an exchange it is the Company’s opinion that any deviations to the policies are immaterial.

Shareholders

According to the Articles of Association 2 "The shares can only be owned by banks under contract with the Company for managing the Company's lending funds." Entering into such agreements is decided by the Board or the General Meeting.

Neither the Company nor employees own shares in the company. A shareholders agreement which all shareholders and the Company are parties to, it is agreed that the Company's shares will be reallocated at least annually and in relation to the mortgage volume transferred to the Company by each shareholder. The shareholders are obliged to vote for any possibly private placements to new banks that have transferred mortgages to the Company. In case of a rights issue, the shareholders are obliged to subscribe shares according to its share of the shareholdings.

The Company is not party to agreements which come into force, are amended or terminated as a result of a takeover bid.

Social responsibility

SpareBank 1 Boligkreditt is an issuer of covered bonds and has, despite the size of its balance sheet, a very limited activity. The nature of the business consists of buying mortgage loans from its shareholder banks in the SpareBank 1 Alliance, and to finance this activity by issuing covered bonds. The owner banks have meaningful roles as pillars of society in their regional areas, and we make a reference to the annual accounts of the banks for a closer description of the social responsibility of SpareBank 1. The Company thus chooses not to maintain special guidelines and principles tied to social responsibility.

Future prospects of the company

The Board of Directors has no reason to believe that the situation for SpareBank 1 Boligkreditt AS in 2014 will change materially from the circumstances which have prevailed in 2013, i.e. relatively low funding costs and Norway representing an attractive location for debt investors.

The development of the Company's financial and operating condition is amongst other things dependent on the ability of the customers to service their mortgage debt and of the development in residential real estate prices. The outlook for the Norwegian economy in 2014 continues to be strong, albeit with some slower growth and some increased uncertainty. In the residential real estate market participants expect a stable or moderately decreasing price trend and a continued relatively low interest rate level. Unemployment is expected to remain stable at today's low level, which is low in a European context. SpareBank 1 Boligkreditt AS has a high quality and low credit risk portfolio of residential mortgages. The average weighted loan to value is approximately 51% and those mortgage customers whose loans are sold to SpareBank 1 Boligkreditt AS are those with a high ability to service their debts.

The Company's business is only to a little degree subject to competition because SpareBank 1 Boligkreditt AS is obtaining mortgage loans exclusively from its owners.

The Board of Directors expect a more moderate increase in the Company's Balance Sheet in 2014 compared to previous years. This expectation reflects that growth will now primarily be driven by the underlying growth in lending for residential real estate in the Company's ownership banks and not by increases in the share of mortgages in the banks' portfolios transferred to SpareBank 1 Boligkreditt AS.

No material change of operating conditions except from the factors which have been discussed above is expected.

* * *

The Board of Directors affirms that the financial accounts present a correct and complete picture of the Company's operations and financial position. There have been no incidents of a material nature after year-end 2013 which are expected to impact the annual accounts for 2014.

Hamar, 31. December 2013 / 4. March 2014

Kjell Fordal
Chairman of the Board

Inge Reinertsen

Tore Anstein Dobloug

Inger Eriksen

Merete Kristiansen

Arve Austestad
Chief Executive Officer

Statement of the members of the board and the chief executive officer

The Board and the chief executive officer have today reviewed and approved the financial accounts for 2013 for SpareBank 1 Boligkreditt AS. The annual accounts have been prepared in accordance with the International Reporting Standards (IFRS), as adopted by the EU.

To the best knowledge of the board and the chief executive officer the accounts have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company taken as a whole as of 31.12.13.

The board of directors and the chief executive officer declare to the best of their knowledge that the annual report gives a true and fair view of the development and performance of the business of the Company, as well as a description of the principal risks and uncertainties facing the Company.

Hamar, 4. March 2014

The Board of Directors of SpareBank 1 Boligkreditt AS

Kjell Fordal
Chairman of the Board

Inge Reinertsen

Tore Anstein Dobloug

Inger Eriksen

Merete Kristiansen

Arve Austestad
Chief Executive Officer

Management's statement 2013

Issuances in 2013

During 2013 we issued two Euro denominated covered bonds of 1 billion each, in June a seven year maturity and in November a long six year maturity.

Credit spreads on our issuances have remained stable throughout the year. During the year, we also repaid one bond issued in September 2008 and in total EUR 9.85 billion of our bonds are outstanding under our Programme, excluding private placements.

In the USD denominated market we issued a 1 bn covered bond in April 2013 with a maturity of five years. During the year we repaid our inaugural three year USD covered bond issued in October of 2010. In total 4.25 bn of our covered bonds remain outstanding in this market.

In the domestic NOK market we continued with our tap issuance of existing bonds in various maturities, albeit at a moderate volume for the year as a whole.

In addition to the public issuances under our Programme, we also utilize to a smaller extent the Euro private placement market. We think that we may continue to grow the volume of covered bonds placed in the private placement market from a small base today.

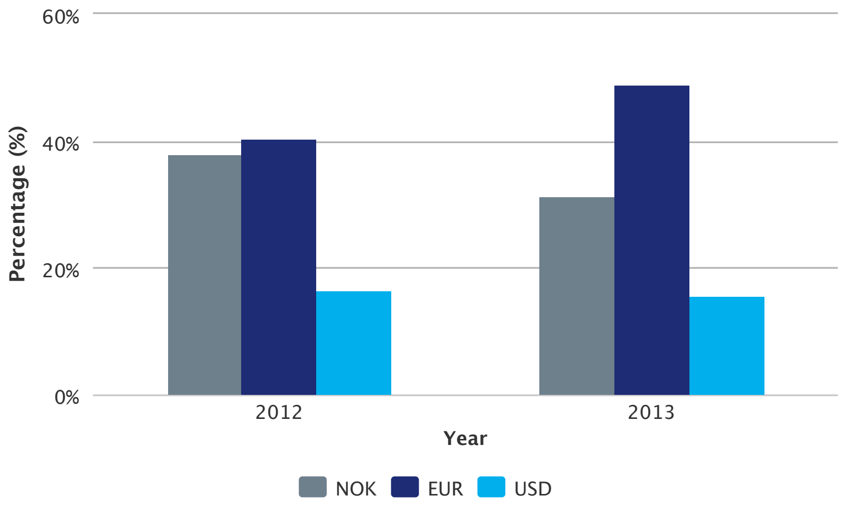
Our markets for covered bonds

Overall, we have experienced that access to our markets and investors for covered bonds has been good throughout the year.

However, due to that we expect our overall mortgage volumes to grow at only a very moderate pace compared with the our past history we see a potential opportunity for us in the future to also include smaller issuances in our regular market activities, meaning bond sizes of under the Eur 1 billion. The slower growth of mortgage lending is related to a slowdown in house prices, slowing credit demand from the Norwegian household sector as well as that our parent banks have excellent access to a Norwegian deposit base and to the market for senior unsecured bank debt in NOK and EUR.

During recent months we have also prepared and signed an AUD covered bond issuance Programme, which is now posted to our website www.spabol.no. No AUD bonds have been issued as of the date that this annual report was approved by the Board of Directors.

Chart 1: Outstanding SpareBank 1 Boligkreditt covered bonds as of year-end, by currency:

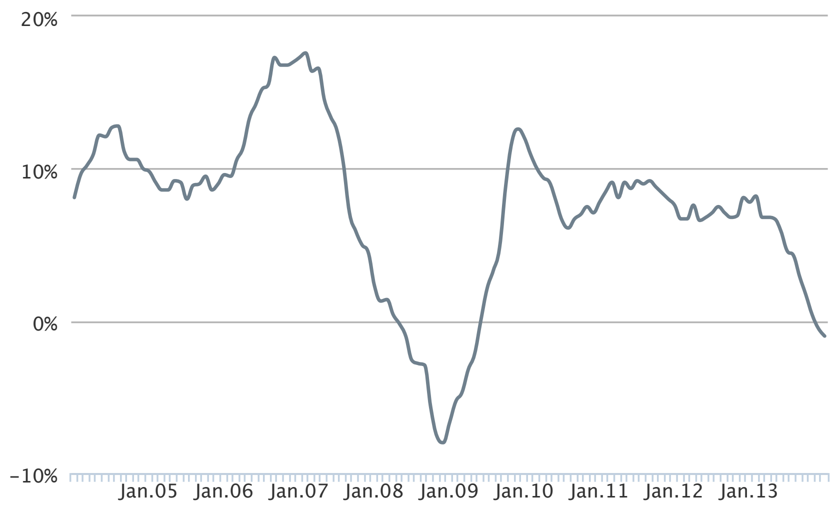


The Norwegian residential real estate market

2013 saw a change in the real estate market in that residential house prices fell on an annual basis for the first time since 2009 with a drop of 0.5% for the year as a whole.

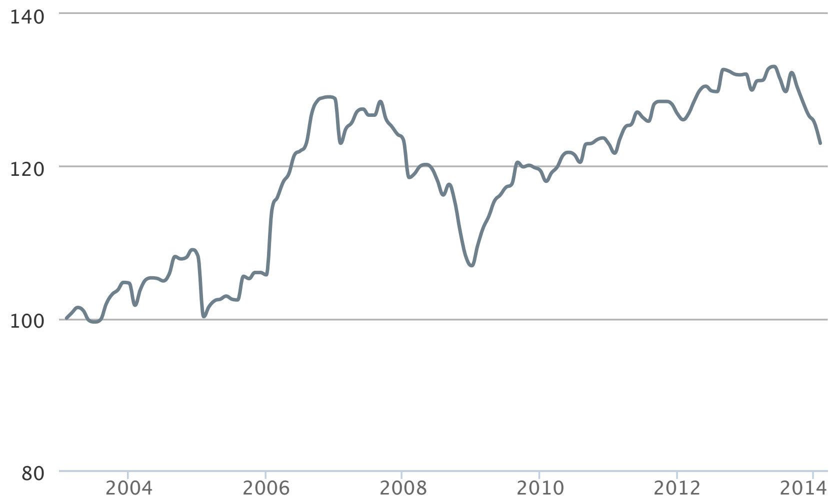
The annual rate of change in the national index from the Norwegian Association of Realtors for all residential units continued into negative territory for the month of January 2014 with prices for that month 1% lower on average compared to January 2013 (see chart 2)

Chart 2: Twelve month growth rate of the residential real estate price index for Norway:



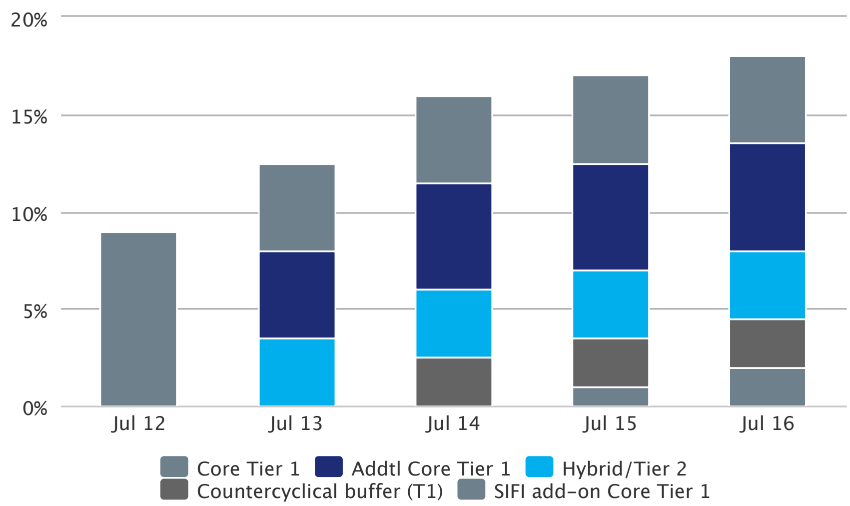
Residential prices had been on a continued growth path since 2009 due to the strengths of the Norwegian economy resulting in strong real income increases for the household sector. Another factor contributing to the upward trajectory is the continued Norwegian population growth coupled with a lower number of completed residential units than the growth in the number of households. These factors continue to be fundamental underpinnings of the real estate market.

Chart 3: National house price index adjusted for after-tax household income:



The headwinds experienced in 2013, which drove the decline for the full year, are seen by most observers to be founded in the recent demands by the Financial Services Authority (Finanstilsynet) that all repayment mortgages are restricted to a maximum 85% loan-to-value (LTV) and 70% maximum LTV for interest only (or flexible, revolving) mortgages. In addition, banks are focused on building stronger equity buffers in line with new Norwegian regulations, which require all banks (and covered bond issuers) to hold 13.5% total capital by July 1 2016, 10% of which must be core tier 1 equity and in addition up to 2.5% in a countercyclical buffer and 2% for a SIFI add-on. The latter two buffers must also be in the form of core tier 1 capital. The largest three parent banks of SpareBank 1 Boligkreditt have been proposed as SIFIs in Norway. A third factor which has gone hand in hand with increasing capital adequacy requirements is the effective doubling of risk weights for mortgages on banks' balance sheets.

Chart 4: Capital requirements for banks and credit institutions (covered bond issuers) in Norway:



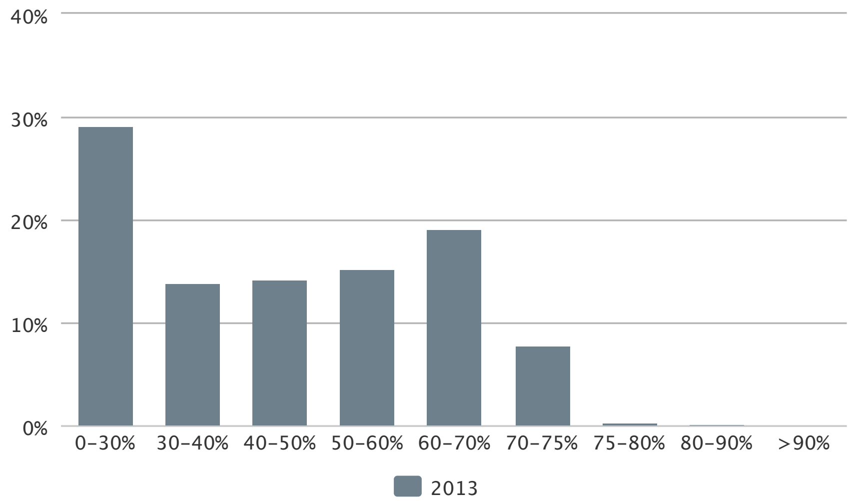
The focus on building capital has in some instances restricted lending more and has added to an overall psychology amongst households that the residential real estate market has reached a peak. Our view is that what we are seeing in the last several months represent a healthy realignment and if continued will allow household incomes to catch up with the recent years of house price appreciation and will let household indebtedness ratios abate.

Cover pool

Our cover pool metrics continue to exhibit a robust profile with an average weighted LTV in the cover pool of 51.7%.

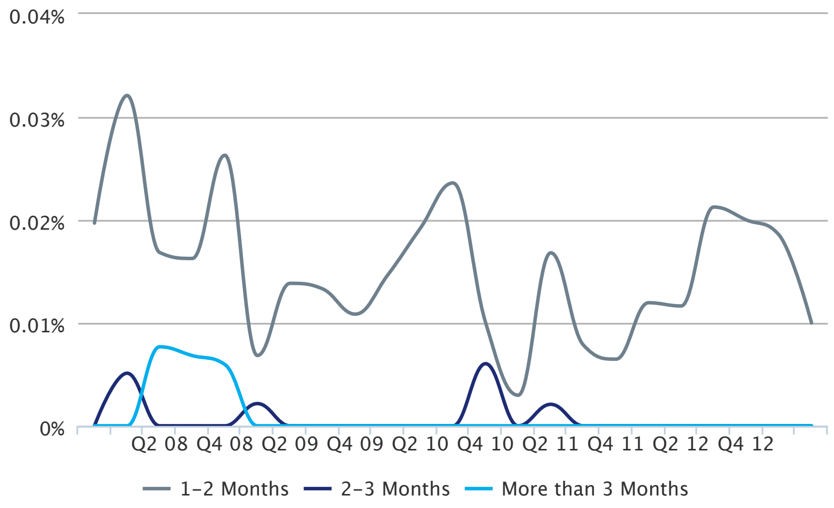
The real estate values are updated for the entire cover pool each quarter based on an automated valuation model (AVM) from the Norwegian company Eiendomsverdi, used by most Norwegian banks. The model is independently tested and validated and has certain parameters built into its valuation settings which allow for a cautious treatment of potential upside valuation outcomes for individual houses.

Chart 5: SpareBank 1 Boligkreditt cover pool: number of loans by LTV interval:



SpareBank 1 Boligkreditt continues to have no arrears beyond 90 days in the cover pool and has never experienced a credit event with regards to any of the mortgage loans in the pool. We stress test the portfolio regularly for potential sharp house price declines, which provides a lot of comfort with regards to the robustness of the pool, even in the face of 20 to 40% house price declines. Because we would like to maintain strong LTV cushions also in a severe house price decline environment we recently decided to set new self-selected limitations for the maximum LTV eligibility criteria; the new limits for the pool are thus 70% for repayment mortgages and 60% for interest only mortgages (both down from 75% before, which remains the legal criteria).

Chart 6: SpareBank 1 Boligkreditt cover pool: loans in arrears history:



Outlook

We are in 2014 focused on our 2015 maturities (Eur 1 bn due in June 2015 and around NOK 10 bn due in June and August 2015) because we maintain our liquid assets portfolio in a size which corresponds to the maturities which we have within the next 12 months, i.e. an effective refinancing of existing debt one year ahead of time. In addition we have some modest growth in the parent banks which we will seek to fill. We are likely to spread our issuance activity amongst our existing currencies and potentially explore new ones.

Annual accounts

Income statement

NOK 1 000	Note	2013	2012
Total interest income	5	4,682,822	5,031,867
Total interest expenses	5	-4,387,634	-4,846,847
Net interest income		**295,188**	**185,020**
Net gains/losses from financial instruments	6	36,906	193,931
Net other operating income		**36,906**	**193,931**
Total operating income		**332,094**	**378,951**
Salaries and other ordinary personnel expenses	7	-10,033	-9,458
Administration expenses	10	-10,318	-7,009
Other operating expenses	11	-9,374	-11,216
Depreciation on fixed assets and other intangible assets	13	-1,706	-1,713
Total operating expenses		**-31,430**	**-29,396**
Operating result before losses		**300,664**	**349,555**
Write-downs on loans and guarantees	2	0	-2,023
Pre-tax operating result		**300,664**	**347,532**
Taxes	12	-77,753	-97,305
Profit/loss for the year		**222,911**	**250,227**

Statement of comprehensive income

NOK 1 000		2013	2012
Profit/loss for the year		222,911	250,227
Items which will not impact the income statement in future periods:			
Estimate deviation for pensions	9	-563	7,096
Tax effect of the estimate deviation	12	158	-1,987
Total profit/loss accounted for in equity		**-405**	**5,109**
Total profit/loss		**222,506**	**255,336**
Allocations:			
Declared dividends	17	302,105	145,886
Other equity	17	-79,599	109,450
Total allocations		**222,506**	**255,336**

Balance sheet

NOK 1 000	Note	2013	2012
Assets			
Lending to and deposits with credit institutions	20	11,882,469	6,036,499
Norwegian Government Treasury Bills	20	1,261,795	1,801,802
Bonds	20	5,476,099	12,472,275
Lending to customers	15	174,781,222	160,233,984
Financial derivatives	19	12,760,351	6,104,499
Other assets	14	4,164	3,587
Total assets		**206,166,101**	**186,652,647**
Liabilities and equity			
Liabilities			
Debt incurred by issuing securities	18	183,146,411	170,644,817
Collateral received under derivatives contracts	33	10,611,584	3,213,665
Financial derivatives	19	797,417	3,531,313
Deferred tax	12	178,307	100,712
Tax payable	12	0	0
Other liabilities	23	3,143,356	1,369,734
Total liabilities		**197,877,075**	**178,860,241**
Equity			
Contributed equity	16	7,968,470	7,548,470
Accrued equity	17	18,450	98,050
Declared dividends	17	302,105	145,886
Total equity		**8,289,025**	**7,792,406**
Total liabilities and equity		**206,166,101**	**186,652,647**

Statement of changes in equity

NOK 1 000	Share capital	Premium	Proposed dividend	Fund for unrealized gain	Other equity	Total equity
Balance as of 31 December 2011	**3,770,548**	**1,887,922**	**82,952**		**695**	**5,742,118**
Share increase 05 January 2012	280,000	140,000	-	-	-	420,000
Share increase 27 January 2012	280,000	140,000	-	-	-	420,000
Share increase 16 March 2012	280,000	140,000	-	-	-	420,000
Share increase 20 August 2012	280,000	140,000	-	-	-	420,000
Share increase 24 October 2012	140,000	70,000	-	-	-	210,000
Dividend 2011	-	-	-82,952	-	-	-82,952
Result for the period	-	-	145,886	97,072	7,269	250,227
Pension estimates deviation net of tax effect	-	-	-	-	5,109	5,109
Pension obligation accounted for in equity	-	-	-	-	-12,095	-12,095
Balance as of 31 December 2012	**5,030,548**	**2,517,922**	**145,886**	**97,072**	**978**	**7,792,406**
Share increase 08 April 2013	280,000	140,000	-	-	-	420,000
Dividend 2012	-	-	-145,886	-	-	-145,886
Result for the period	-	-	319,630	-97,072	353	222,911
OCI - pension - annual estimate deviation	-	-	-	-	-405	-405
Balance as of 31 December 2013	**5,310,548**	**2,657,922**	**319,630**	**-**	**925**	**8,289,025**

Statement of cash flows

NOK 1 000	2013	2012
Cash flows from operations		
Interest received	4,626,878	4,691,621
Payments to operations	-37,484	-22,007
Paid tax	0	-32,259
Net cash flow relating to operations	**4,589,394**	**4,637,355**
Cash flows from investments		
Net purchase of loan portfolio	-14,522,291	-33,205,024
Net payments on the acquisition of government bills	542,536	2,332,616
Net payments on the acquisition of bonds	7,292,705	-3,720,224
Net investments in intangible assets	-2,672	-1,616
Net cash flows relating to investments	**-6,689,721**	**-34,594,249**
Cash flows from funding activities		
Net receipt/payment from the issuance of certificates	-619,108	-480,627
Net receipt/payment from the issuance of bonds	3,386,095	33,482,836
Net receipt/payment from the issuance of loans to credit institutions	9,178,564	2,615,429
Equity capital subscription	420,000	1,890,000
Paid dividend	-145,886	-82,952
Net interest payments on funding activity	-4,283,351	-4,485,657
Net cash flow relating to funding activities	**7,936,313**	**32,939,030**
Net cash flow in the period	**5,835,986**	**2,982,136**
Balance of cash and cash equivalents Jan 1. 2013	6,036,499	3,046,116
Net receipt/payments on cash	5,835,987	2,982,136
Exchange rate difference	9,983	8,248
Balance of cash and cash equivalents Dec 31. 2013	**11,882,469**	**6,036,499**

Income statement and balance sheet last five years

Income statement

NOK 1 000	2013	2012	2011	2010	2009
Total interest income	4,682,822	5,031,867	4,056,168	2,798,192	1,783,634
Total interest expense (incl. commissions due to parent banks)	-4,387,634	-4,846,847	-3,822,123	-2,661,310	-1,675,732
Net interest income	295,188	185,020	234,046	136,882	107,902
Net gains/losses from financial instruments	36,906	193,931	-86,195	-7,337	28,622
Net other operating income	**36,906**	**193,931**	**-86,195**	**-7,337**	**28,662**
Total operating income	**332,094**	**378,951**	**147,851**	**129,545**	**136,524**
Salaries and other ordinary personnel expenses	-10,033	332,094	-7,356	-6,422	-5,793
Administration expenses	-10,318	-7,009	-7,066	-6,137	-3,901
Other operating expenses	-9,374	-11,216	-13,083	-8,090	-5,577
Depreciation on fixed assets and other intangible assets	-1,706	-1,713	-3,086	-3,545	-4,116
Total operating expenses	**-31,431**	**-29,396**	**-30,590**	**-24,193**	**-19,387**
Total operating expenses	**300,664**	**349,555**	**117,261**	**105,352**	**117,137**
Write-downs on loans	0	-2,023	-2,318	0	-366
Pre-tax operating result	**300,664**	**347,532**	**114,943**	**105,352**	**116,771**
Taxes Expense	-77,753	-97,305	-32,281	-29,567	-32,652
Profit/Loss for the period	**222,911**	**250,227**	**82,662**	**75,785**	**84,119**
Other income and expense	-405	5,109	0	0	0
Comprehensive Profit/Loss for the period	**222,506**	**255,336**	**82,662**	**75,785**	**84,119**

Balance sheet

NOK 1 000	2013	2012	2011	2010	2009
Assets					
Lending to and deposits with credit institutions	11,882,469	6,036,499	3,046,116	3,658,257	5,800,587
Norwegian Government Treasury Bills	1,261,795	1,801,802	4,144,419	6,677,603	0
Bonds	5,476,099	12,472,275	8,861,103	2,184,270	989,374
Lending to customers	174,781,222	160,233,984	126,997,078	91,083,932	74,429,195
Financial derivatives	12,760,351	6,104,499	4,607,603	1,469,563	3,558,599
Other assets	4,164	3,587	4,008	5,220	6,598
Total assets	**206,166,101**	**186,652,647**	**147,660,328**	**105,078,845**	**84,784,352**
Liabilities and equity					
Liabilities					
Debt incurred by issuing securities	183,146,411	170,644,817	138,564,942	97,791,218	78,299,031
Collateral received under derivatives contracts	10,611,584	3,213,665	1,236,293	390,468	1,992,032
Financial derivatives	797,417	3,531,313	1,396,600	1,150,778	134,894
Deferred tax	178,307	100,712	6,381	35,768	6,205
Tax payable	0	0	32,264	0	23,536
Other liabilities	3,143,356	1,369,734	681,732	905,545	646,138
Total liabilities	**197,877,075**	**178,860,241**	**141,918,211**	**100,273,777**	**81,101,836**
Equity					
Contributed equity	7,968,470	7,548,470	5,658,470	4,728,470	3,168,470
Retained earnings	18,450	98,050	695	985	814
Proposed dividend	302,105	145,886	82,952	75,613	93,231
Total equity	8,289,025	7,792,406	5,742,117	4,805,069	3,682,516
Total liabilities and equity	**206,166,101**	**186,652,647**	**147,660,328**	**105,078,845**	**84,784,352**
Number of shares	53,105,492	50,305,482	37,705,482	31,505,482	21,105,482
Result per share	**4**	**5**	**2**	**2**	**4**

Notes to the accounts

Note 1 - General information

SpareBank 1 Boligkreditt AS is the SpareBank 1 Alliance's separate legal vehicle established according to the specialist banking principle within the Norwegian legislation for covered bonds. The Company's purpose is to acquire residential mortgages from its ownership banks organised in the SpareBank 1 Alliance and finance these by issuing covered bonds.

SpareBank1 Boligkreditt main office is located in Stavanger, visiting address Bjergsted Terrasse 1.

The accounts are prepared in accordance with "International Financial Reporting Standards" (IFRS), as determined by the EU and published by "International Accounting Standards Board" (IASB).

The Financial Statements for 2013 is approved by the Board of Directors on March 04th 2014.

Note 2 - Summary of significant accounting policies

Presentation currency

The presentation currency is Norwegian Kroner (NOK), which is also the Company's functional currency. All amounts are given in NOK thousand unless otherwise stated.

Recognition and de-recognition of assets and liabilities on the balance sheet

Assets and liabilities are recognised on the balance sheet at the point in time when the Company establishes real control over the rights of ownership to assets and becomes effectively responsible for the discharge of a liabilities.

Assets are de-recognised at the point in time when the real risk of the assets has been transferred and control over the rights to the assets has been terminated or expired. Liabilities are de-recognised when they have been effectively discharged.

Lending

Lending is measured at amortised cost. Amortised cost is the acquisition cost less any repayments on the principal, adding or subtracting any cumulative amortisation from an effective interest rate method, and less any loss of value or risk of loss. The effective rate of interest is the interest that exactly discounts estimated future positive or negative cash payments made prior to the financial instrument's maturity. Assessment of loans is thus carried out in accordance with the "lending regulation dated 21 December 2004" c.f. circular no 10/2005 from The Financial Supervisory Authority of Norway.

Evaluation of impairments (write downs) on mortgage loans

The Company evaluates the occurrence of impairment to loans or groups of loans at 31 December each year. Impairment has occurred if there is an objective proof of a reduction in value that can lead to a reduction in the future cash flow needed to service the debt. Impairment must result from one or more events that has occurred after the first entering into of a loan or group of loans (a loss incident), and the result of the loss incident (or incidents) must also be measured reliably. Objective proof that the value of a loan or a group of loans has been impaired includes observable data that is known to the group on the following loss incidents:

- Substantial financial difficulties for the Issuer or with the borrower
- Default on the contract, such as missing instalments or interest payments
    - The Company grants the borrower particular terms on the basis of financial or legal circumstances related to the borrower's financial situation
    - The probability that the debtor will enter into debt negotiations or other financial re-organisations
    - The active market for the financial assets cease to exist due to financial difficulties, or
    - Observable data indicates that there is a measurable reduction in the future cash flow from a group of loans since they were first entered into, even though the reduction cannot be attributed to a single loan in the group, including;
    - An unfavourable development in the payment status of the borrowers in the group, or

- National and/or local financial conditions correlating to the default of the assets in the group

The Company will first evaluate whether there exists individual objective proof of impairment for loans that are individually significant. For loans that are not individually significant, the objective proof of impairment will be evaluated either on an individual basis or collectively. If the Company concludes that there does not exist objective proof of impairment for an individually evaluated loan, whether it is significant or otherwise, the asset will be included in a group of loans having the same credit risk characteristics. This group will then be evaluated collectively for a possible impairment. Assets that are being evaluated individually for signs of impairment, and where an impairment is identified, or continues to be observed, will not be a part of a collective evaluation of impairment.

If there is objective proof of the occurrence of impairment, the magnitude of the loss will be considered to be the gap between the asset's book value and the present value of the estimated cash flow (exclusive of any future credit loss that has not yet occurred) discounted by the loan's last given effective interest rate. The book value of a loan will be reduced and the loss will be reflected in the income statement.

The future cash flow from a group of loans that has been collectively evaluated for impairment, will be estimated in accordance with the contractual cash flow of the group as well as any historical loss on assets with a similar credit risk. Historic losses will be adjusted in accordance with existing observable data in order to allow for the effects of any current circumstances that were not present at the time of the historic losses, as well as the adjustment of the effects of circumstances that are not currently present.

In the case of losses on individual mortgage loans, SpareBank 1 Boligkreditt AS has a right to offset these in the commission paid out to banks which have originated and sold such loans to the Company. The amount that can be offset is limited to a maxium of the last 12 months worth of commission due. SpareBank 1 Boligkreditt AS defers payment of the commission to the shareholder banks for 18 months in order to establish whether any losses have occured which should be offset. The Company has since the commencement of operations in 2007 not had any incidents of reduced or offset commissions.

Established losses

When there is a prevailing possibility that the losses are final, the loss will be classified as established losses. Any established losses that have been covered by previously specified loan loss provisions will be set off against these provisions. Any established losses that have not been provided for in the loan loss provisions, as well as excessive or insufficient loan loss provisions will be reflected in the income statement.

Securities

Securities consists of certificates and bonds. These are either carried at fair value or hold to maturity. All securities that are classified at fair value in the accounts are recorded at fair value, and changes in value from the opening balance are allocated in the income statement as income from other financial investments. Certificates and bonds that are classified as hold to maturity are recorded at amortised cost by means of the effective interest rate method. The effective rate of interest is the interest that exactly discounts estimated future positive or negative cash payments made prior to the financial instrument's maturity.

Hedge accounting

The company has implemented fair value hedge accounting for bonds with fixed rates and bonds in foreign currencies. These bonds are entered into a hedging relationship with individually tailored interest swaps and currency swaps. The company values and documents the efficacy of the hedge both at first entry and consecutively. In fair value hedging both the hedging instrument and the hedged object are entered into the accounts at fair value with respect to the relevant interest rate curve and currency, and changes in these values from the opening balance are recorded in net income. The cash flow is therefore known for the entire contractual duration after the hedging relationship has been established. Because the hedging relationship is intended to remain in place throughout the life of the hedged instrument, only those changes which the interest rate and currency swap agreements are intended to hedge have an influence on the valuation of the hedging instrument.

Valuation of Derivatives and Other Financial Instruments

The Issuer uses financial derivatives to manage essentially all market risk on balance-sheet items. Interest rate risk is hedged to a NIBOR 3 months floating rate basis and currency risk is hedged mostly by derivatives and in some cases by natural asset liabilities hedges.

Liabilities:

- The Issuer applies fair value hedge accounting under IFRS for fixed rate issued debt (covered bonds) utilizing derivatives (swaps) which hedge the fixed interest rate and currency elements of the issued bonds.
- Issued floating rate debt in NOK is accounted for at amortised cost

Assets:

- For liquidity management purposes the issuer maintains a portfolio of liquid assets (including bonds) of which a part is designated as held-to-maturity, and a part is designated as a trading portfolio utilizing the fair value option under IFRS.
- The trading portfolio is valued at fair value (market value) and the associated derivatives (swaps) which hedge interest and/or currency risk are valued at fair value.
- The designated held-to-maturity portfolio is valued at amortised cost and mainly include floating rate debt denominated in NOK.

Though the issuer hedges all material interest rate and currency risk on its balance sheet, net unrealized gains (losses) from financial instruments may occur for the following reasons:

- Temporary mark-to-market differences in the value of an interest rate swap smay occur depending on the difference between the level at which the 3 months floating rate leg in the swap was last fixed and the 3 months interest rate level at the financial reporting date.
- There is a credit risk element which forms a part of the fair value of the assets in the trading portfolio, which is not reflected in the value of the associated interest and/or currency swaps hedging the trading portfolio assets.
- There may be floating rate assets (bonds) in the held-to-maturity portfolio denominated in foreign currency which are hedged via a corresponding foreign exchange liability (issued debt) also on an effective floating rate basis. In such natural asset liability hedges there may be a small element of foreign currency risk which may impact the P&L in that the floating rate coupons on the asset and the liability are not reset on the same dates and/or may be of different magnitude.

Intangible assets
Purchased IT-systems and software are carried on the balance sheet at acquisition cost (including expenses incurred by making the systems operational) and will be assumed to amortise on a linear basis over the expected life span of the asset. Expenses related to development or maintenance are expensed as incurred.

Cash and cash equivalents
Cash and cash equivalents includes cash and deposits, other short term available funds and investments with a maturity of less than three months.

Taxes
Tax in the income statement consists of tax payable on the annual taxable result before tax and deferred tax. Deferred tax is calculated in accordance with the liability method complying with IAS 12. With deferred taxes the liability or asset is calculated based on temporary differences, which is the difference between tax due according to the statutory tax calculations and tax calculated according to the financial accounts, as long as it is probable that there will be a future taxable income and that any temporary differences may be deducted from this income. In terms of deferred taxes, assets will only be included if there is an expectation that a future taxable result makes it possible to utilise the tax relief. The assessment of this probability will be based on historic earnings and the future expectations regarding margins.

Pensions
SpareBank 1 Boligkreditt AS maintains two types of pension plans. Both plans are managed under the pension Scheme of SpareBank 1 SR Bank ASA.

Defined benefit plan
The plan is fully funded through annual payments to the pension scheme, and are determined by periodic calculations by an actuary. A defined benefit plan is one which grants a specified future benefit upon reaching the specified pension age. Factors which determine the benefit are age, the number of years in employment/membership in the plan and remuneration. The liability which is recorded in the balance sheet is the net present value of the defined benefit reduced by the fair value of the pension plan assets. . The liability is calculated annually by independent actuaries. The net present value of the future benefits are found by using the yields on Norwegian government bonds adjusted for differences in maturity dates.

Defined contribution plan
In a defined contribution plan the company pays a defined contribution into the pension scheme. The Company has no further oblilgations beyond the defined contributions. The contributions are recorded as salary expense in the accounts. Any prepaid contributions are recorded as assets in the balance sheet (pension assets) to the extent that the asset will reduce future payments when due.

The Company has eight employees as of year end 2013. All employees are included in SpareBank 1 SR-Bank ASAs pension scheme and accrue the same benefits as the other membership in that scheme which are employees of SpareBank 1 SR-Bank ASA. For the Chief Executive Officer of SpareBank 1 Boligkreditt future pension obligations for remuneration above the limit of 12 times the basic allowance or limit as formulated by the national pension scheme are accounted for in the Company's accounts. One person is on permanent hire in Boligkreditt from SpareBank 1 Gruppen, which covers all pension obligations for this person.

Cash flow statement
The cash flow statement has been presented according to the direct method, the cash flows are grouped by sources and uses. The cash flow statement is divided into cash flow from operational, investment and finance activities.

Reserves
The Company will create reserves when there is a legal or self-administered liability following previous events, it is likely that this liability will be of a financial character, and it can be estimated sufficiently accurately. Reserves will be assessed on every accounting day and subsequently adjusted to reflect the most accurate estimate. Reserves are measured at the present value of the expected future payments required to meet the obligation. An estimated interest rate which reflects the risk free rate of interest in addition to a specific risk element associated with this obligation will be used as the pre-tax rate of discount.

Supplier debt and other short term liabilities
Supplier debt is initially booked at fair value. Any subsequent calculations will be at amortised cost, determined by using the effective rate of interest method. Supplier debt and other short term liabilities where the effect of amortising is negligible, will be recorded at cost.

Interest income and expense
Interest income and expense associated with assets, and liabilities measured at amortised cost, are recorded according to the effective rate of interest method. Any fees in connection with interest bearing deposits and loans will enter into the calculation of an effective rate of interest, and as such will be amortised over the expected maturity.

Commission expense
Commissions are paid by the Company to its parents banks and represent most of the net interest margin earned in Boligkreditt.

Dividends
Proposed dividends are recorded as equity during the period up until they have been approved for distribution by the Company's general assembly.

Events after the balance sheet date
The annual accounts are deemed to be approved for publication when the Board of Directors have discussed and approved them. The General Meeting and any regulatory authorities may subsequently refuse to approve the annual accounts, but they cannot change them. Events up until the annual accounts are deemed to be approved for publication and that concern issues already known on the accounting day, will be part of the information that the determination of accounting estimates have been based on, and as such will be fully reflected in the accounts. Events that concern issues not known on the accounting day, will be commented upon, provided that they are of relevance.

The annual accounts have been presented under the assumption of continuing operations. This assumption was, in the opinion of the Board of Directors, justified at the time when the accounts were presented to the Board of Directors for approval.

Share capital and premium
Ordinary shares are classified as equity capital. Expenses directly related to the issuing of new shares or options with tax relief, will be recorded in the accounts as a reduction in the proceeds received.

Adoption of new and revised International Financial Reporting Standards (IFRSs)
The following new and revised standards and interpretations have been adopted in the Company’s financial statements and have affected the amounts reported in these financial statements.

New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements
In the current year, the Company has applied some new and revised IFRSs issued by the International Accounting Standards Board (IASB) and adopted by EU that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

Financial statement presentation – presentation of items of other comprehensive income
The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Fair value measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realizable value for the purpose of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from 1 January 2013. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognized in the consolidated statements.

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The new and revised IFRSs are not mandatorily effective for the year ended December 31, 2013. The Company intends to adopt these standards when they become effective.

Financial instruments: classification and measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. Under IFRS 9, all recognized financial assets that are currently within the scope of IAS 39 Financial Instruments: Recognition and Measurement will be subsequently measured at either amortised cost or fair value. In 2010, a revised version of IFRS 9 was issued. The revised version of IFRS 9 mainly adds the requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. In December 2011, the IASB issued Amendments to IFRS 9 and IFRS 7. The amendments defer the mandatory effective date of IFRS 9 from January 1, 2013 to January 1, 2015. IFRS 9 has not yet been endorsed for application in the European Union. Phase two and three of the financial instruments project, being the impairment of financial assets and hedge accounting phases respectively, are still a work in progress. It's not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed

Note 3 - Risk management

SpareBank 1 Boligkreditt AS is an institution which acquires residential mortgages from banks in the SpareBank 1 Alliance. This activity is predominantly financed by the issuance of covered bonds. The Company is therefore subject to the Norwegian legislation for covered bonds and the demands this imply for exposure to risk. In addition, the Company wishes to maintain the AAA/Aaa ratings from Fitch and Moody's, respectively, with regards to the covered bonds, which also requires a high degree of attention to risk management and a low risk exposure profile.

The purpose with the risk and capital adequacy management within SpareBank 1 Boligkreditt AS is to ensure a satisfactory level of capital and a responsible management of assets in accordance with the Company's statutes and risk profile. This is ensured through an adequate process for risk management and planning and implementation of the Company's equity capital funding and capital adequacy.

The Company's risk- and capital management are aiming to be in accordance to best practices - and this is ensured through:

- A risk culture characterised through high awareness about types of risk and the management thereof
- A competent risk analysis and control environment

- A good understanding of which material risks the Company is exposed to"

Organisation and organisational culture

SpareBank 1 Boligkreditt AS is focused on maintaining a strong and alert organisational culture characterised by high awareness about risk management.

SpareBank 1 Boligkreditt AS is focused on independence and control, and the responsibilities are divided between different roles within the organisation:

- The Board of Directors determines the main principles for risk management, including determining the risk profile, limits and guidelines. The Board also carries the responsibility to review capital levels in accordance with the risk profile and the requirements of the regulatory authorities.
- The Chief Executive Officer is responsible for the day to day administration of the Company's business and operations according to laws, statutes, powers of attorney and instructions from the Board. Strategic items or operational items of an unusual nature or importance are discussed with and presented to the Board of Directors. The CEO may however decide a matter in accordance with a power of attorney from the Board. The CEO is responsible for implementing the Company's strategy and in cooperation with the Board to also develop and evolve the strategy.
- The risk manager reports both directly to the CEO and to the Board. The risk manager is tasked with developing the framework for risk management including risk models and risk management systems. The position is further responsible for the independent evaluation and reporting of risk exposure in addition to maintaining all relevant laws and regulations.
- The balance sheet committee is an advisory council for the operational management of the Company's balance sheet within the framework determined by the Board of Directors. The committee is a an important component of Boligkreditt's operative management of liquidity risks. The balance sheet committee is headed by the CEO and consists of the CFOs of the largest banks in the SpareBank 1 Alliance in addition to one representative from the smaller Alliance banks (Samspar).
- The investment committee is an advisory council for the evaluation of counter-party exposure limits and for the composition of the liquidity portfolio.   The committee is headed by the CEO and consists of Boligkreditt's financial director and director for asset liability management. The committee advises on credit limits for counter-parties and the composition of the liquidity portfolio. The CEO has been tasked by the Board to make decisions regarding credit limits for counter-parties and individual investments. "

Risk categories:

In its risk management the Company's differentiates amongst the following categories of risk:

- Credit Risk: The risk of loss as a result of that counter-parties are unwilling and/or unable to meet their obligations to the Company. Credit risk management is detailed in the Company's credit risk policy and this policy is approved by the Board of Directors annually.
- Liquidity Risk: The risk that the Company is unable to meet its obligations and/or finance its assets
- Market Risks: The risk of loss as a result of changes in observable market variables such as interest rates, foreign exchange rates and securities.
- Operational Risks: The risk of loss as a result of insufficient or weak internal processes or systems, human errors or external events.

Further details about risk categories are discussed in later Notes

Note 4 - Important estimates and considerations regarding application of accounting policies

The presentation of financial information in accordance with IFRS results in that management uses estimates and makes assumptions which affect the outcome of certain accounting principles, including the amounts accounted for assets, liabilities, income and cost.

Loss on loans and guarantees

The Company makes loan provisions for individual loans if an objective incident has occurred which can be identified in relation to a single exposure, and the objective incident reduces the future expected cash flow for repayment of the exposure. Objective incident may be the default, bankruptcy, lack of liquidity or other material financial problems. Individual loan loss provisions are calculated as the difference between the book value of the loan and the net present value of the future cash flow based on the effective interest rate at the time of the initial calculation of the individual write off. Subsequent changes in interest rates are considered for loan agreements with floating interest rates to the extent this impacts expected cash flow. Group loss provisions are estimated on groups of loans where there are objective evidence that an incurrence of loss has taken place following the initial accounting recognition of these loans on the balance sheet. Objective evidence include observable data which allows for a conclusion that the future cash flow from the group of loans is reduced. The development in probability of default over time is one such objective evidence which is utilised in order to identify a need for a group loan loss provision. Where a requirement for a group write down exists, the loss on the group of loans is calculated as the difference between the book value and the net present value of the future estimated cash flow. In order to calculate this difference (which equates to the amount of write downs) the starting point is the expected loss for the group of loans. The estimates of individual and group loan loss provisions are always evaluated and formulated with a considerable degree of uncertainty. Futures estimates based on historical incidents may prove to be erroneous because it is uncertain which relevance historical data have as a predictor for the future. Where loans are secured on collateral in stressed situations, such as when certain objects or industries are in distress, the proceeds from sales of collateral in relative illiquid markets may be subject to a high degree of uncertainty.

Fair value of financial instruments

The fair value of financial instruments which are not traded in a liquid market are determined using valuation techniques. The Company utilises methods and assumptions which are as far as possible based on observable market data and which represent market conditions as of the date of the financial accounts. When valuing financial instruments where no observable market data are available, the Company estimates values based on what it is reasonable to expect that market participants would use as a basis for valuation of financial instruments.

Pensions

Net pension obligations are based on a number of estimates including future investment returns, future interest rate and inflation levels, developments in compensation, turnover, development in the "G" amount (the basic level of pension as determined by the public pension system and used as a yardstick in several calculations nationally) and the general development in the number of disabled persons and life expectancy are of significant importance. The uncertainty is primarily related to the gross obligation for pensions and not the net amount which is recorded in the financial accounts (balance sheet). Changes in pension obligation estimates which may result from changes in the factors mentioned above will be charged directly against the Company's recorded equity.

Income taxation

The calculation of the income tax also incorporates material estimates. For many transactions and calculations there will be a degree of uncertainty related to the final tax obligation. SpareBank 1 Boligkreditt AS records tax obligations in tax- and other legal disputes based upon whether future income tax obligations are expected to materialise. If the final outcome of a particular case deviate from the original accrued amount for tax, the difference will affect the profit and loss account for tax expense. The recognised amounts for deferred taxation in the period where the difference is established will also be affected.

Note 5 Net interest income

NOK 1 000	2013	2012
Interest income		
Interest income and similar income from loans to and balances with credit institutions	264,755	270,499
Interest income and similar income from loans to and balances with customers	6,661,490	5,859,367
Interest income treasury bills	55,606	54,644
Commission expense (payable to shareholder banks) *	-2,299,029	-1,152,643
Total interest income	**4,682,822**	**5,031,867**
Interest expense		
Interest expense and similar expenses to credit institutions	22,910	15,031
Interest expense and similar expenses on issued bonds	4,259,716	4,690,224
Interest expense and similar expenses on issued certificates	104,327	141,560
Other interest expenses	682	32
Total interest expense	**4,387,634**	**4,846,847**
Net interest income	**295,188**	**185,020**

** Commissions to our parent banks are calculated daily for each mortgage loan transferred. whereby the commission equals the customer loan rate less a rate which incorporates the Company's average cost of funding and operational costs. The operational add-on element is expressed through an average rate which is from time to time decided by the Company's Board of Directors.*

Note 6 Net gains from financial instruments

NOK 1 000	2013	2012
Net gains (losses) from financial liabilities	1,770,926	-1,499,100
Net gains (losses) from financial assets	-176,973	-148,503
Net gains (losses) from financial derivatives hedging at fair value	-1,557,047	1,841,534
Net gains (tap)	**36,906**	**193,931**

Please also refer to Note 2. Accounting Principles. paragraphs on "Hedge Accounting" and "Valuation of Derivatives and other Financial Instruments" and note 21

Note 7 Salaries and remuneration

NOK 1 000	2013	2012
Salary	11,112	10,198
Salaries reinvoiced to SpareBank1 Næringskreditt*	-4,187	-4,523
Pension expenses	1,330	1,839
Social insurance fees	1,445	1,389
Other personnel expenses	334	555
Total salary expenses	**10,033**	**9,458**
Average number of full time equivalents (FTEs)	8	8

** The company's employees have shared employment between SpareBank 1 Næringskreditt and SpareBank 1 Boligkreditt. All remuneration is effectuated through SpareBank 1 Boligkreditt and a portion is reinvoiced to SpareBank 1 Næringskreditt. The company also buys administrative services from SpareBank 1 SR-Bank ASA and SpareBank 1 Gruppen. Pension benefit obligations are safeguarded in SpareBank 1 Boligkreditt through participation in the pension fund of SpareBank 1 SR-Bank ASA. This pension scheme meets the legal demands on mandatory occupational pension.*

Note 8 Salaries and other remuneration of management

Paid in 2013

NOK 1 000	Total compensation	Bonus	Other compensation	Pension cost	Accrued Pensions	Employee mortgage loan
Management						
Chief Executive Office - Arve Austestad	2,061	167	169	475	2,783	2,913
Director. Head of Finance & Risk - Henning Nilsen	1,255	98	42	121	646	1,483
Chief Operating Officer - Eivind Hegelstad	1,363	113	67	0	0	4,254
Total for Management	**4,679**	**378**	**278**	**595**	**3,430**	**8,649**
The Board of Directors						
Kjell Fordal	94	0	0	0	0	0
Inge Reinertsen	73	0	0	0	0	0
Tore Anstein Dobloug	73	0	0	0	0	0
Merete N. Kristiansen	73	0	0	0	0	0
Inger S. Eriksen	73	0	0	0	0	0
Trond Sørås (Observer)	16	0	0	0	0	0
Geir-Egil Bolstad (Observer)	13	0	0	0	0	0
Total for the Board of Directors	**414**	**0**	**0**	**0**	**0**	**0**
The Control Committee						
Ola Neråsen	9	0	0	0	0	0
Brigitte Ninauve	12	0	0	0	0	0
Ivar Listerud	7	0	0	0	0	0
Kjersti H	9	0	0	0	0	0
Total for the Control Committee	**38**	**0**	**0**	**0**	**0**	**0**
The Committee of Representatives						
Arne Henning Falkenhaug	9	0	0	0	0	0
Kjersti Hønstad	2	0	0	0	0	0
NIls Arne Norheim	2	0	0	0	0	0
Hanne J Nordgaard	2	0	0	0	0	0
Gudrun Michelsen	2	0	0	0	0	0
Total for the Committee of Representatives	**16**	**0**	**0**	**0**	**0**	**0**

The bonus shown is for 2012. but paid out in 2013. All employees have an offer of an employee mortgage loan from SpareBank 1 SR-Bank. The terms and conditions for this include an interest rate one percentage point below the standard rate as determined by the Norwegian Treasury Department from time to time.

Paid in 2012

NOK 1 000	Total compensation	Bonus	Other compensation	Pension cost	Accrued Pensions	Employee mortgage loan
Management						
Chief Executive Office - Arve Austestad	2,033	140	179	686	1,928	3,025
Director. Head of Finance & Risk - Henning Nilsen	1,210	79	36	194	385	2,606
Chief Operating Officer - Eivind Hegelstad	1,303	72	76	69	0	5,476
Total for Management	**4,546**	**291**	**291**	**949**	**2,313**	**11,107**
The Board of Directors						
Kjell Fordal	90	0	0	0	0	0
Inge Reinertsen	70	0	0	0	0	0
Tore Anstein Dobloug	70	0	0	0	0	0
Merete N. Kristiansen	70	0	0	0	0	0
Inger S. Eriksen	70	0	0	0	0	0
Trond Sørås (Observer)	13	0	0	0	0	0
Geir-Egil Bolstad (Observer)	15	0	0	0	0	0
Total for the Board of Directors	**398**	**0**	**0**	**0**	**0**	**0**
The Control Committee						
Ola Neråsen	7	0	0	0	0	0
Brigitte Ninauve	12	0	0	0	0	0
Ivar Listerud	9	0	0	0	0	0
Kjersti H	9	0	0	0	0	0
Total for the Control Committee	**37**	**0**	**0**	**0**	**0**	**0**
The Committee of Representatives						
Kjersti H	2	0	0	0	0	0
NIls Arne Norheim	2	0	0	0	0	0
Sveinung Hestnes	9	0	0	0	0	0
Elisabeth Johansen	2	0	0	0	0	0
Gudrun Michelsen	2	0	0	0	0	0
Total Representatives	**15**	**0**	**0**	**0**	**0**	**0**

The bonus shown is for 2011 but paid out in 2012.

Note 9 Pension

SpareBank 1 Boligkreditt maintains both a defined benefit and a defined contribution plan. The Company's pension plans meet the demands of the Norwegian law regarding obligatory pension commitments for employees.

Defined benefit plan

All employees have pension contracts with SpareBank 1 SR Bank ASAs pension scheme. The resulting obligations are financed by contributions to the scheme by the Company, and are determined by actuarial calculations periodically. A defined benefit plan provides a defined pay-out at a future specific retirement date, generally as decided by age, number of years in employment and compensation. The obligation recorded by the Company in its financial accounts is the present value of the obligation less the fair value of the associated pension assets. The obligation is calculated annually by independent actuaries. The present value of future benefits are calculated by discounting future payments by using the yield on norwegian covered bonds adjusted for differences in maturities.

All employees have pension contracts with SpareBank 1 SR Bank ASAs pension scheme. The resulting obligations are financed by contributions to the scheme by the Company, and are determined by actuarial calculations periodically. A defined benefit plan provides a defined pay-out at a future specific retirement date, generally as decided by age, number of years in employment and compensation. The obligation recorded by the Company in its financial accounts is the present value of the obligation less the fair value of the associated pension assets. The obligation is calculated annually by independent actuaries. The present value of future benefits are calculated by discounting future payments by using the yield on norwegian covered bonds adjusted for differences in maturities.

Defined contribution plan

In its defined contribution plan the Company makes pension contributions to an insurance company. The Company has no further obligations after making these contributions. The payments are recorded as compensation. Any prepaid amounts are recorded as an asset (pension assets) to the degree that such amounts may be refunded or will reduce future contributions.

The Company has eight employees as of year end 2012. All employees are included in SpareBank 1 SR-Bank ASAs pension scheme and accrue the same benefits as the other membership in that scheme which are employees of SpareBank 1 SR-Bank ASA. From 01.01.2013 SpareBank 1 Boligkreditt AS became itself a separate member of the scheme and funds its pension obligations to the scheme. The net present value of the pension obligation as of 01.01.2012 has been calculated and included in equity and the pension obligation as of 31.12.2012 has been recorded on the balance sheet of SpareBank 1 Boligkreditt AS. For the Chief Executive Officer of SpareBank 1 Boligkreditt future pension obligations for remuneration above the limit of 12 times the basic allowance or limit as formulated by the national pension scheme (Folketrygden) are accounted for in the Company's accounts. One person is on permanent hire in Boligkreditt from SpareBank 1 Gruppen, which covers all pension obligations for this person.

Valuation of the pension assets and the accrued obligations are based on estimates. These estimates are updated annually based on the actual fair value of the pension assets, statements from the insurance company regarding fair values and the actuarial estimates of the size of the pension obligation. When calculating the future pension payments, the following assumptions have been made:

	2013	2012
Discount rate	4.00 %	3.90 %
Expected return on pension assets	4.00 %	5.00 %
Future annual compensation increases	3.75 %	3.50 %
Annual change in the "G" amount	3.50 %	3.25 %
Pension regulation amount	2.00 %	2.00 %
Employer payroll taxes	14.10 %	14.10 %
Employee turnover	5% before 45 years, 2% after 45 years	5% before 45 years, 2% after 45 years
	25% at 62 years 25% ved 64 years	25% at 62 years and 25% at 64 years

The use of a certain discount rate derived from a certain set of bonds require that there is an actively traded market in such bonds and that the bonds traded are of a high quality and of a longer duration in the same currency. The Norwegian foundation for financial accounting (NRS) has evaluated the market using inputs provided by participants in the market and publicly available information. The market for covered bonds is a market where the liquidity is evaluated for floating and fixed rate bonds together. Participants in the covered bond market have maintained that the market possesses a sufficient liquidity and that the pricing mechanism in the market is reliable. No detailed analysis have gone into evaluating the pricing and the market functionality. however. data which NRS has obtained do not indicate that the market would not provide a reliable pricing mechanism. Based on its evaluation. NRS has in its updated guidelines for pension assumptions as of 31.12.13 concluded that the interest rate for covered bonds can not be rejected as the basis for the determination of the discount rate. SpareBank 1 Boligkreditt AS agrees with NRS's conclusion and is of the opinion that the market for covered bonds is sufficiently liquid and that the pricing in the market is reliable. Because of this SpareBank 1 Boligkreditt AS has chosen to use the covered bond interest rate as a basis for its pension plan discount rate as of

31.12.2013.

The assumption for mortality is based on published statistics and experience.

Average life expectancy (in years) as of the date of these financial accounts for a person who retires when he/she is 65 years is as follows:

	2013	2012
Male	21.04 years	19.30 years
Female	**24.20 years**	**21.80 years**

Average expected life expectancy (in years) 20 years after the date of these financial accounts for a person who retired when he/she was 65 years old is as follows:

	2013	2012
Male	22.87 years	19.30 years
Female	**26.13 years**	**21.80 years**

The calculations are based on standardised assumptions regarding the development in mortality, incapacity and other demographic factors from the Insurance Association of Norway. Assumptions for mortality is based on published statistics and experience.

	2013	2012
Net pension obligation		
Defined benefits plan - insured	3,171	1,872
Defined benefits plan - uninsured	8,940	9,174
Net pension obligation recorded as of Dec 31	**12,111**	**11,046**
Defined benefit plan pension expense		
Defined benefits plan - insured	671	935
Defined benefits plan - uninsured	731	814
Total defined benefits plan expense for the period	**1,402**	**1,749**
Pension obligation in defined defined plan		
Pension rights accrued in the period	12,689	17,606
Pension rights accrued in the period	849	1,262
Interest cost for the accrued pension obligation	500	424
Actuarial profits and losses (deviation from previous estimates)	1,545	-6,245
Paid out from the scheme	-326	-357
Discounts and settlement	-	-
Change in accruals for earlier periods	-	-
Other changes	-975	0
Present value of the obligation as of Dec 31	**14,282**	**12,690**
Pension assets		
Pension assets as of Jan 1	3,009	2,062
Expected return in the period	130	153
Actuarial profits and losses (deviation from previous estimates)	77	-
Contributions from employer	778	1,177
Paid out from the scheme	-326	-357
Discounts and settlement	-	-
Other changes	-	-27
Pension assets as of Dec 31	**3,668**	**3,008**
Net pension obligations on the balance sheet		
Present value pension obligation as of Dec 31	14,282	12,690
Pension assets as of Dec 31	3,668	3,008
Net pension obligation as of Dec 31	10,614	9,682
Employer payroll tax	1,497	1,364
Net pension obligation recorded as of Dec 31	**12,111**	**11,046**

Pension costs in the period		
Defined benefit pension accrued in the period	849	1,262
Interest rate costs for accrued pension obligation	500	424
Expected return on pension assets	-130	-153
Discounts and settlement	-	-
Accrual for previous periods included in this period	-	-
Net defined benefit pension cost excluding employer payroll tax	1,219	1,533
Accrued employer payroll tax	183	216
Net defined benefit pension cost	1,402	1,749
Defined contribution pension expense and joint arrangement AFP	68	90
Pension expense for the period	**1,470**	**1,839**

Actuarial profits and losses (deviations from estimates)		
The period actuarial profits and losses included in equity	563	-7,096
Cumulative actuarial profits and losses included in equity	-6,533	-7,096
Expected return pension assets	130	153
Actual return pension assets	-	-
Status of the defined benefit plan.	2013	2012
Net present value of the pension obligation 31.12.	14,282	12,690
Pension assets 31.12.	3,668	3,008
Net deficit	**10,614**	**9,682**

Expected paid-in premium is for 2014 is NOK 0.539 million. In connection with that SpareBank 1 Boligkreditt became a member of the SpareBank 1 SR-Bank's pension scheme, the Company assumed the obligation for the employees who were previously accounted for within SpareBank 1 SR-Bank's pension obligation. SpareBank 1 Boligkreditt will receive a certain compensation from SpareBank 1 SR-Bank for the pension benefit which these employees had accrued at the time of formal transfer of employment to SpareBank 1 Boligkreditt. This compensation amount has not yet been calculated and will be accounted for directly in equity in 2014.

Note 10 Administration expenses

NOK 1 000	2013	2012
IT operation and maintenance	8,588	5,627
Travel	1,562	1,183
Telephone and postage	125	150
Misc other adm expenses	43	49
Total	**10,318**	**7,009**

Note 11 Other operating expenses

NOK 1 000	2013	2012
Auditing hired personnel from SpareBank 1 Group other services	9,369	11,399
Operating expenses rented offices	570	528
Operating expenses reinvoiced to SpareBank 1 Næringskreditt	-885	-1,025
Misc other operating expenses	320	314
Total	**9,374**	**11,216**

Auditing

Remuneration to Deloitte AS and cooperating companies is allocated as follows:

NOK 1 000	2013	2012
Legally required audit	785	687
Other attestation services	593	624
Tax consulting	18	0
Other services outside auditing	579	187
Total (incl VAT)	**1,975**	**1,498**

Note 12 Taxes

NOK 1 000	2013	2012
Tax payable	-	-
Change in deferred tax	77,595	97,309
Insufficient/excessive tax allocation previously in the period*	-	-4
Deviation of tax estimate from actual not charged to the P&L	158	0
Tax expense	**77,753**	**97,305**
*Corrected shift between deferred tax and payable tax on the balance sheet last year		
Specification of tax effects on elements in comprehensive income and loss		
Pension estimate	158	1,987
Tax effects on elements in comprehensive income and loss	**158**	**1,987**
Reconciliation tax expense		
28% of pre-tax profit/loss	84,186	97,309
Permanent differences (28%)	10	-
Deferred taxes change for this year's result due to the change in the tax code to 27% from 28%		
Insufficient/excessive tax expense this year	160	6,377
Insufficient/excessive tax expense this year	-	-6,381
Calculated tax expense	**77,753**	**97,305**
Effective tax rate	**25.86 %**	**28.00 %**
Temporary differences as of 31.12.2013		
Unrealised losses. net	819,389	837,931
Pension	-12,111	-11,719
Total temporary differences that affect the tax base	**807,278**	**826,212**
Tax deficit to be carried forward	-	-246,297
Corrections to be carried forward	-146,883	-220,229
Total temporary differences that affects the tax base	-146,883	-466,526
Tax reducing temporary differences net	**660,395**	**359,686**
Tax increasing temporary differences net	-	-
Net temporary differences	660,395	359,686
Net deferred tax benefit (-) / deferred tax (+)	**178,307**	**100,712**
Assets - deferred tax	-	-
Liabilities - deferred tax	178,307	100,712
Deferred Tax		
Deferred tax 01.01	100,712	6,381
Change in deferred tax recognised in the income statement	84,186	97,309
Change due to change in the pension estimate	-158	1,987
Change due to a reduction in the rate of tax from 28 % to 27 %	-6,603	-
Other changes	170	-4,965
Deferred tax 31.12	**178,307**	**100,712**

Note 13 Intangible assets

NOK 1 000	
Acquisition cost 01.01.2012	26,505
Acquisitions	1,616
Disposals	
Acquisition cost 31.12.2012	**28,121**
Accumulated depreciation and write-downs 01.01.2012	24,372
Periodical depreciation	1,713
Periodical write-down	0
Disposal ordinary depreciation	0
Accumulated depreciation and write-downs 31.12.2012	26,086
Book value as of 31.12.2012	**2,035**
Acquisition cost 01.01.2013	28,121
Acquisitions	2,673
Disposals	
Acquisition cost 31.12.2013	**30,794**
Accumulated depreciation and write-downs 01.01.2013	26,086
Periodical depreciation	1,706
Periodical write-down	0
Disposal ordinary depreciation	0
Accumulated depreciation and write-downs 31.12.2013	27,792
Book value as of 31.12.2013	**3,002**
Financial lifespan	3 years
Depreciation schedule	linear

Note 14 Other assets

NOK 1 000	2013	2012
Intangible assets*	3,002	2,035
Account receivables from SpareBank 1 Næringskreditt	1,162	1,552
Total	**4,164**	**3,587**

** Intangible Assets are now included in Other Assets. The numbers for 2012 have been restated in this regard.*

Note 15 Lending to customers

Lending to customers are residential mortgages only. The mortgages generally have a low loan-to-value and losses have been very low. The total amount of lending to customers at the end of 2013 were NOK 174.8 billion. All mortgages carry a variable interest rate.

NOK 1 000	2013	2012
Revolving loans - retail market	66,797,306	64,373,537
Amortising loans - retail market	107,776,344	95,677,823
Accrued interest	215,280	190,333
Total loans before specified and unspecified loss provisions	174,788,930	160,241,692
Specified loan loss provisions		
Unspecified loan loss provisions	7,708	7,708
Total net loans and claims with customers	174,781,222	160,233,984
Liability		
Unused balances under revolving credit lines	21,528,276	19,604,652
Total	21,528,276	19,604,652
Defaulted loans		
Defaults*	0.0%	0.0%
Specified loan loss provisions	0.0%	0.0%
Net defaulted loans	0.0%	0.0%
Loans at risk of loss		
Loans not defaulted but at risk of loss	0.0%	0.0%
- Write downs on loans at risk of loss	0.0%	0.0%
Net other loans at risk of loss	0.0%	0.0%
*The entire customer loan balance is considered to be in default and will be included in overviews of defaulted loans when overdue instalments and		
interest payments are not received within 90 days or if credit limits on revolving loans are exceeded for 90 days or more		
Changes to loan loss provisions		

NOK 1 000	2013	2012
NOK 1 000	2013	2012
Loan loss provisions as of 01.01	7,708	5,685
Change in group loan loss provisions	0	2,023
Loan loss provisions as of 31.12	7,708	7,708
Loans sorted according to geography (Norwegian counties) *		

NOK 1 000				2013	2012
NOK 1 000		Lending 2013	2013 in %	Lending 2012	2012 in %
NO01	Østfold	5,890,694	3.37 %	4,839,937	3.02 %
NO02	Akershus	15,981,358	9.15 %	13,008,390	8.13 %
NO03	Oslo	15,777,238	9.04 %	12,626,223	7.89 %
NO04	Hedmark	11,599,197	6.64 %	10,225,383	6.39 %
NO05	Oppland	3,568,735	2.04 %	2,888,801	1.80 %
NO06	Buskerud	8,650,357	4.96 %	6,899,181	4.31 %
NO07	Vestfold	6,122,801	3.51 %	5,126,827	3.20 %
NO08	Telemark	4,863,162	2.79 %	3,811,106	2.38 %
NO09	Aust Agder	768,633	0.44 %	819,278	0.51 %
NO10	Vest Agder	3,749,015	2.15 %	4 026 378	2.52 %
NO11	Rogaland	37 665 179	21.58 %	39 259 243	24.53 %
NO12	Hordaland	4 814 627	2.76 %	4 779 928	2.99 %
NO14	Sogn and Fjordane	192 601	0.11 %	152 451	0.10 %
NO15	Møre and Romsdal	9 270 358	5.31 %	8 439 266	5.27 %
NO16	Sør Trøndelag	16 419 769	9.41 %	15 601 533	9.75 %
NO17	Nord Trøndelag	7 984 201	4.57 %	7 758 773	4.85 %
NO18	Nordland	8 629 978	4.94 %	8 009 267	5.00 %
NO19	Troms	8 938 583	5.12 %	8 408 344	5.25 %
NO20	Finnmark	3 663 302	2.10 %	3 346 204	2.09 %
	Svalbard	23 865	0.01 %	24 848	0.02 %
SUM		**174 573 650**	**100.0 %**	**160 051 359**	**100.0 %**

** Loans sorted according to geography is presented exclusive of accrued interest and before accounting for group loan loss provisions*

Note 16 Share capital and shareholder information

List of shareholders as of 31.12.2013

	No of Shares	in per cent	Share of votes
SpareBank 1 SR-Bank ASA	13,917,194	26.21 %	26.21 %
SpareBank 1 SMN	9,284,830	17.48 %	17.48 %
SpareBank 1 Nord-Norge	6,984,080	13.15 %	13.15 %
Bank 1 Oslo Akershus AS	4,758,979	8.96 %	8.96 %
Sparebanken Hedmark	4,442,411	8.37 %	8.37 %
BN Bank ASA	2,540,702	4.78 %	4.78 %
SpareBank 1 Buskerud Vestfold	2,262,150	4.26 %	4.26 %
SpareBank 1 Østfold Akershus	2,025,682	3.81 %	3.81 %
Sparebanken Telemark	1,595,752	3.00 %	3.00 %
SpareBank 1 Ringerike Hadeland	1,447,896	2.73 %	2.73 %
SpareBank 1 Nordvest	1,104,239	2.08 %	2.08 %
Modum Sparebank	602,932	1.14 %	1.14 %
Sparebank1 Søre Sunnmøre	554,571	1.04 %	1.04 %
SpareBank 1 Nøtterøy Tønsberg	489,295	0.92 %	0.92 %
SpareBank 1 Hallingdal	474,368	0.89 %	0.89 %
SpareBank 1 Gudbrandsdal	364,148	0.69 %	0.69 %
Lom og Skjåk Sparebank	256,263	0.48 %	0.48 %
Totalt	**53,105,492**	**100 %**	**100 %**

The share capital consists of 53 105 492 shares with a nominal value of NOK 100

Note 17 Share capital

NOK 1 000

	Share capital	Premium share fund	Declared dividend	Fund for unrealised profits	Other equity capital	Total equity capital
Equity Capital as of 01.01.13	5,030,548	2,517,922	145,886	97,072	978	7,792,406
Changes during the year						
Share increase 08. April 2013	280,000	140,000				420,000
Dividend for 2012			-145,886			-145,886
Profit for the year			319,630	-97,072	353	222,911
Other comprehensive income - pensions estimate deviation					-405	-405
Pension obligation accounted for in equity						0
Equity Capital as of 31.12.13	**5,310,548**	**2,657,922**	**319,630**	**0**	**926**	**8,289,026**

Note 18 Liabilities incurred by issuing securities

	Nominal value *	Nominal value *
NOK 1 000	2013	2012
Short term notes. Unsecured	3,400,000	4,425,000
Repurchased short term notes. Unsecured	0	-405,000
Senior unsecured bonds	3,676,000	5,558,000
Covered bonds	166,495,725	165,892,696
Withdrawn from the Norwegian Central Bank swap facility	6,569,843	14,864,778
Bonds deposited in the Norwegian Central Bank swap facility	-7,552,000	-18,100,000
Repurchased bonds	-1,764,681	-4,876,034
Total liabilities incurred by issuing securities	**170,824,887**	**167,359,440**

* Nominal value is incurred debt at exchange rates (EUR/NOK and USD/NOK) at the time of issuance

	Book value	Book value
NOK 1 000	**2013**	**2012**
Short term notes. Unsecured	3,399,501	4,424,021
Repurchased short term notes. Unsecured	0	-405,412
Senior unsecured bonds	3,675,628	5,557,427
Covered bonds	177,379,674	168,001,496
Withdrawn from the Norwegian Central Bank swap facility	6,572,905	14,885,672
Bonds deposited in the Norwegian Central Bank swap facility	-7,552,000	-18,100,000
Repurchased bonds	-1,856,072	-5,060,049
Activated costs incurred by issuing debt	-188,315	-174,032
Accrued interest	1,715,090	1,515,695
Total liabilities incurred by issuing securities	**183,146,411**	**170,644,817**

Liabilities categorized by debt instrument and year of maturity (nominal value) NOK 1.000:*

Senior unsecured

Maturity year	2013	2012
2013		5,320,000
2014	4,651,000	3,197,500
2015	2,425,000	
Total	**7,076,000**	**8,517,500**

Covered bonds in central bank swap facility

Maturity year	2013	2012
2013		8,294,936
2014	6,569,843	6,569,843
Total	**6,569,843**	**14,864,778**

Covered bonds

Maturity year	2013	2012
2013		13,986,773
2014	6,309,000	9,820,000
2015	17,127,000	18,376,000
2016	25,756,158	25,775,425
2017	21,013,000	21,013,000
2018	21,485,000	12,777,000
2019	25,194,564	20,882,210
2020	17,293,500	-
2021	15,670,710	15,343,372
2022	3,233,750	3,233,750
2023		
2024	1,273,562	1,119,632
2025	1,010,000	
2026	1,650,000	1,650,000
2028	162,800	
Total	**157,179,044**	**143,977,162**
Grand total	**170,824,887**	**167,359,440**

** Nominal value is incurred debt at exchange rates (EUR/NOK and USD/NOK) at the time of issuance*

Liabilities incurred by currency (book values at the end of the period)

NOK 1 000	2013	2012
NOK	64,499,347	73,303,519
EUR	89,786,425	68,898,016
USD	28,624,959	28,218,402
SEK	235,680	224,880
Total	**183,146,411**	**170,644,817**

Note 19 Financial derivatives

Please also refer to Note 2. Accounting Principles: sections on "Hedge Accounting" and "Valuation of Derivatives and other Financial Instruments" and also note 21

	2013			2012		
NOK 1 000	**Nom. Amount**	**2013 Assets**	**Liabilities**	**Nom. Amount**	**Assets**	**Liabilities**
Interest rate swap						
Interest rate swap	77,804,369	4,111,612	-745,077	93,521,163	5,229,881	-609,517
Total Interest rate swap	**77,804,369**	**4,111,612**	**-745,077**	**93,521,163**	**5,229,881**	**-609,517**
Cross currency swaps						
Cross currency swaps	112,350,126	8,648,739	-52,340	91,838,341	874,618	-2,921,796
Total cross currency swaps	112,350,126	8,648,739	-52,340	91,838,341	874,618	-2,921,796
Total interest rate and cross currency swaps	**190,154,495**	**12,760,351**	**-797,417**	**185,359,505**	**6,104,499**	**-3,531,313**

All derivative contracts exist for the purpose of hedging changes in interest rates and currency exchange rates.

Note 20 Classification of financial instruments

NOK 1 000	Financial instruments accounted for at fair value *	Financial assets and debt accounted for at amortised cost	Financial assets held to maturity	Non-financial assets and liabilities	2013
Assets					
Deposits at and receivables from financial institutions	-	11,882,469	-	-	11,882,469
Norwegian government short term debt certificates	1,261,795	-	-	-	1,261,795
Bonds	4,259,973	-	1,216,126	-	5,476,099
Lending to customers	-	174,781,222	-	-	174,781,222
Financial derivatives	12,760,351	-	-	-	12,760,351
Other assets	-	-	-	4,165	4,165
Total assets	**18,282,119**	**186,663,691**	**1,216,126**	**4,165**	**206,166,101**
Liabilities					
Debt incurred by issuing securities	138,551,795	44,594,616	-	-	183,146,411
Collateral received in relation to financial derivatives	-	10,611,584	-	-	10,611,584
Financial derivatives	797,417	-	-	-	797,417
Deferred taxes	-	-	-	178,307	178,307
Taxes payable	-	-	-	-	-
Other liabilities	-	-	-	3,143,357	3,143,357
Total liabilities	**139,349,212**	**55,206,200**	**-**	**3,321,664**	**197,877,076**
Total equity	**-**	**-**	**-**	**8,289,025**	**8,289,025**
Total liabilities and equity	**139,349,212**	**55,206,200**	**-**	**11,610,689**	**206,166,101**

**Fair value calculation according to changes in market interest rates and currencies exchange rates*

NOK 1 000	Financial instruments accounted for at fair value *	Financial assets and debt accounted for at amortised cost	Financial assets held to maturity	Non-financial assets and liabilities	2012
Assets					
Deposits at and receivables from financial institutions	-	6,036,499	-	-	6,036,499
Norwegian government short term debt certificates	1,801,802	-	-	-	1,801,802
Bonds	10,664,881	-	1,807,394	-	12,472,275
Lending to customers	-	160,233,984	-	-	160,233,984
Financial derivatives	6,104,499	-	-	-	6,104,499
Other assets	-	-	-	3,911	3,911
Total assets	**18,571,182**	**166,270,483**	**1,807,394**	**3,911**	**186,652,970**
Liabilities					
Debt incurred by issuing securities	125,109,912	45,534,905	-	-	170,644,817
Collateral received in relation to financial derivatives	0	3,213,665	0	0	3,213,665
Financial derivatives	3,531,313	-	-	-	3,531,313
Deferred taxes	-	-	-	100,712	100,712
Taxes payable	-	-	-	0	0
Other liabilities	-	-	-	1,369,734	1,369,734
Total Liabilities	**128,641,225**	**48,748,570**	**-**	**1,470,446**	**178,860,241**
Total equity	**-**	**-**	**-**	**7,792,406**	**7,792,406**
Total liabilities and equity	**128,641,225**	**48,748,570**	**-**	**9,262,852**	**186,652,647**

**Fair value calculation according to changes in market interest rates and currencies exchange rates*

Note 21 Financial instruments at fair value

Methods in order to determine fair value

General

The interest rate curve that is used as input for fair value valuations of hedging instruments and hedging objects consists of the NIBOR-curve for maturities less than one year. The swap-curve is used for maturities exceeding one year.

Interest rate and currency swaps

Valuation of interest rate swaps at fair value is done through discounting future cash flows to their present values. Valuation of currency swaps will also include the element of foreign exchange rates

Bonds

Valuation of bonds at fair value is done through discounting future cash flows to present value.

With effect from 2009 SpareBank 1 Boligkreditt AS has implemented the changes in IFRS 7 in relation to the valuation of financial instruments as of the date of the financial accounts. The changes require a presentation of the fair value measurement for each Level. We have the following three Levels for the fair value measurement:

- Quoted price in an active market for an identical asset or liability (Level 1)

- Valuation based on observable factors either direct (prices) or indirected (deduced from prices used in level 1) other than quoted price for the asset or liability (Level 2)
- The valuation is based on factors that are not found in observable markets (non-observable assumptions) (level 3)

The following numbers present the company's assets and liabilities at fair value as of 31.12.2013

NOK 1 000

	Level 1	Level 2	Level 3	Level 4
Bonds and bills	3,891,779	1,629,989	-	5,521,768
Financial derivatives	-	12,760,351	-	12,760,351
Total assets	3,891,779	14,390,340	-	18,282,119
Bonds	-	138,551,795	-	138,551,795
Financial derivatives	-	797,417	-	797,417
Total liabilities	**-**	**139,349,212**	**-**	**139,349,212**

The following numbers present the company

NOK 1 000

	Level 1	Level 2	Level 3	Level 4
Bonds and bills	1,801,802	10,664,881		12,466,683
Financial derivatives	0	6,104,499	0	6,104,499
Total assets	0	18,571,182	0	18,571,182
Bonds	0	125,109,912	0	125,109,912
Financial derivatives		3,531,313		3,531,313
Total liabilities	**0**	**128,641,225**	**0**	**128,641,225**

Note 22 Bonds classified as hold to maturity

As of 31.12.13

Bonds classified as	Book value 31.12.12	Investments	Matured	Amortising	Exchange rate effects	Amortised cost 31.12.12
Hold to maturity	1,803,199	0	-590,000	151	0	1,213,050
Total certificates and bonds	**1,803,199**	**0**	**-590,000**	**151**	**0**	**1,213,050**

Market value of bonds in hold to maturity portfolio			
Bonds classified as	Book value	Market value incl exchange rate effects	Effect on result if at fair value
Hold to maturity	1,213,050	1,218,845	5,795
Total certificates and bonds	**1,213,050**	**1,218,845**	**5,795**

Note 23 Other liabilities

NOK 1 000	2013	2012
Employees tax deductions and other deductions	600	526
Employers national insurance contribution	369	368
Accrued holiday allowance	901	914
Commission payable to shareholder banks	3,115,000	1,332,547
Deposits*	8,541	10,348
Pension liabilities	12,111	11,046
Other accrued costs	5,834	13,985
Total	**3,143,356**	**1,369,734**

*The Company does not have an overdraft facility or a revolving credit facility as of 31.12.2013 * Deposits represents temporary balances paid in by customers in excess of the original loan amount*

Note 24 - Credit risk

Credit risk is defined as the risk that losses can occur as a consequence of that customers and others do not have the ability or willingness to meet their obligations to SpareBank 1 Boligkreditt as and when agreed. Credit risk mainly includes loans to customers which are collateralised by private residences (residential mortgage loans), but also includes credit risk in derivatives contracts (counterparty credit risk) and investment in bonds within the Company's liquidity portfolio. SpareBank 1 Boligkreditt AS maintains a credit policy and limits in order to manage and closely monitor all credit risk the company is exposed to. No credit losses have occurred in the Company's mortgage portfolio since the commencement of operations until 31.12.2013

Credit exposure

NOK 1 000	2013	2012
Loans to customers	174,781,222	160,233,984
Loans to and deposits with credit institutions	11,882,469	6,036,499
Government certificates	1,261,795	1,801,802
Bonds	5,476,099	12,472,275
Financial derivatives	12,760,351	6,104,499
Total assets	**206,161,936**	**186,649,060**
Unused credit on flexible loans	21,536,820	19,604,652
Received collateral in relation to derivative contracts	-10,611,584	-3,227,984
Total credit exposure	**217,087,172**	**203,025,728**

Lending to customers (residential mortgage loans)

SpareBank 1 Boligkreditt AS will only purchase loans from the shareholder banks that have a high servicing capacity and low loan to value. This implies that the loans bought by the Company are in lower risk groups. The Company utilizes the same risk classification as the other banks in the SpareBank 1 Alliance. Presented below is an overview that shows how loans are allocated over the risk groups. The allocation in risk groups is based on expected loss (PD multiplied by LGD for each individual loan).

Definition of risk groups - based on expected loss			Total exposure *	
Risk categories	**Lower limit**	**Upper limit**	**2013**	**2012**
Lowest	0.00%	0.0165 %	184,907,530	167,444,937
Low	0.0165 %	0.34 %	10,471,557	11,609,448
Medium	0.34 %	2.15 %	670,346	529,846
High	2.15 %	2.50 %	11,718	13,772
Very high	2.50 %	100.00 %	42,766	58,179
Default			0	0
Total			**196,103,916**	**179,656,183**

** Total exposures are presented as exposure at default exclusive of accrued interest and before group loan loss provisions.*

Loans to and deposits with credit institutions

SpareBank 1 Boligkreditt only has deposits with financial institutions rated A-/A2 or higher as of 31.12.2013

Bonds and certificates

Rating class		2013	2012
AAA/Aaa	Covered Bonds	4,429,913	9,044,091
	Norw. Government bills	1,261,795	1,801,802
	Other government or gov guaranteed bonds	527,413	2,646,414
	Financial institutions		
	Total	**6,219,121**	**13,492,308**
AA+/Aa1 to AA-/Aa3	Covered Bonds	342,941	564,879
	Financial institutions	75,387	75,979
	Total	**418,328**	**640,858**
A+/A1	Financial institutions	100,445	140,912
	Total	**100,445**	**140,912**
Total		**6,737,894**	**14,274,077**

Fitch/Moody's rating classes are used. If the ratings differ. the lowest counts. All bonds are publicly listed. Financial derivatives Derivative contracts are only entered into with counterparties rated minimum A or A2 by Fitch Ratings and Moody's Ratings Service. respectively. If the value of the derivative exceeds the credit limits held by SpareBank 1 Boligkreditt for counterparty risk in derivative contracts the counterparty must post cash collateral in either NOK or EUR. SpareBank 1 Boligkreditt is not required to post collateral if the value of the contract should be in favour of the counterparty. Collateral received is included in the balance sheet under receivables with and debt to credit institutions.

Note 25 Liquidity risk

Liquidity risk is defined as the risk that the business is not able to meet its obligations at maturity. SpareBank 1 Boligkreditt AS issues covered bonds at shorter maturities than the residential mortgages which make up the largest portion of assets on the Company's balance sheet. The Liquidity risk which arises is closely monitored and is in compliance with the Norwegian covered bond legislation which amongst other things requires that the cash flow from the cover pool is sufficient to cover outgoing cash flows for holders of preferential claims on the cover pool (holders of covered bonds and counterparties in associated hedging contracts (swaps). In order to manage the liquidity risk certain limits and liquidity reserves have been approved by the Board of Directors. SpareBank 1 Boligkreditt AS maintains a liquidity reserve which will cover undrawn amounts under revolving loans, a theoretical temporary halt to incoming interest payments from the mortgage loans and at any point in time cover bond maturities for the next twelve months. In addition it is an explicit and defined goal for the Company to issue covered bonds with maturities which produce a longer weighted average tenor for the Company's liabilities and limit to a certain proportion the amount of maturities due within any 12 month period. Liquidity risk is monitored on a regular basis and weekly reports are presented to the administration and monthly reports to the Board.

Boligkreditt's shareholder banks have committed themselves to buying covered bonds in a situation where the primary market for issuance of covered bonds is not functioning. This commitment has no liquidity effects on the SpareBank 1 banks because the covered bonds can be deposited with the central bank at any time. The Company may require its shareholder banks to acquire covered bonds from it in an amount which is capped at the amount of the next 12 months of maturities amongst the Company's outstanding bonds, less what the Company holds as it own liquidity reserve. Each shareholder bank's responsibility is pro rata in accordance with its ownership stake in the Company and secondary up to a level of twice its pro rata stake if other banks are unable or unwilling to meet their commitment. Each bank may make a deduction in its commitment for bonds already purchased under this commitment.

Liquidity risk - all amounts in 1000 NOK

	41639	No set term	Maturity 0 to 1 month	Maturity 1 to 3 months	Maturity 3 to 12 months	Maturity 1 to 5 years	Maturity more than 5 years
Loans to credit institutions	17,358,567	-	11,882,469	10,033	627,846	4,497,790	340,430
Lending to customers	174,781,222	-	3,897	18,868	58,129	1,359,533	173,340,794
Derivatives	12,760,351	-	-	-	8,244	6,530,214	6,221,893
Treasury bills	1,261,795	-	-	448,785	813,010	-	-
Other assets with no set term	4,164	4,164	-	-	-	-	-
Total assets	**206,166,101**	**4,164**	**11,886,366**	**477,686**	**1,507,229**	**12,387,537**	**179,903,118**
Liabilities incurred when issuing securities	-183,146,411	188,315	-1,322,291	-50,018	-16,232,630	-94,295,073	-71,434,715
Other liabilities with a set term	-10,611,584	-	-10,611,584	-	-	-	-
Derivatives	-797,417	-	-	-	-	-297,840	-499,578
Liabilities with no set term	-3,328,096	-3,328,096	-	-	-	-	-
Equity	-8,282,592	-8,282,592	-	-	-	-	-
Total liabilities and equity	**-206,166,101**	**-11,422,373**	**-11,933,875**	**-50,018**	**-16,232,630**	**-94,592,912**	**-71,934,292**
Net total all items	**0**	**-11,418,209**	**-47,509**	**427,668**	**-14,725,401**	**-82,205,375**	**107,968,825**

Liquidity risk - all amounts in 1 000 NOK

	41274	No set term	Maturity 0 to 1 month	Maturity 1 to 3 months	Maturity 3 to 12 months	Maturity 1 to 5 years	Maturity more than 5 years
Loans to credit institutions	18,508,774	6,036,499	0	38,338	1,414,809	9,684,130	1,334,997
Lending to customers	160,233,984		201,733	8,245	54,894	1,330,858	158,638,254
Derivatives	6,104,499			0	271,014	1,760,476	4,073,009
Treasury bills	1,801,802				1,801,802	0	0
Other assets with no set term	3,587	3,587					
Total assets	**186,652,647**	**6,040,086**	**201,733**	**46,584**	**3,542,519**	**12,775,465**	**164,046,260**
Liabilities incurred when issuing securities	-170,644,817		-50,972	-1,723,885	-25,244,249	-85,767,465	-57,858,246
Other liabilities with a set term	-3,213,665		-3,213,665				
Derivatives	-3,531,313			-1,481	-961,961	-1,270,687	-1,297,185
Liabilities with no set term	-1,473,425	-1,473,425					
Equity	-7,789,427	-7,789,427					
Total liabilities and equity	**-186,652,647**	**-9,262,852**	**-3,264,637**	**-1,725,366**	**-26,206,210**	**-87,038,152**	**-59,155,431**
Net total all items		**-3,222,766**	**-3,062,904**	**-1,678,782**	**-22,663,691**	**-74,262,687**	**104,890,829**

Note 26 - Interest rate risk

The interest rate risk is the risk of a negative profit effect due to rate changes. The balance sheet of SpareBank 1 Boligkreditt consists in all essence of loans to retail clients with a variable interest rate that can be changed after a 6 week notice period, floating rate current deposits, bonds and certificates in the Company's liquidity portfolio and of issued bonds and certificates. In accordance with the Norwegian legislation applicable to Covered Bonds and internal guidelines, SpareBank 1 Boligkreditt hedges all interest rate risk by utilising interest rate swaps. The Board approves limits for interest rate risk for different terms. Reports to the Board are presented on a monthly basis. The table below reports the effect on market value in NOK for one per cent change in interest rates for the Company’s portfolios of mortgages, derivatives and issued bonds. The interest rate sensitivity shows expected effect on revenues from a one per cent (100 basis points) parallel shift in the interest rate curve.

Interest Rate Risk - all amounts in 1000 NOK

	41639	No set term	Maturity 0 to 1 month	Maturity 1 to 3 months	Maturity 3 to 12 months	Maturity 1 to 5 years	Maturity more than 5 years
Loans to credit institutions	17,358,567	-	13,476,943	1,251,640	-	2,289,554	340,430
Lending to customers	174,781,222	-	-	174,781,222	-	-	-
Treasury bills	1,261,795	-	-	448,785	813,010	-	-
Other assets with no set term	4,164	4,164	-	-	-	-	-
Total assets	**193,405,750**	**4,164**	**13,476,943**	**176,481,647**	**813,010**	**2,289,554**	**340,430**
Liabilities incurred when issuing securities	-183,146,411	188,315	-9,389,399	-34,457,649	-8,848,300	-66,271,896	-64,367,482
Other liabilities with a set term	-10,611,584	-	-10,611,584	-	-	-	-
Liabilities with no set term	-3,328,096	-3,328,096	-	-	-	-	-
Equity	-8,282,592	-8,282,592	-	-	-	-	-
Total liabilities and equity	**-205,368,684**	**-11,422,373**	**-20,000,983**	**-34,457,649**	**-8,848,300**	**-66,271,896**	**-64,367,482**
Net interest rate risk							
before derivatives	**-11,962,934**	**-11,418,209**	**-6,524,040**	**142,023,998**	**-8,035,290**	**-63,982,342**	**-64,027,052**
Derivatives	**11,962,934**	**0**	**-16,318,281**	**-106,541,778**	**6,788,272**	**63,961,558**	**64,073,163**
Net interest rate risk	**0**	**-11,418,209**	**-22,842,321**	**35,482,220**	**-1,247,019**	**-20,784**	**46,112**
% of total assets	**0%**	**-6%**	**-11%**	**17%**	**-1%**	**0%**	**0%**

Interest rate risk - all amounts in 1000 NOK

41274		No set term	Maturity 0 to 1 month	Maturity 1 to 3 months	Maturity 3 to 12 months	Maturity 1 to 5 years	Maturity more than 5 years
Loans to credit institutions	18,508,774	6,036,499	856,446	4,400,863	415,892	6,059,290	739,784
Lending to customers	160,233,984			160,233,984			
Treasury bills	1,801,802			1,801,802			
Other assets with no set term	3,587	3,587					
Total assets	**180,548,147**	**6,040,086**	**856,446**	**166,436,649**	**415,892**	**6,059,290**	**739,784**
Liabilities incurred when issuing securities	-170,644,817		-8,978,089	-33,559,840	-30,275,744	-46,218,165	-51,612,979
Other liabilities with a set term	-3,213,665		-3,213,665				
Liabilities with no set term	-1,472,600	-1,472,600					
Equity	-7,789,427	-7,789,427					
Total liabilities and equity	**-183,120,509**	**-9,262,027**	**-12,191,754**	**-33,559,840**	**-30,275,744**	**-46,218,165**	**-51,612,979**
Net interest rate risk							
before derivatives	**-2,573,187**	**-3,219,819**	**-11,338,255**	**132,876,809**	**-29,859,852**	**-40,158,874**	**-50,873,195**
Derivatives	**2,573,187**	**0**	**-12,410,980**	**-99,164,678**	**22,895,988**	**40,197,857**	**51,055,000**
Net interest rate risk	**0**	**3,219,819**	**23,749,235**	**-33,712,130**	**6,963,864**	**-38,982**	**-181,805**
% of total assets	**0%**	**2%**	**13%**	**-18%**	**4%**	**0%**	**0%**

The table below presents a net change in market value in NOK for the Company's asset and liabilities given a one per cent parallel move of the interest rate curve.

		Sensitivity of net interest rate expense in NOK 1000	
Currency	**Change in basis points**	**2013**	**2012**
NOK	**100**	**49,447**	**45,163**

Mortgage rates (variable) are set by SpareBank 1 Boligkreditt AS, but for all practical purposes follow the recommendations from the local originating banks. The mortgage interest rates are set dependent on collateral and LTV, customer risk category and the competitive mortgage lending landscape.

Note 27 - Currency risk

The foreign exchange risk is the risk of a negative P&L impact as a result of changes in foreign currencies. SpareBank 1 Boligkreditt AS balance consists mainly of lending to private individuals in Norway and in NOK, current deposits in NOK and liabilities issued in the Norwegian or international capital markets. In accordance with the Norwegian covered bond legislation and its internal guidelines the Company hedges all currency risk, either by the utilisation of swaps or by way of asset liability management, i.e. maintaing exposures in assets and liabilities of the same currency. Weekly risk reports are created by the management team and reports to the Board of Directors have a monthly frequency. The currency risk (sensitivity to currency movements) are calculated by adding the exposure in the various currencies. No other currencies than the NOK had a material net position on the Company's balance sheet at the end of the year.

Net currency exposure in NOK 1000

Currency	2013	2012
EUR	27,468	49,678
- Bank deposits	371,859	205,093
- Issued bonds	-89,786,425	-69,077,003
- Derivatives	86,855,373	61,451,350
- Bond investments	2,586,660	7,470,238
USD	1,824	3,421
- Bank deposits	2,583	2,051
- Issued bonds	-28,624,959	-28,217,956
- Derivatives	28,580,876	28,219,326
- Bond investments	43,324	0
SEK	-	575
- Bank deposits	0	
- Issued bonds	-235,680	-224,869
- Derivatives	235,680	49,645
- Bond investments	-	175,799
CHF	-	841
- Bank deposits	-	-
- Issued bonds	-	-
- Derivatives	-	-341,971
- Bond investments	-	342,812
Total	**29,292**	**54,515**

		P&L effect before tax, in NOK 1000	
Currency	Change in exchange rate (per cent)	2013	2012
EUR	+10	2,747	4,969
USD	+10	182	342
SEK	+10	-	57
CHF	+10	-	84
Total		**2,929**	**5,452**

Note 28 - Operational risk

The operational risk in SpareBank 1 Boligkreditt AS is limited due to the low complexity of operations. The Company is only engaged in lending to private individuals, the investment of liquid assets in high qulity debt instruments and the funding of these activities. In addition the majority of the operational risk is associated with the management of the mortgage loans in the individual SpareBank 1 banks which also act as servicers of the mortgage loans. This relationship between Boligkreditt and the shareholder banks is regulated in the Transfer and Service Agreement which the Company has signed with each bank individually.

The Company has a continuous focus on the evolution of the Company's own structure, systems and processes. Many of the daily operational tasks have been outsourced to SpareBank 1 SR-Bank ASA, which by the nature of being a larger and more complex financial institution than the Company have many overlaps between its operational activities and those activities outsourced to it from the Company. In addition there is a close working relationship between SpareBank 1 Boligkreditt AS and several of its larger shareholder banks.

In connection with changes in the operations of the Company, a specialist banking vehicle such as SpareBank 1 Boligkreditt AS is faced with the fact that the for example the expansion of operations, introduction of new products or replacement of IT systems will represent such a large and significant change that it will nearly always be necessary with heightened scrutiny risk assessment and analysis. The Company has established a practice whereby annually all areas of risk or identified as carrying risk are evaluated. The Company's management of operational risk is considered to be satisfactory.

Based on the aspects discussed above, Management is of the opinion that the utilisation of the standard approach to measuring operational risks provides for more than adequate equity coverage for the actual operational risks that the business carries. The Company therefore employs the standard approach with the capital adequacy framework (Basel II, Pilar 1) as the effective method for calculation the necessary amount of capital to cover operational risks. This method uses a level of statistical confidence of 99.9%. The capital requirements as calculated on 31.12.2013 is approximately NOK 27.8 million (refer also to the note on capital adequacy) and is seen as adequate.

Note 29 Asset coverage requirement

The asset coverage is calculated according to the Financial Services Act § 2-31 (Covered Bond Legislation). There is a discrepancy between the asset coverage test and the amounts in the balance sheet because for the purposes of the test mortgage loans which may have migrated above the 75% loan to value level are reduced to reflect the decrease in the value of the underlying collateral so that only a maximum loan corresponding to a value of 75% of the collateral is considered. Furthermore, the fact that market values are recorded for all bonds and certificates in the cover pool could have an impact. In addition any defaulted loans, i.e. loans in arrears at or beyond 90 days, are excluded from the test (there have been no occurrences of any defaults starting with the commencement of operations through 31.12.2012). The company separates Cover Pool 1 and Cover Pool 2. Cover Pool 1 is utilised for market issuances of covered bonds whilst Cover Pool 2 is a separate mortgage portfolio established solely for use in the swap facility with Norway's Central Bank in 2009.

Pool 1

NOK 1 000	2013	2012
Covered bonds	171,499,524	151,398,813
Repurchased bonds	-1,859,098	-4,045,963
Derivatives	-12,005,425	-2,977,540
Total covered bonds	**157,635,002**	**144,375,311**
Lending to customers	167,354,070	145,006,745
Treasury bills	498,480	198,218
Substitute collateral	6,901,444	14,432,542
Total cover pool	**174,753,993**	**159,637,505**
Asset-coverage	**110.9 %**	**110.6 %**

Pool 2

NOK 1 000	2013	2012
Covered bonds	8,556,515	18,113,843
Repurchased bonds	-998,894	-1,014,019
Derivatives	-3,043	-18,975
Total covered bonds	**7,554,578**	**17,080,849**
Lending to customers	7,273,742	15,180,144
Treasury bills	246,487	
Substitute collateral	320,762	2,036,813
Total cover pool	**7,840,991**	**17,216,957**
Asset-coverage	**103.8 %**	**100.8 %**

Note 30 Capital adequacy

The primary goal for the Company's management of capital reserves is to ensure compliance with laws and regulatory requirements and maintain solid financial ratios and a high quality credit assessment in order to best support its business. The Board of Directors have approved a target for the Company's risk weighted equity coverage of assets of 10%.

A new capital requirements directive was introduced in Norway as of January 1, 2007 (Basel II). SpareBank1 Boligkreditt AS obtained permission from the Financial Services Authority in Norway (Finanstilsynet) for the implementation of its own Internal Ratings Based (IRB) model for credit risks from the seond quarter of 2009.

Transitional rules have been implemented by the FSA whereby regulated financial institutions with approved IRB models will not be able to fully benefit from the results of such models until the year 2018. Regulated entities are allowed to reduce by 20% the total sum of risk weighted assets which would otherwise have been in place under the previous Basel I framework. In the following years until the end of 2017, the transitional rules will lead to significantly higher capital requirements than what would otherwise have been applicable under Basel II.

The European Union has approved new regulatory requirements, CRD IV. The new regulations places more robust requirements on capital adequacy, capital structure, liquidity buffers and funding. CRD IV is gradually introduced in Norway up until the end of 2016. The requirement of 12.5% total capital includes a 9% Core Tier 1 capital and 3.5% other capital. The SpareBank 1 Boligkreditt AS Board of Directors is evaluating the capitalisation of the Company on a continuous basis in accordance with the international development.

The Company's parent banks have committed themselves to keep the Equity Core Tier 1 capital at a minimum 9%. Primarily this commitment is pro rata according to the ownership stakes in the Company, but it is a joint and several undertaking if one or more ownership banks are unable to comply, up to the maximum of twice the initial pro rata amount.

Capital. NOK 1 000	**2013**	**2012**
Share capital	5,310,548	5,030,548
Premium share fund	2,657,922	2,517,922
Other equity capital	320,555	243,936
Total equity capital entered into the balance sheet	**8,289,025**	**7,792,406**
Intangible assets	-3,002	-2,035
Declared share dividend	-319,630	-140,855
100% deduction of expected losses exceeding loss provisions IRB	-182,832	-149,491
Core capital (Tier 1)	7,783,561	7,574,771
Supplementary capital	0	0
Total capital	**7,783,561**	**7,574,771**

Minimum requirements for capital according to Basel II i NOK 1 000	**2013**	**2012**
Credit risk	1,846,418	1,721,475
Market risk	-	-
Operational risk	27,797	23,942
Depreciation on groups of loans	-	-
Difference in capital requirement resulting from transitional period 2007-2009	**4,299,650**	**3,986,810**
Minimum requirement for capital	**6,173,865**	**5,732,227**

Capital adequacy *

	2013	**2012**
Capital adequacy (%)	10.09 %	10.57 %
Tier 1 Capital adequacy (%)	10.09 %	10.57 %
Core Tier 1 Capital adequacy (%)	**10.09 %**	**10.57 %**

** The Company has after the Balance Sheet date of 31.12.2013 increased its capital with NOK 300 million in additional Core Tier 1 capital which was paid in on February 26. 2014. In addition the Company will issue a subordinated Tier 2 bond which will be paid in on March 7. 2014. This is in order to meet the regulatory requirement of a minimum 12.5% total capital coverage.*

Note 31 - Related parties

The Company has 174 781 MNOK loans to customers. These are acquired from shareholder banks at market value (i.e. nominal value).

SpareBank 1 SR-Bank ASA

The Company purchases a substantial amount of their support functions from SpareBank 1 SR-Bank ASA. A complete SLA are established between the Company and SpareBank 1 SR-Bank ASA.

SpareBank 1 – Alliance

In addition the Company has a Transfer and Servicing agreement in place with each individual shareholder bank regulating amongst other things the servicing of mortgage loans.

SpareBank 1 Næringskreditt AS

All employees within SpareBank 1 Boligkreditt AS are also to various degrees working for SpareBank 1 Næringskreditt AS. In accordance with a Board decision in SpareBank 1 Næringskreditt dated 17.09.09 one third of the administrative expenses in SpareBank 1 Boligkreditt AS are to be charged to SpareBank 1 Næringskreditt AS. This division of administrative expenses between the two companies reflect the actual resources utilisation in SpareBank 1 Boligkredit AS.

Amounts of loans and receivables with related parties. All deposits (floating/short term fixed deposits) are at market interest rates

Note 31 Related parties

NOK 1 000

Loans to and receivables from shareholder banks	2013	2012
SpareBank 1 SR-Bank ASA	1,777,366	1,410,957
SpareBank 1 SMN	536,000	1,556,246
SpareBank 1 Nord-Norge	1,110,059	1,008,945
Total	**3,423,425**	**3,976,148**

Note 32 - Contingencies

SpareBank 1 Boligkreditt AS is not a party to any ongoing legal proceedings.

Note 33 - Restricted cash

SpareBank 1 Boligkreditt has signed ISDA-agreements including CSAs (Credit Support Annexes) with a number of financial institutions that are counterparties in interest rate and currency swaps. These institutions post collateral in the form of cash deposits to SpareBank 1 Boligkreditt. At the year-end 31.12.2013 this collateral amounted to NOK 10 611 584 083. This amount is included in the balance sheet as a deposit, but represents restricted cash.

Note 34 - Events after the balance sheet date

The Company has after the Balance Sheet date of 31.12.2013 increased its capital with NOK 300 million in additional Core Tier 1 capital which was paid in on February 26, 2014. In addition the Company will issue a subordinated Tier 2 bond which will be paid in on March 7, 2014. This is in order to meet the regulatory requirement of a minimum 12.5% total capital coverage.

The dividend is proposed to be NOK 319,6 million.

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Til generalforsamlingen i SpareBank 1 Boligkreditt AS

REVISORS BERETNING

Uttalelse om årsregnskapet

Vi har revidert årsregnskapet for SpareBank 1 Boligkreditt AS, som består av oppstilling av balanse per 31. desember 2013, resultatregnskap, oppstilling av totalresultat, oppstilling av endringer i egenkapital og oppstilling av kontantstrømmer for regnskapsåret avsluttet per denne datoen, og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger.

Styret og daglig leders ansvar for årsregnskapet

Styret og daglig leder er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettvisende bilde i samsvar med International Financial Reporting Standards som fastsatt av EU, og for slik intern kontroll som styret og daglig leder finner nødvendig for å muliggjøre utarbeidelsen av et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Revisors oppgaver og plikter

Vår oppgave er å gi uttrykk for en mening om dette årsregnskapet på bakgrunn av vår revisjon. Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder International Standards on Auditing. Revisjonsstandardene krever at vi etterlever etiske krav og planlegger og gjennomfører revisjonen for å oppnå betryggende sikkerhet for at årsregnskapet ikke inneholder vesentlig feilinformasjon.

En revisjon innebærer utførelse av handlinger for å innhente revisjonsbevis for beløpene og opplysningene i årsregnskapet. De valgte handlingene avhenger av revisors skjønn, herunder vurderingen av risikoene for at årsregnskapet inneholder vesentlig feilinformasjon, enten det skyldes misligheter eller feil. Ved en slik risikovurdering tar revisor hensyn til den interne kontrollen som er relevant for selskapets utarbeidelse av et årsregnskap som gir et rettvisende bilde. Formålet er å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll. En revisjon omfatter også en vurdering av om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene utarbeidet av ledelsen er rimelige, samt en vurdering av den samlede presentasjonen av årsregnskapet.

Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Konklusjon

Etter vår mening er årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av den finansielle stillingen til SpareBank 1 Boligkreditt AS per 31. desember 2013 og av resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med International Financial Reporting Standards som fastsatt av EU.

Uttalelse om øvrige forhold

Konklusjon om årsberetningen og om redegjørelser om foretaksstyring og samfunnsansvar

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet og redegjørelsene om foretaksstyring og samfunnsansvar, forutsetningen om fortsatt drift og forslaget til anvendelse av overskuddet er konsistente med årsregnskapet og er i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 "Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon", mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Stavanger, 4. mars 2014
Deloitte AS

Bjarte M. Jonassen
statsautorisert revisor

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of SpareBank 1 Boligkreditt AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of SpareBank 1 Boligkreditt AS, which comprise the statement of financial position as at December 31, 2013, and the income statement, the statement of total profit/loss, 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 SpareBank 1 Boligkreditt AS as at December 31, 2013, 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.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

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 concerning the financial statements and the statements on Corporate Governance and Corporate Social Responsibility, 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.

Stavanger, 4 March 2014
Deloitte AS

Bjarte M. Jonassen
State Authorised Public Accountant (Norway)

Translation has been made for information purposes only

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