

feeling NORWAY

ANNUAL REPORT 2009 SPAREBANK 1 BOLIGKREDITT AS

NON

**The true religion of Norwegians is the nature.
Our gods are called the Mountain,
the Plains and the Ocean.**

JOHAN GALTUNG,
NORWEGIAN SOCIAL SCIENTIST

feeling NORWAY

FIG 2

The Norwegian trolls' preferred habitat is the inaccessible nature, such as mountain caves or dark forests.



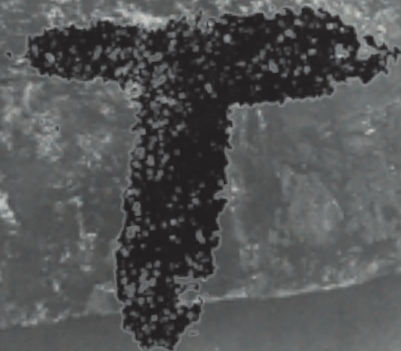
FIG 1

The Pulpit Rock is considered one of the most popular tourist destinations in Norway with more than 90,000 visitors annually. The rock plateau is found 604 metres over Lysefjorden in western Norway.



FIG 3

It is easy to get lost in the Norwegian mountains. Red T's, painted on cairns or tree trunks, help trekkers find their way. The network of marked trails maintained by the Norwegian Trekking Association consists of more than 20,000 summer trails.



When the first settlers came to Norway at the end of the last ice age, the inland ice had melted so that the coastline and the high mountains were bare. The one plentiful substance present were rocks. Small stones and huge boulders alike were dispersed over the naked land. Ever since then stone has been an important material for Norwegians. Traces of the work done thousands of years ago still remain today. Simple walls, fences, windfalls and even grave heaps are left as silent witnesses.

Stone has also been important for fishing, shipping and trade in the form of wharfs and quay structures. These developed into commercial centres for Norwegian industry, and formed the basis for a lot of our activity today.

Sound business is built upon mutual trust. The reports published by SpareBank 1 Boligkreditt allow you to get to know us and our culture. By letting you feel Norway.

contents.

ABOUT US

SpareBank 1 Boligkreditt is a mortgage company licensed by the Financial Supervisory Authority of Norway. The main purpose of the company is to relieve the owner banks of part of their financing requirements by taking over parts of their loan portfolios and fund this by issuing covered bonds. SpareBank 1 Boligkreditt is fully owned by savings banks that are a part of the SpareBank 1 Alliance and operates as a separate legal entity. SpareBank 1 Boligkreditt has its business address in Stavanger has seven employees as of 31.12.2009.

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IMPORTANT EVENTS FOR SPAREBANK 1 BOLIGKREDITT 2005-2009

FIG 1

AUGUST 2009

The combined volume of the mortgage portfolios exceeds NOK 50 billion.

NOVEMBER 2009

SpareBank 1 Boligkreditt issues its first jumbo EUR Covered Bond since before the financial crisis.

AUGUST 2009

A second mortgage portfolio is established to ensure efficient utilization of the swap facility with Norges Bank.

MAY 2009

Application to convert to IRB-reporting approved.

DECEMBER 2008

The Norwegian central bank carries an initiative that encompasses covered bonds and SpareBank 1 Boligkreditt issues a bond directed at this initiative.

JANUARY 2008

The volume of the mortgage portfolio exceeds NOK 20 billion.

AUGUST 2007

The volume of the mortgage portfolio exceeds NOK 10 billion

OCTOBER 2007

SpareBank 1 Boligkreditt issues the first AAA/ Aaa-rated jumbo EUR Covered Bond

MAY 2006

The first prime mortgage is transferred from one of the owner banks, SpareBank 1 SR-Bank.

MARCH 2007

The legal framework for Norwegian Covered Bonds is established.

AUGUST 2005

SpareBank 1 Boligkreditt is established by 20 banks in the SpareBank 1 -alliance.

board of directors.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The year 2009 was characterised by turmoil in the financial markets, both in Norway and abroad. Financing rates were significantly above the pre-crisis levels and the European bond markets were effectively closed during certain periods. During the year, the effects of various governmental actions to counter the crisis helped the markets along, and SpareBank 1 Boligkreditt was able to access the markets for covered bonds with issuances in Euros and Norwegian kroner at acceptable terms. Covered bonds issued in kroner have been utilised in the programme which the Norwegian authorities instituted through the Norwegian Central Bank (Norges Bank) to help banks and credit institutions access funding. These bonds have been posted as collateral for cash funding by the ownership banks or by Boligkreditt itself.

During 2009 SpareBank 1 Boligkreditt's loans to customers increased by NOK 38.1 billion to NOK 74.4 billion.

THE NATURE AND DEVELOPMENT OF THE BUSINESS

SpareBank 1 Boligkreditt is a credit institution licensed by the Norwegian Financial Authority (Finanstilsynet). The purpose of the business is to provide funding for the owners by buying residential mortgage loans and financing these primarily through the issuance of covered bonds. The credit institution is owned by banks which are members of the SpareBank 1 Alliance and is based in Stavanger.

The credit institution's bonds are issued under the €10,000,000,000 Global Medium Term Covered Note Programme (the GMTC programme), which was renewed in August 2009. Bonds issued under the programme have been given a AAA/Aaa rating by Fitch and Moody's.

The Board of Directors confirms that the conditions for presenting the 2009 accounts under the assumption of a going concern are fulfilled.

EMPLOYEES AND THE WORKING ENVIRONMENT

SpareBank 1 Boligkreditt has seven employees, of which five are male and two are female. The business purchases a significant amount of its support functions from SpareBank 1 SR-Bank, e.g. accounting, HR and IT functions as well as finance related back-office functions. The company also has service level agreements

with banks which are handling the customer contact on behalf of the business.

The working environment is characterised as good and there is no pollution of the physical environment. There has been 2.5% employee absence recorded in 2009 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. The company strives to achieve an even distribution between the genders in recruiting for the staff and the Board.

At the time of establishment of SpareBank 1 Næringskreditt AS which represents a similar type of business activity to that of SpareBank 1 Boligkreditt, it was decided that the two businesses will have a high degree of identical staffing until further notice. Of the 6.5 full time employees (FTE) which in 2009 have been employed in SpareBank 1 Boligkreditt, 2.5 FTE have been allocated to SpareBank 1 Næringskreditt. 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.

THE FINANCIAL ACCOUNTS FOR 2009

The financial accounts have been produced according to the International Financial Reporting Standards (IFRS), as legislated by the EU. This includes interpretations of the international committee for interpretation of financial reporting (IFRIC) and its predecessor, the Standing Interpretation Committee (SIC).

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 84 billion vs. NOK 53 billion at the end of the previous year. The company had net interest earned of NOK 107.9 million, including NOK 437 million earned by the ownership banks and accrued as a cost to company. The cost of operations was NOK 19 million including amortisation. NOK 0.4 million have been accrued as a loan loss reserve. No loan losses have occurred. In total the year's result before tax was NOK 117 million.

The business growth is according to expectations. The cash and cash equivalents at 31.12.2009 amounted to NOK 5.8 billion. Net cash flow for the year was NOK 0.5 billion.

During the year shareholders' equity increased by NOK 1.95 billion through ordinary capital calls. Total equity amounted to NOK 3.683 billion. Equity available for distribution is NOK 94 million. The total and core capital ratio for the company was 10.76% at year end.

The Board proposes that out of net income after tax of NOK 84 million, NOK 93 million is distributed to shareholders which equates to NOK 3.9 per share. After the distribution the company remaining equity available for distribution is NOK 0.8 million.

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 business 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 2009 worked to develop further risk reporting. At the establishment of the business the aim was to incorporate the new framework for risk control and capitalisation as set out in the international rules of Basel II. In 2009 the Norwegian Financial Authority gave its approval for SpareBank 1 Boligkreditt to use the rules according to the IRB approach. Because of the transition rules to Basel II and IRB, SpareBank 1 Boligkreditt 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. If the full effect of the rules according to the IRB method had been in effect, the company would have had a capital ratio of 35% at 31.12.2009.

Credit Risk

Credit risk is defined as the risk that losses can occur as a conse-

quence of that customers and others do not have the ability or willingness to meet their obligations to the company.

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 business 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 utilises the SpareBank 1 Alliance's IT support systems in buying loans. 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 2009 the total portfolio of loans to customers increased to NOK 74 billion from NOK 36 billion. The portfolio consists exclusively of mortgages secured with a first lien on residential property. The average size of a mortgage is NOK 1,074,000. The average loan to value is approximately 49%. No loans were above 90 days in arrears as of year end. The portfolio of loans is distributed throughout Norway, with the main concentrations in the regions of Rogaland (28%), Sør-Trøndelag (11%) and Troms (6%).

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

Market Risk

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 business is subject to strict rules regarding market risk in the national legislation covering issuers of covered bonds. The Board of SpareBank 1 Boligkreditt 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. The directions of the Board allows for the use of derivatives only in hedging transactions.

At the end of the year, SpareBank 1 Boligkreditt had issued bonds with a fixed coupon for approximately EUR 4.6 billion and NOK 3.3 billion. Additionally the issued floating rate bonds and notes amounted to NOK 38.9 billion. The fixed rate issued bonds are hedged by financial swaps, effectively converting all of this debt to a NOK floating rate (3 months NIBOR).

At the end of the year, The company owns bonds and notes for a total of NOK 1 billion, all of which are issued by financial institutions with a rating of at least A/A2.

The company had as of 31.12.2009 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 is not able to finance the purchase of residential mortgages 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's operating procedure requires that all maturities within the next six months (at any time) are met 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 2010 SpareBank 1 Boligkreditt's liquidity situation is within these rules and is characterised as good.

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. Operational risk is characterised as moderate.

FUTURE PROSPECTS OF THE COMPANY

The markets for longer dated internationally issued bonds were difficult during the first half of 2009. Through the Norwegian governmental assistance programme offered to the banking industry in the fourth quarter of 2008, covered bonds enjoyed a position as an instrument which would guarantee funding for banks and credit institutions with the central bank. Because of this, SpareBank 1 Boligkreditt issued several covered bonds to its ownership banks in lieu of payment for loan purchases and has also itself utilised the governmental funding programme operated by the central bank. This programme has now for all practical purposes been discontinued. In the second half of 2009, the markets improved materially, and in November SpareBank 1 Boligkreditt issued, as the only Norwegian covered bond issuer, a jumbo EUR covered bond at satisfactory terms and conditions. The Board expects the markets to be challenging in the time to come, but not to the same degree as in 2008 and the first half of 2009.

SpareBank 1 Boligkreditt's prospects are also dependent on its customers ability to service their debt and in the development of the valuations in the residential housing market. The prospects for the Norwegian economy is now characterised by somewhat less uncertainty than in 2009. A stable housing market is expected, despite signs of a somewhat increased interest rate environment. Even if there is a risk that today's rate of unemployment of 3.1% will increase, the overall rate of unemployment is low in a comparison with other European countries. Boligkreditt has a portfolio of assets with low credit risk, with the average loan to value below 50% and only prime customers' mortgages are purchased from the ownership banks. Consequentially, no material negative impacts of a possibly deteriorating macroeconomic situation are expected.

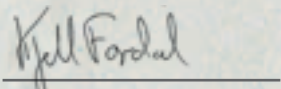
As the ownership banks only sell their loans to SpareBank 1 Boligkreditt, there is no competition in the sourcing of mortgage assets. The Board expects an increase to the company's balance sheet and results in 2010 from 2009 due to increases in loan purchases and a higher level of interest rates.

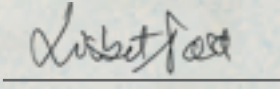
No material changes to any of the conditions of operations and limits as set by the Board are expected.

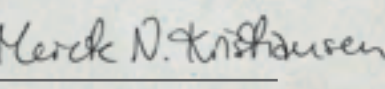
The Board confirms that the financial accounts give a true and fair presentation of SpareBank 1 Boligkreditt's operations and financial condition. No incidents have occurred after the financial year end which are expected to have an impact on the financial accounts for 2009.

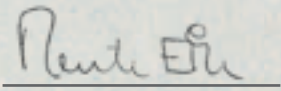
SPAREBANK 1 BOLIGKREDITT AS

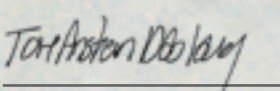
Stavanger, 31st of December 2009 / 3rd of February 2010.

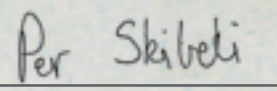

Kjell Fordal
Chairman


Lisbet K Nærø


Merete Nygaard Kristiansen


Merete Eik


Tore Arnstein Dobloug


Per Skibeli
Chief Executive Officer



PER SKIBELI
Chief Executive Officer,
SpareBank 1 Boligkreditt



GRANITE
Superior when it comes to resisting
strain and stress – climatic and mechanic.
Extracted from a number of smaller
quarries all over the country.



KJELL FORDAL
Chair of the Board,
Chief Financial Officer,
SpareBank 1 SMN



MERETE EIK
Managing Director,
Rogaland Teater



GREY GRANITE
In Norway we use on average
11 tons of stone per inhabitant
annually, on everything from
building roads to tooth paste.



TORE ANSTEIN DOBLOUG
Chief Financial Officer,
Sparebanken Hedmark

THE BOARD OF DIRECTORS



LISBET K NÆRØ
Chief Executive Officer,
BN Bank ASA



MERETE NYGAARD KRISTIANSEN
Market Director, Norwegian
Seafood Export Council



MILKY QUARTZ
One of the most common
minerals found in nature.
Quartz is solid enough to
be able to scratch glass.

FACT SHEET

_norway.

KEY MACROECONOMIC FIGURES

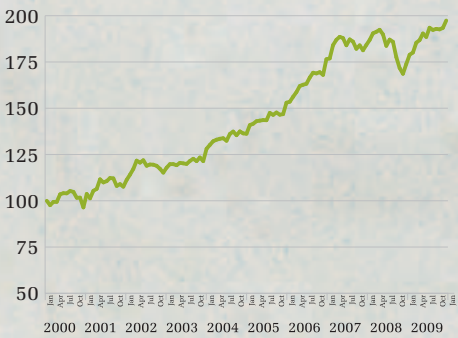
Year on year growth, historical data and estimates for 2010

| | 2006 | 2007 | 2008 | 2009 | 2010E |
|-----------------------------------|------|------|------|-------|-------|
| GDP Mainland Norway | 4,9 | 5,6 | 2,2 | -1,5 | 2,2 |
| Inflation (CPI) | 2,3 | 0,8 | 3,8 | 2,1 | 0,8 |
| Household Consumption | 4,8 | 5,4 | 1,3 | 0,2* | 5,5 |
| Households Real Disposable Income | -6,4 | 6,3 | 3,1 | 4* | 4,4 |
| Interest Rate 3M | 3,1 | 5 | 6,2 | 2,5 | 2,7 |
| Unemployment | 3,4 | 2,5 | 2,6 | 3,1 | 3,5 |
| Current Account Surplus/GDP | 17,2 | 14,1 | 18,6 | 13,7* | 14,9 |
| Budget Surplus/GDP | 17 | 17 | 20 | 15* | 16 |
| Government Pension Fund/GDP | 83 | 89 | 90 | 112* | 127 |

*estimate
Sources: Statistics Norway, Bloomberg, SpareBank 1, NBIM, Finance Ministry,

Housing prices 2000-2009

Index Jan 2000=100



Source: Eiendomsverdi

NORWEGIAN POPULATION GROWTH

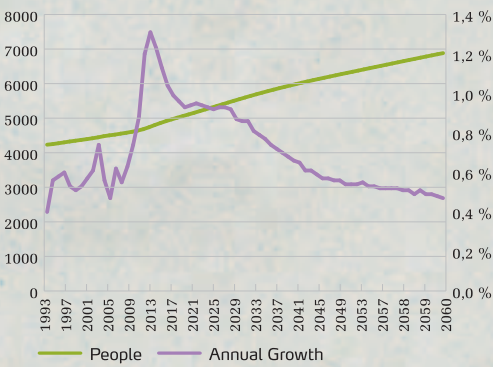
NORWAY'S POPULATION IS AMONG THE FASTEST GROWING IN EUROPE. AT THE END OF 2009 NORWAY'S POPULATION STOOD AT APPROXIMATELY 4.9 MILLION PEOPLE, THIS IS UP FROM 4.5 MILLION IN 2000 AND 4.2 MILLION IN 1990. THE FACTORS CAUSING THIS ARE A HIGH BIRTH RATE VS DEATH RATE AND NET IMMIGRATION.

The population increase has a contributory effect on house prices. Norway's territory is a large, but the inhabitable area of this mountainous country is much smaller, so there is strong demand for housing, in particular in the largest cities which represent economic activity centres. House prices increased in 2009, which is markedly different from most other countries in Europe. A continued low unemployment rate and high disposable income enables low debt to income ratios compared to other European countries. The Norwegian government is in a fiscally strong position, with effectively no external net debt, which contributes to a strong sentiment because of the budgetary ability to support the economy if necessary.

The house price indexes charts the developments of average house prices from 1985 to late 2009 in comparison to the consumer price index and to disposable income. Houses have become more expensive over the period, though only 17% so on the basis of the increase in the population's disposable income for example. An increased population and continued growth continue to underpin the real estate market in the future.

Population

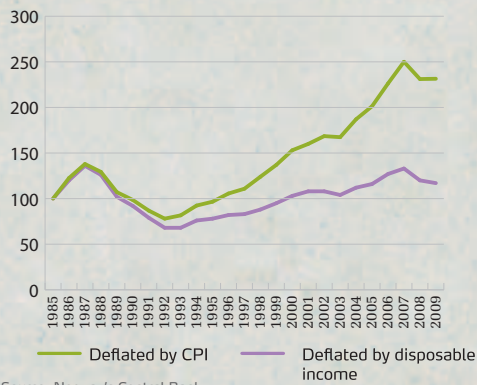
2010-2060



Source: Statistics Norway

House price indexes

1985-2009



Source: Norway's Central Bank

architecture.

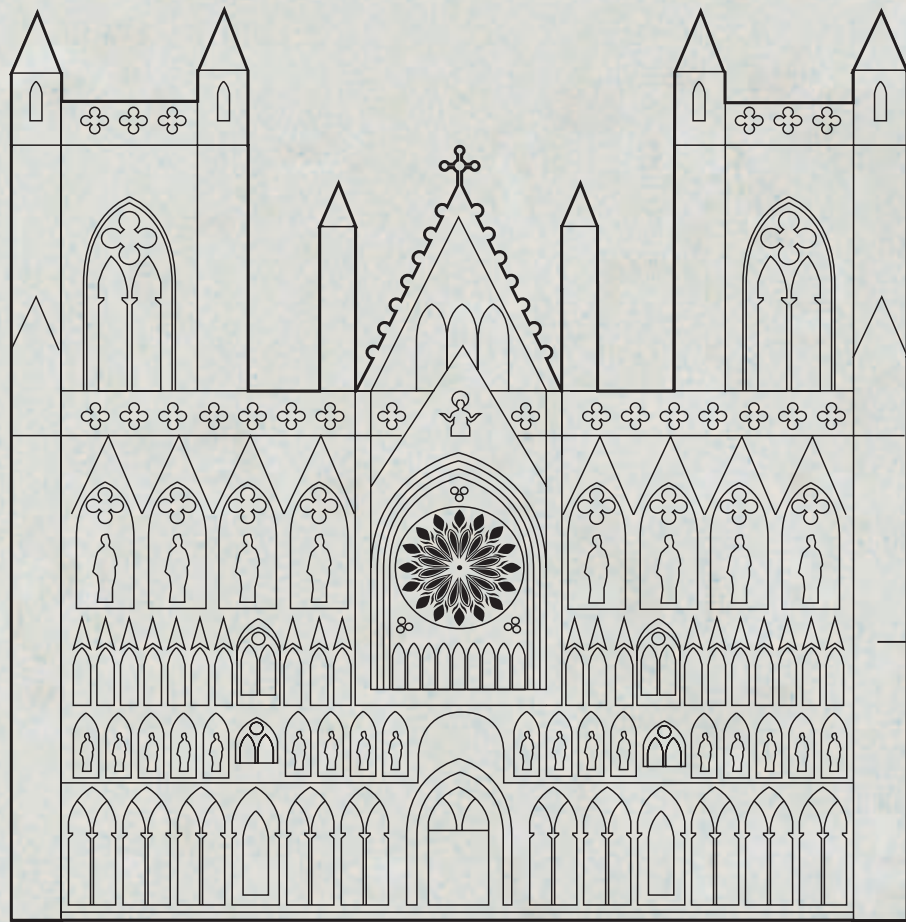
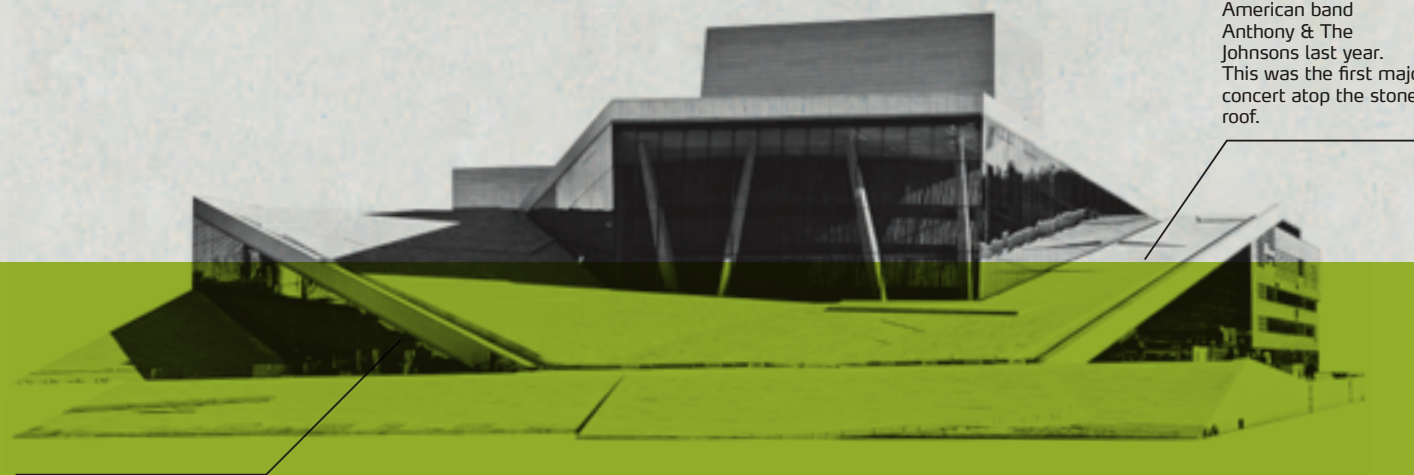


FIG 1

Nidarosdomen in Trondheim is considered Norway's most impressive soapstone construction and it is the largest gothic cathedral in Northern Europe. The cathedral was built in stages from 1070 to 1328.

FIG 2

Around 8 000 people gathered on the roof top of the Oslo Opera building to attend a concert with the American band Anthony & The Johnsons last year. This was the first major concert atop the stone roof.



In 2008 the new opera house in Oslo opened. The opera house is partially built in the water and 780 poles set in rock serve as the building's foundation. The outside of the building is covered with Norwegian granite (10%) and 25,000 sq m Italian Carrara-marble. The opera house is designed by the Norwegian architectural firm Snøhetta.

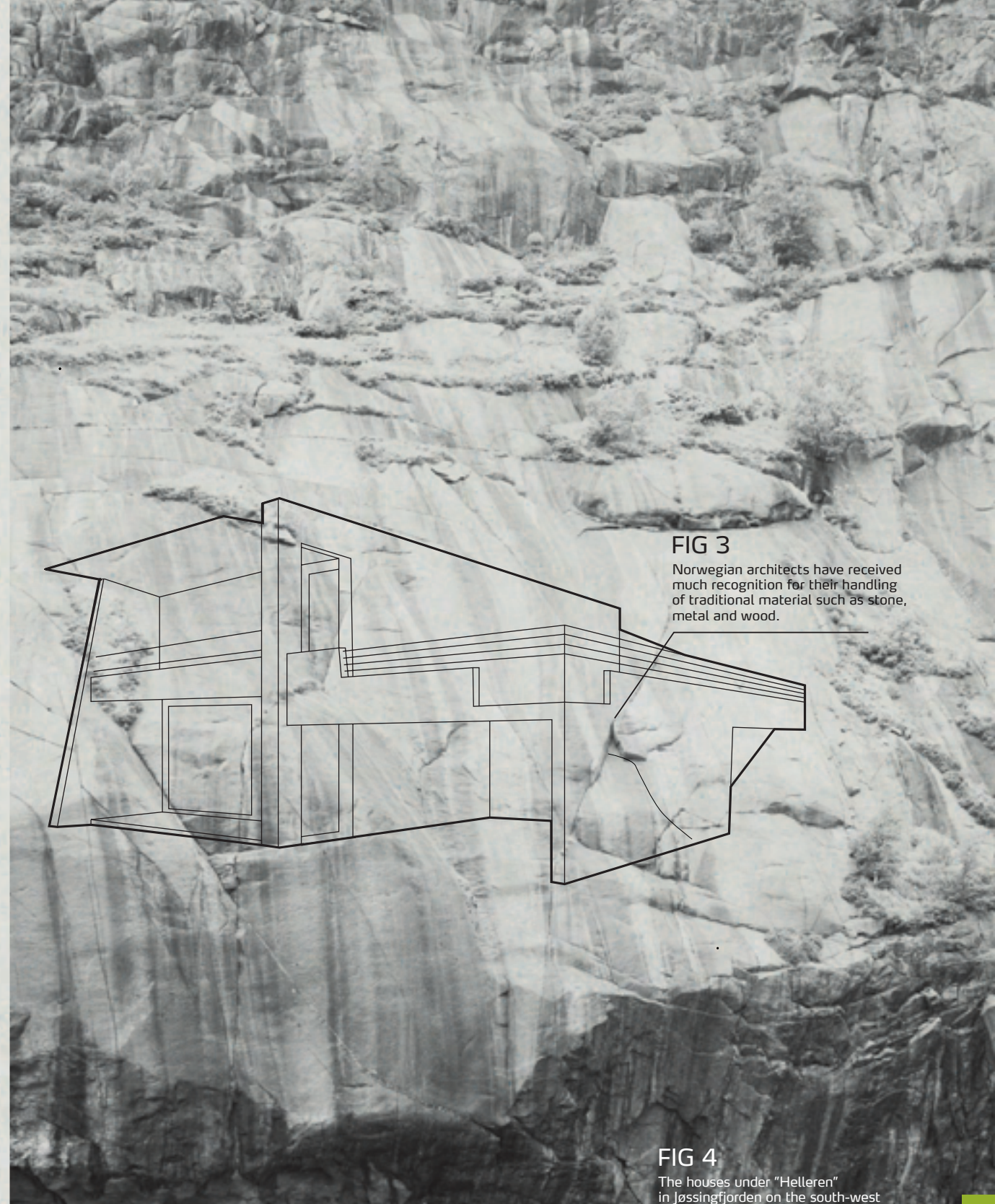


FIG 3

Norwegian architects have received much recognition for their handling of traditional material such as stone, metal and wood.

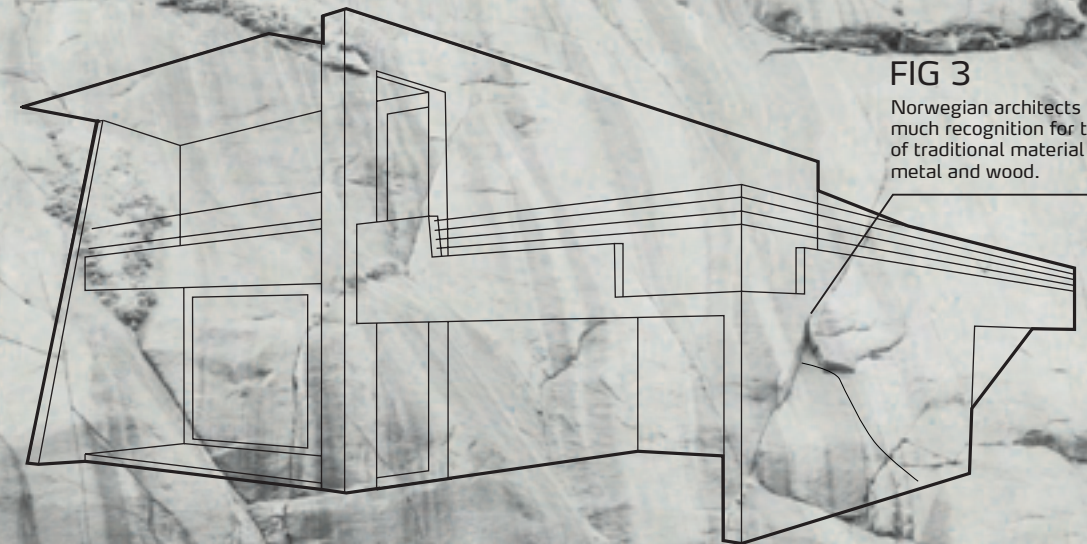


FIG 4

The houses under "Helleren" in Jøssingfjorden on the south-west coast of Norway are not made of stone, but ever since the stone age people have used this outwards hanging rock wall as protection against humidity and rain. The houses in the picture are assumed to be from the 1800s.

The rock types in Norway provide a wide spectrum of qualities that may be used for building purposes. Today one can find Norwegian shale, granite and syenite in many grand constructions all over the world. While walking through business centres in world metropolises, one would inevitably pass by buildings made of Norwegian stone material. This material is chosen for its qualities such as resistance to wear and tear and durability.

The construction and building industry is one of the largest industries in Norway. However, even with all the home grown stone resources, there are a lot of imported stone in Norwegian homes, from Finland and Sweden in particular. A paradox it may seem, but in today's international society stone is a traded good just like anything else and often bought from the lowest cost provider, in countries like Belgium, Germany, Italy, Spain and Portugal.



FACT SHEET

alliance.

The SpareBank 1 Alliance is an association of 22 independently operated retail banks covering the whole of Norway. In terms of balance sheet size the combined alliance banks represent the second largest banking institution in Norway. The banks have a strong position in the Norwegian retail market as the 2nd largest mortgage lender.

The alliance was formed in 1996 as a co operation between the three leading shareholding banks with a coalition (SamSpar) of smaller retail banks joining the alliance in 1997. The objective was to ensure the independence and regional foothold of the individual member banks by maximizing their competitiveness, profitability and capital strength. As a group the banks seek to increase their efficiency as compared to competitors by sharing the costs of development, achieving economies of scale and mutually increasing core competencies by establishing competency centres. The individual banks have a strong focus in their respective local markets with strong branch networks and proximity to the customers in the local areas. The alliance banks are located all over Norway and have separate geographical market areas. All lending activities are done domestically.

STRUCTURE

The alliance banks own SpareBank 1 Gruppen, which has two main functions. It is a holding entity for various products offered by the alliance in the areas of insurance (life and non-life), asset management and securities brokerage. SpareBank 1 Gruppen is also the entity which centralises the joint effort of the alliance banks in such areas as brand building, IT operations and systems development, risk management and various centres for operational

excellence. It is spearheading the development of common technologies and products development.

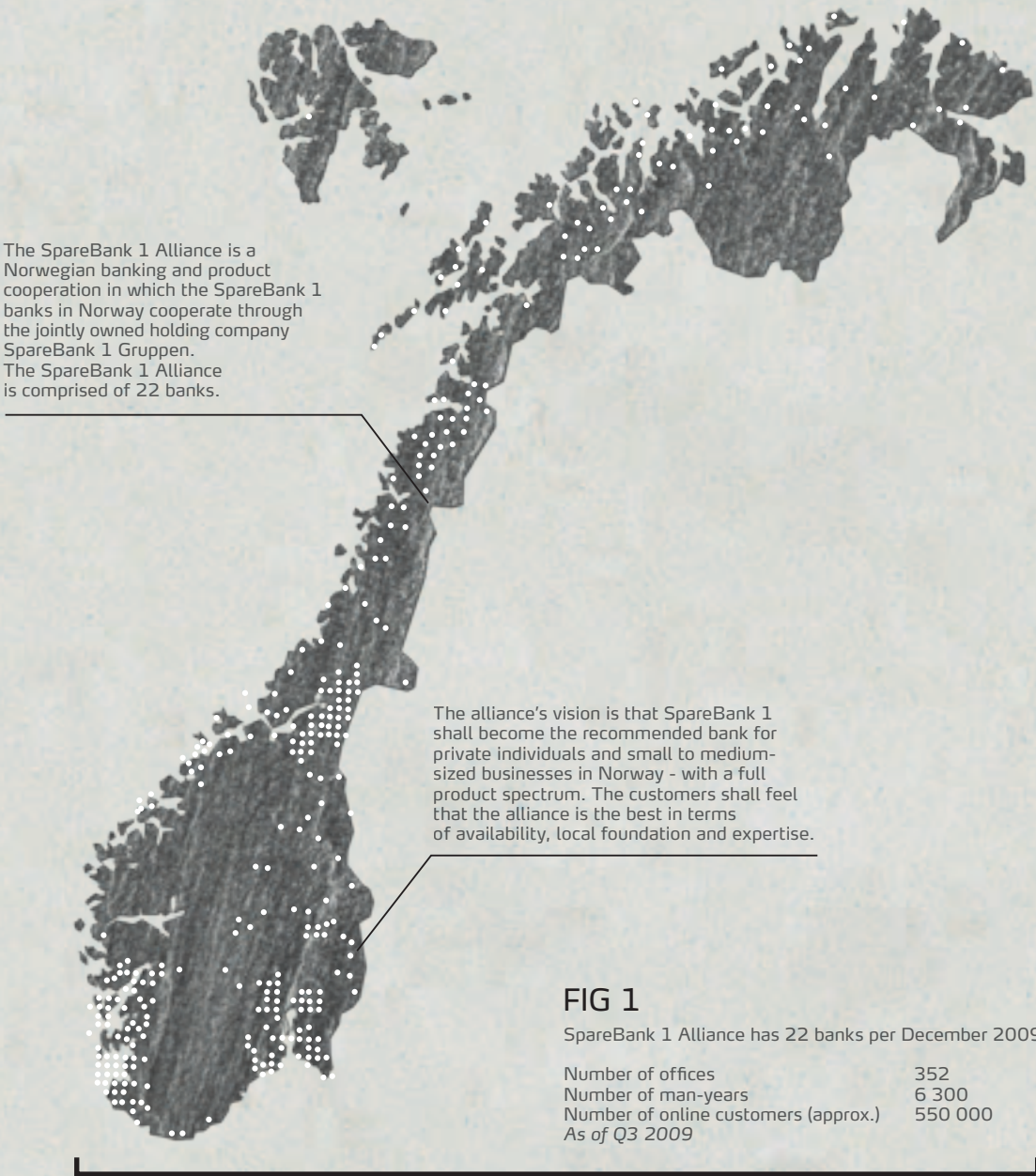
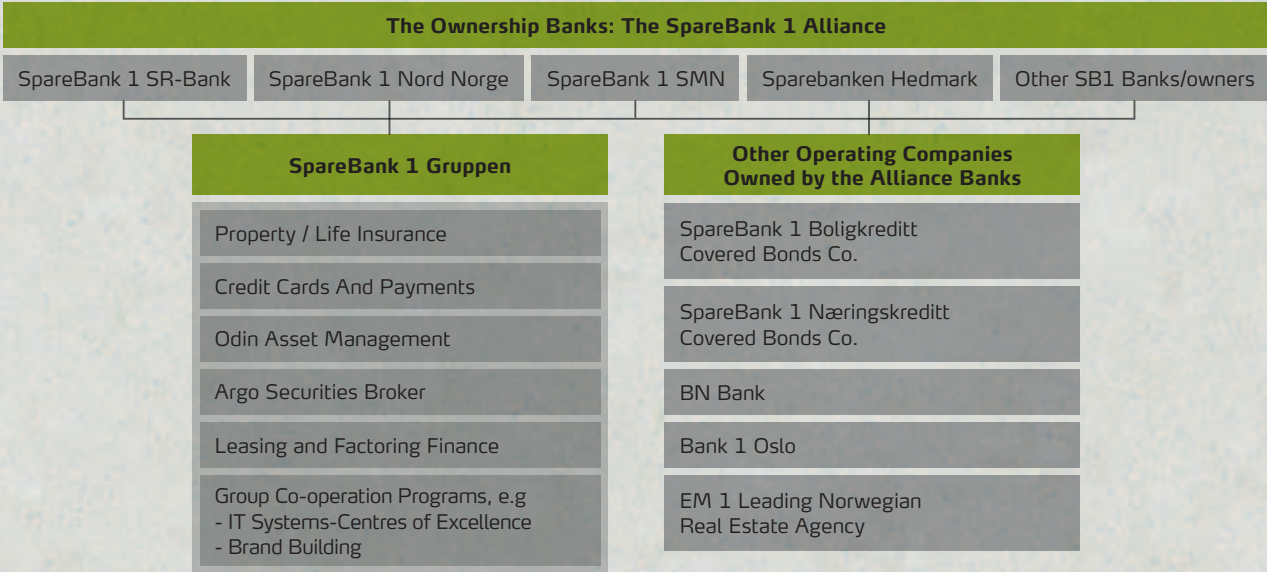
SpareBank 1 Boligkreditt, (residential covered bonds company) established 2006, SpareBank 1 Næringskreditt (commercial covered bonds company) established 2009, the Trondheim based BN Bank and Oslo based Bank 1 are directly owned by the Alliance banks.

The Market Shares of the SpareBank 1 Alliance underlines the dominant position of the banks in Norway and also the breadth of products offered.

THE BANKS

The owner banks in the alliance are savings banks with strong focus on the retail market. Approximately two thirds of the combined loan books represent retail lending (mostly mortgages) while the remainder is made up of lending to SMEs. In their local markets each bank in the alliance is typically a market leader with an average of 40% share of their target market.

The three largest banks in the alliance are SpareBank 1 SR-Bank in the south-west, SpareBank 1 SMN in the middle of the country and SpareBank 1 Nord Norge covering the northernmost regions of the country. These three banks are rated A1/A by Moodys's and Fitch and each own a 19.5% share of the jointly owned SpareBank 1 Gruppen. Together they own 69% of the shares in SpareBank 1 Boligkreditt as of 31.12.2009. Financially, the performance in these banks has been at top Nordic level. The average 5 year return on equity is above 18%.



| National Market Share of the Alliance Banks | | | | |
|---|-----------|-------|-------|--|
| | 2009 1-3Q | 2008 | 2007 | Comments: |
| Retail Lending | 19.3% | 19.1% | 17.5% | Second largest bank in Norway |
| Business Lending | 16.0% | 14.6% | 12.3% | Second largest bank in Norway |
| Deposits | 17.0% | 16.8% | 15.2% | Second largest bank in Norway |
| Asset Management | 12.4% | 13.8% | 15.9% | 2nd largest equity asset manager in Norway |
| Property Insurance | 10.0% | 9.8% | 10.0% | Leading insurance company |
| Life Insurance | 18.7% | 20.4% | 21.5% | Leading insurance company |
| Payment Services | 18.2% | 17.9% | 17.8% | Leading Norwegian institution |
| Real Estate Agency Transactions | 17.0% | 17.0% | 17.0% | Largest in Norway |

| Key ratios, 31.12.2009 | Cost to Income | Deposit to Loan | Return on Equity | Tier 1 ratio | Retail vs commercial | Growth in Retail Lending | Loss % |
|------------------------|----------------|-----------------|------------------|--------------|----------------------|--------------------------|--------|
| SpareBank 1 SR-Bank | 47 % | 58 % | 17,5 % | 9,6 % | 59 % | 10,4 % | 0,38 % |
| SpareBank 1 SMN | 47 % | 60 % | 16,2 % | 10,5 % | 58 % | 8,6 % | 0,31 % |
| SpareBank 1 Nord-Norge | 45 % | 72 % | 18,2 % | 11,9 % | 69 % | 8,4 % | 0,38 % |

Source: SpareBank 1

FACT SHEET

boligkreditt.

| In NOK 1000 | | | | | |
|-----------------------|------------|----------|---------|---------------|------------|
| Mortgages | 57 614 996 | PAR-test | 109,0 % | Covered bonds | 60 010 186 |
| Substitute collateral | 4 656 028 | | | Swaps | -2 862 097 |
| Total | 62 271 024 | | | Total | 57 148 088 |

PAR-test/Asset coverage test

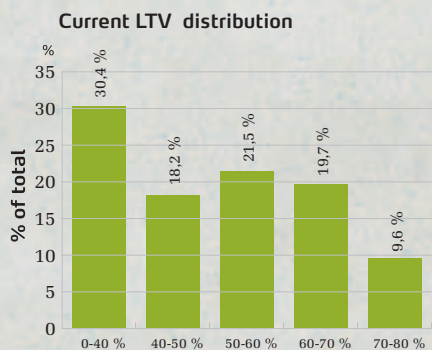
The Asset Coverage test shows the ratio of assets to liabilities at any given time. This test is carried out on a weekly basis to ensure that the asset coverage remains above the minimum requirement and near the target ratio. As shown above it was 109%, as of 31.12.2009.

| Cover Pool details* | As of 31.12.2009 |
|---|------------------|
| Total mortgage portfolio (in NOK 1000) | 57 614 996 |
| Number of loans | 53 639 |
| Average loan size (in NOK 1000) | 1 074 |
| % of non-performing loans | 0,000 % |
| Weighted average time since origination | 27 months |
| Weighted average remaining term | 256 months |
| Ratio of floating rate loans | 100 % |
| Weighted average interest rate on mortgages | 3,45 % |
| Weighted average margin (in bps) | 93 |
| Weighted average current LTV | 49 % |
| Weighted average original LTV | 56 % |
| Maximum orginal LTV permitted by law | 75 % |

*all data input for pool 1
We have also established a Pool 2 which is tailor made for the swap facility with Norges Bank. The portfolio contains NOK 17 bn in residential mortgages.

Substitute Collateral

In addition to prime mortgages, the cover pool also consists of deposits and high grade bonds that serve as substitute collateral and liquidity reserve. The company has tight restrictions regarding what types of bonds that can be included in this reserve. All bonds have to be rated A/A2- or higher.



| Covered Bond details | | | | | |
|----------------------|-----------------|------------|----------------|-------------------|---------------|
| EUR-deals | | | | | |
| ISIN | Nominal Balance | Issue date | Maturity date* | Interest payments | Interest type |
| XS0323446665 | 1 500 000 000 | 01-10-07 | 01-10-10 | Annually | Fixed rate |
| XS0350301668 | 1 000 000 000 | 15-03-08 | 15-06-11 | Annually | Fixed rate |
| XS0386753031 | 1 000 000 000 | 10-09-08 | 10-09-13 | Annually | Fixed rate |
| XS0470740969 | 1 000 000 000 | 03-12-09 | 03-12-12 | Annually | Fixed rate |
| N-note | 60 000 000 | 18-09-08 | 18-09-19 | Annually | Fixed rate |
| NOK-deals | | | | | |
| ISIN | Nominal Balance | Issue date | Maturity date* | Interest payments | Interest type |
| NO0010441454 | 500 000 000 | 18-06-08 | 18-06-18 | Annually | Fixed rate |
| NO0010441678 | 200 000 000 | 25-06-08 | 25-06-18 | Annually | Fixed rate |
| NO0010441652 | 800 000 000 | 25-06-08 | 25-06-12 | Annually | Fixed rate |
| NO0010464944 | 1 500 000 000 | 16-10-08 | 16-10-09 | Annually | Fixed rate |
| NO0010467491 | 300 000 000 | 31-10-08 | 31-10-13 | Annually | Fixed rate |
| NO0010480452 | 3 000 000 000 | 15-02-08 | 15-02-13 | Quarterly | Floating rate |
| NO0010492333 | 7 000 000 000 | 17-02-09 | 25-08-14 | Quarterly | Floating rate |
| NO0010520356 | 7 350 000 000 | 11-06-09 | 13-06-16 | Quarterly | Floating rate |

*All covered bonds have a one year extention clause

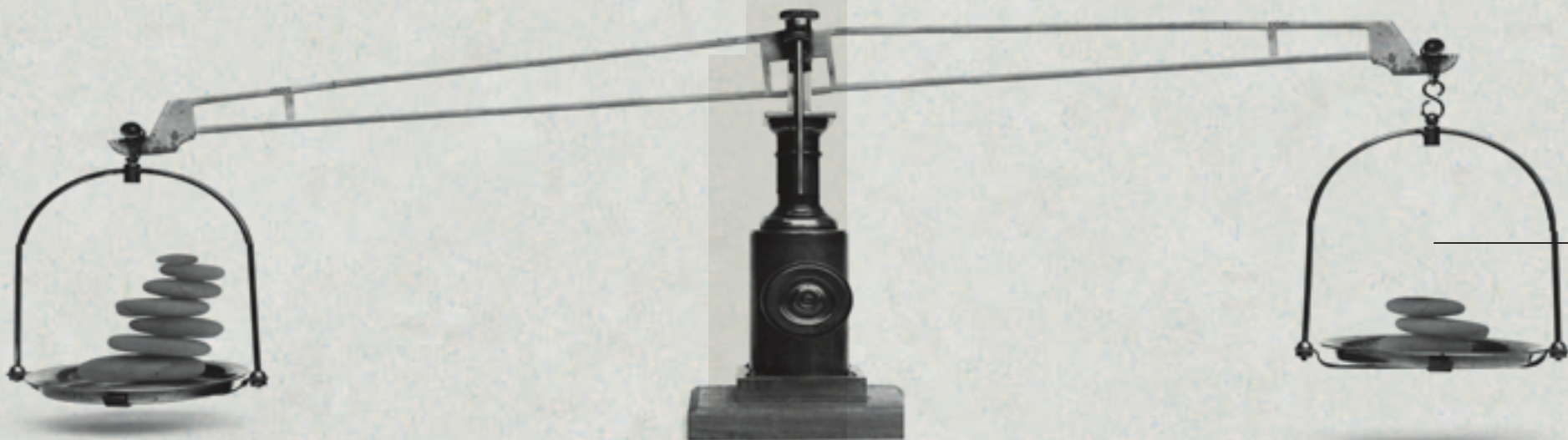


FIG 1
The scales illustrate the balance-related situation for SpareBank 1 Boligkreditt. There must always be a predominance of assets in relation to debt in order to meet the legal requirement for over collateralization.

FIG 1

Guro Elgheim Sivertsen (26), Analyst at SpareBank 1 Boligkreditt



Education:
BA Economics, University of Bergen,
MSc European Political Economy, LSE,
NFF Fixed Income Analyst

Responsibilities:
The transfer of loans, analysis
and maintenance of the
mortgage portfolio. Has worked
at SpareBank 1 Boligkreditt
since 2007.

THE MORTGAGE UNDERWRITING PROCESS IN SPAREBANK 1

The members of the SpareBank 1 Alliance have coordinated and streamlined many processes amongst them. The process for underwriting mortgages to retail customers is common across the alliance and the banks share the same systems and models that are part of their underwriting routines.

When a customer enters a local branch office, the customer service representative will gather information from the customer and run this information through a centralized scoring algorithm that uses data from an internal database for performance history and external database that has tax assessment data and payment default information. Based on this input, each customer is assigned a rating using the common scoring models of SpareBank 1. The

customers are subjected to a test of debt servicing capacity. Debt servicing capacity is evaluated by a national model* that is based on standardized household budgets, the cost of financing and considering a 4% increase in interest rates.

The valuation of the residential property which is pledged as security for a mortgages loan is initially performed by an independent appraiser and is subsequently (at least annually) tested and evaluated by Eiendomsverdi which is a highly regarded provider of property valuation through the use of an automated valuation model (AVM). Eiendomsverdi's data covers all transactions in Norway since the mid-1990s.

*The SiFO model, developed by the governmental National Institute for Consumer Research.

Customer and
Product Information

Rating and
Classification

Test of Debt
Servicing Capacity

Assessment
of Collateral

Decision, Pricing
and Loan Contract

HOW ARE MORTGAGES TRANSFERRED TO THE COVERED BOND COMPANY?

The loan transfer from the alliance banks to SpareBank 1 Boligkreditt is a true sale in that all credit risk transfers to SpareBank 1 Boligkreditt and the mortgages are entered into SpareBank 1 Boligkreditt's balance sheet. The banks in the alliance maintain the customer relationships and provides loan servicing functions for SpareBank 1 Boligkreditt. Only if the banks have not fulfilled certain procedures as agreed can SpareBank 1 Boligkreditt require that a bank takes back particular loans it has transferred.

The fact that all SpareBank 1 Alliance banks share the same credit process provides accurate and comparable information on every mortgage that could potentially be transferred to SpareBank 1 Boligkreditt.

SpareBank 1 Boligkreditt only acquires first lien prime mortgages that completely fulfill the company's credit policy. The main criteria are that all mortgages have to demonstrate a loan to value less than 75%, no adverse credit history, and be rated in risk classes

A-E in an 11 grade system. In addition, the valuation of the mortgage property must be no less than 12 months old and carried out by an independent 3rd party.

Initially mortgages are recorded on the balance sheet of the local bank. Mortgages from all the banks which meet SpareBank 1 Boligkreditt's credit policy criteria are first accumulated in a database. The database is connected to a centralized application where the transfer of the mortgages to SpareBank 1 Boligkreditt is managed. Within this application, the person responsible for funding in the banks selects the mortgages, whereupon SpareBank 1 Boligkreditt can approve them for transfer. This approval triggers both the transfer of loans, funds and the entering of the mortgage onto the balance sheet of SpareBank 1 Boligkreditt. Simultaneously, a letter of notification is sent to the customer. This stream-lined process ensures secure and correct transfers of mortgage loans to SpareBank 1 Boligkreditt and the corresponding proceeds from SpareBank 1 Boligkreditt to the banks.

industry.

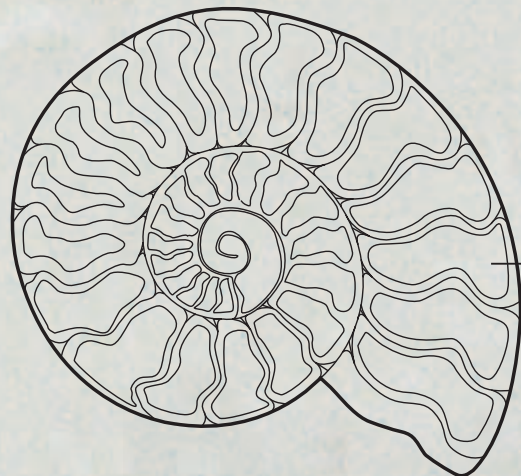


FIG 1

Offshore drilling means drilling down to the bedrock in search of crude oil or gas. Throughout 40 years this industry has generated value of over NOK 7 000 bn measured in today's currency. In 2008 the petroleum sector represented 26% of wealth creation in Norway.



FIG 2

Norway's first oil field – Ekofisk – was discovered in 1969 and was the start of the Norwegian oil adventure. Today around 60 fields are in production on the Norwegian continental shelf.

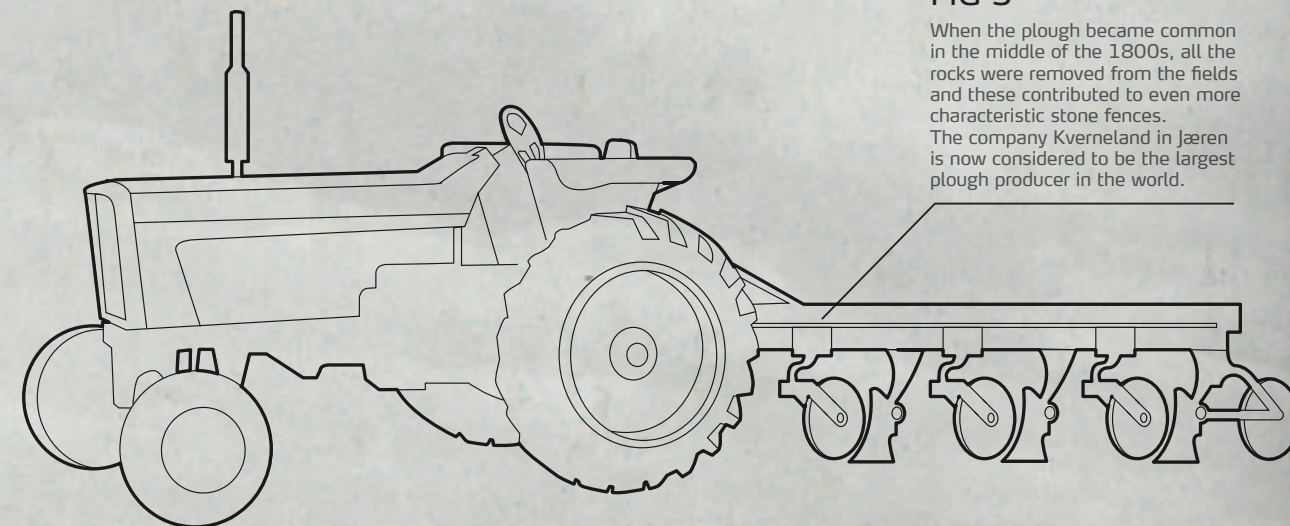


FIG 3

When the plough became common in the middle of the 1800s, all the rocks were removed from the fields and these contributed to even more characteristic stone fences. The company Kverneland in Jæren is now considered to be the largest plough producer in the world.

FIG 4

The stone fences in Jæren served the purpose of efficiently disposing of the stones that were gathered up from the fields. The fences also functioned as physical barriers between the crop fields and the outlying grazing fields.



No jagged mountains. But endless beaches and large, level fields framed by stone fences. This is what characterizes the area of Jæren in the southern part of Rogaland. When people first came here 10,000 years ago, the area bore the signs of the retraction of the ice. Vast amounts of rock were spread out over the open landscape. As the farmers settled, they started to clear the fields and cultivate the land. Thanks to several generations of hard work, Jæren is today one of the most productive farming areas in Norway.

The local environment and its challenges have resulted in the development of leading businesses and products from within the farming sector. From the end of the 1800s onwards several smithies and small factories made tools for farming in Jæren. The area is still an important site for the production and development of farming tools used worldwide.

culture.

FIG 1

Vigelandsparken in Oslo is the world's largest park for sculptures produced by one single artist. Gustav Vigeland (1869-1943) carved more than 200 sculptures, amongst them the Monolith, made out of Norwegian granite, shown here. Three masons spent 14 years completing this masterpiece which was finished in 1943.

FIG 2

"The stone lady", carved in 1898-1899 is a popular tourist attraction in Høg-Jæren in Rogaland. The Sculpture weighs three tons and it took two years to transport it four to five kilometers into the moors.

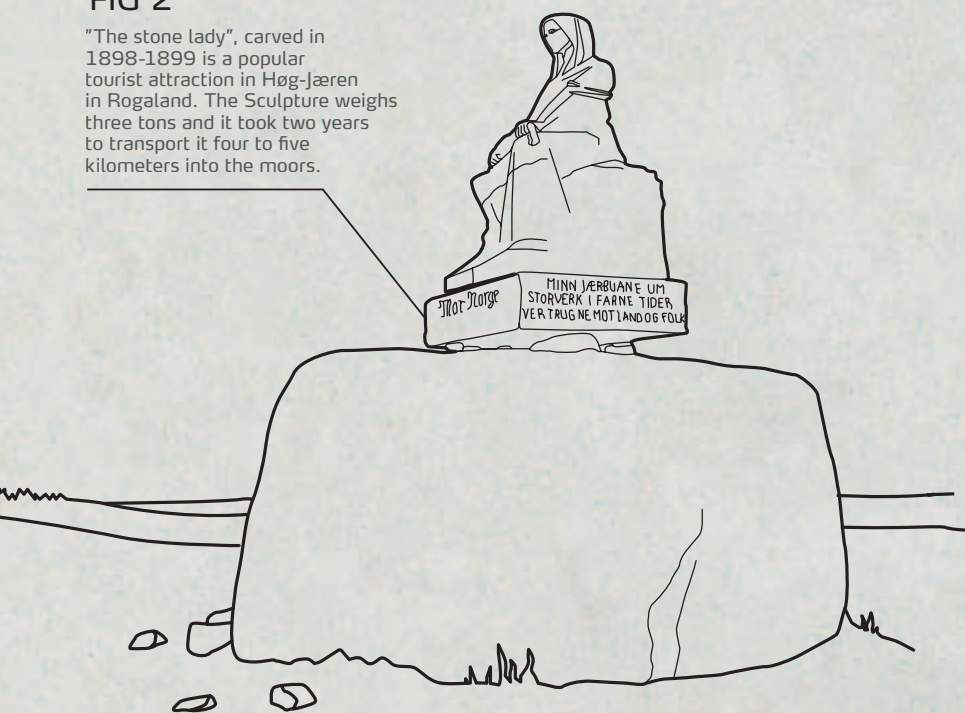
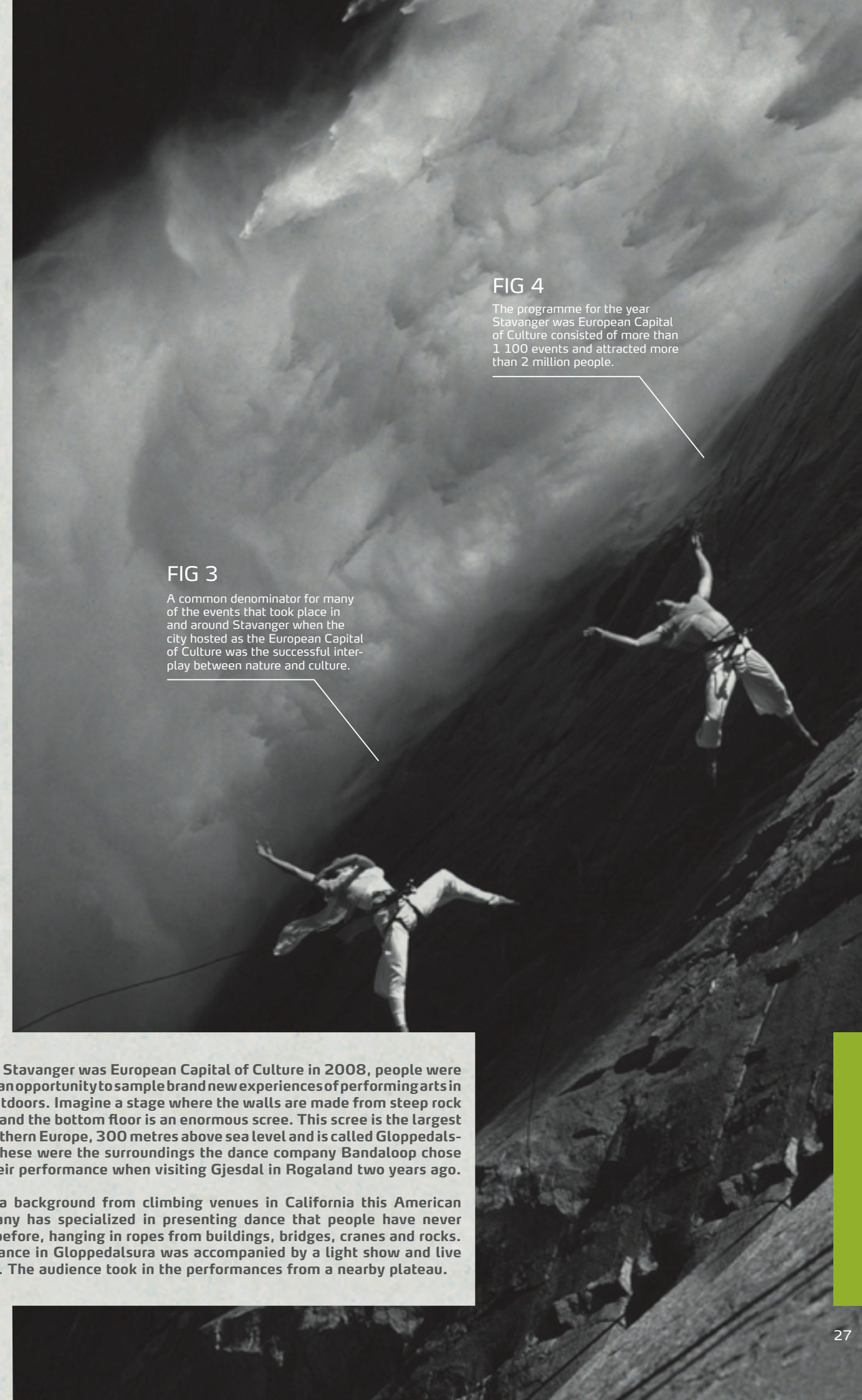


FIG 4

The programme for the year Stavanger was European Capital of Culture consisted of more than 1 100 events and attracted more than 2 million people.

FIG 3

A common denominator for many of the events that took place in and around Stavanger when the city hosted as the European Capital of Culture was the successful interplay between nature and culture.



When Stavanger was European Capital of Culture in 2008, people were given an opportunity to sample brand new experiences of performing arts in the outdoors. Imagine a stage where the walls are made from steep rock walls and the bottom floor is an enormous scree. This scree is the largest in Northern Europe, 300 metres above sea level and is called Gloppedalsura. These were the surroundings the dance company Bandaloop chose for their performance when visiting Gjesdal in Rogaland two years ago.

With a background from climbing venues in California this American company has specialized in presenting dance that people have never seen before, hanging in ropes from buildings, bridges, cranes and rocks. The dance in Gloppedalsura was accompanied by a light show and live music. The audience took in the performances from a nearby plateau.

annual accounts.

INCOME STATEMENT

| NOK 1 000 | Note | 2009 | 2008 |
|--|-----------|------------|------------|
| Total interest income | 5, 25, 26 | 1 783 634 | 1 933 961 |
| Total interest expenses | 5, 25, 26 | -1 675 732 | -1 830 048 |
| Net interest income | | 107 902 | 103 913 |
| Net gains/losses from financial instruments | 6 | 28 622 | -34 738 |
| Net other operating income | | 28 622 | -34 738 |
| Total operating income | | 136 524 | 69 175 |
| Salaries and other ordinary personnel expenses | 7, 20 | -5 793 | -7 640 |
| Administration expenses | 8 | -3 901 | -3 663 |
| Other operating expenses | 9, 18 | -5 577 | -5 155 |
| Depreciation on fixed assets and other intangible assets | 13 | -4 116 | -5 808 |
| Total operating expenses | | -19 387 | -22 266 |
| Operating result before losses | | 117 137 | 46 908 |
| Write-downs on loans and guarantees | 15 | -366 | -3 000 |
| Pre-tax operating result | | 116 771 | 43 908 |
| Taxes | 21 | -32 652 | -12 323 |
| Profit/loss for the year | | 84 119 | 31 585 |

BALANCE SHEET AS OF 31 DECEMBER 2009

| NOK 1 000 | Note | 2009 | 2008 |
|--|----------------|-------------|-------------|
| Assets | | | |
| Deferred tax advantage | 21 | 0 | 9 861 |
| Other intangible assets | 13, 17 | 3 867 | 3 890 |
| Other assets | 11, 14 | 202 809 | 66 104 |
| Treasury bills | | 0 | 1 900 387 |
| Bonds | 10 | 987 030 | 472 837 |
| Lending to and deposits with credit institutions | 3, 11, 28 | 5 800 587 | 6 294 029 |
| Lending to customers | 11, 15 | 74 353 637 | 36 199 572 |
| Financial derivatives | 11, 16, 29, 30 | 2 884 920 | 8 379 734 |
| Total assets | | 84 232 850 | 53 326 414 |
| Liabilities | | | |
| Deferred taxes | 21 | -6 205 | 0 |
| Covered Bonds | 11, 22 | -74 246 499 | -44 785 344 |
| Debt incurred by issuing securities | 22 | -3 474 800 | -500 000 |
| Debt to credit institutions | 28 | -1 992 032 | -5 905 038 |
| Financial derivatives | | 0 | 0 |
| Tax payable | 21 | -23 536 | -22 184 |
| Other liabilities | 11, 23 | -807 262 | -436 007 |
| Total liabilities | | -80 550 334 | -51 648 573 |
| Equity | | | |
| Contributed equity | 12, 17, 19 | -3 168 470 | -1 638 470 |
| Other contributed equity (not registered) | 17, 19 | -420 000 | 0 |
| Accrued equity | 17, 19 | -814 | -39 371 |
| Purposed dividends | 17 | -93 231 | |
| Total equity | | -3 682 516 | -1 677 841 |
| Total liabilities and equity | | -84 232 850 | -53 326 414 |

Stavanger 31 December 2009 / 3 February 2010


Kjell Fordal
Chair of the Board


Lisbet K Nærø


Tore Anstein Dobloug


Merete Eik


Merete Nygaard Kristiansen


Per Skibeli
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

| NOK 1 000 | Share capital | Premium reserve | Other contributed | Purposed dividend | Other equity | Total equity |
|---------------------------------------|---------------|-----------------|-------------------|-------------------|--------------|--------------|
| Incorporation 18.08.2005 | 80 000 | 20 000 | | | | 100 000 |
| Costs of incorporation | | -6 | | | | -6 |
| Share increase 21. November 2006 | 240 000 | 60 000 | | | | 300 000 |
| Result for the period | | | | | -1 724 | -1 724 |
| Balance sheet as of 1. January 2007 | 320 000 | 79 994 | | | -1 724 | 398 270 |
| Share increase 22. February 2007 | 3 140 | 816 | | | | 3 956 |
| Share increase 22. August 2007 | 200 000 | 50 000 | | | | 250 000 |
| Share increase 02. November 2007 | 176 401 | 88 201 | | | | 264 602 |
| Share increase 20. December 2007 | 83 599 | 26 170 | | | | 109 769 |
| Result for the period | | | | | 9 510 | 9 510 |
| Balance sheet as of 31. December 2007 | 783 140 | 245 181 | | | 7 786 | 1 036 107 |
| Share increase 04. June 2008 | 7 408 | 2 741 | | | | 10 149 |
| Share increase 13. June 2008 | 150 000 | 150 000 | | | | 300 000 |
| Share increase 30. October 2008 | 150 000 | 150 000 | | | | 300 000 |
| Result for the period | | | | | 31 585 | 31 585 |
| Balance sheet as of 31. December 2008 | 1 090 548 | 547 922 | | | 39 371 | 1 677 841 |
| Share increase 11. February 2009 | 170 000 | 85 000 | | | | 255 000 |
| Share increase 4. June 2009 | 170 000 | 85 000 | | | | 255 000 |
| Share increase 19. August 2009 | 280 000 | 140 000 | | | | 420 000 |
| Share increase 14. September 2009 | 400 000 | 200 000 | | | | 600 000 |
| Share increase 20. November 2009 | | | 420 000 | | | 420 000 |
| Share dividend 2008 | | | | | -29 445 | -29 445 |
| Result for the period | | | | 93 231 | -9 112 | -9 112 |
| Balance sheet as of 31. December 2009 | 2 110 548 | 1 057 922 | 420 000 | 93 231 | 814 | 3 682 515 |

CASH FLOW STATEMENT

| NOK 1 000 | 2009 | 2008 |
|---|-------------|-------------|
| Cash flows from operations | | |
| Interest received | 2 046 276 | 1 986 959 |
| Payments to operations | -20 152 | -14 295 |
| Paid tax | -15 234 | -3 043 |
| Net cash flow relating to operations | 2 010 890 | 1 969 621 |
| Cash flows from investments | | |
| Net purchase of loan portfolio | -38 154 431 | -22 037 084 |
| Net payments on the acquisition of government securities | 1 900 387 | -1 900 387 |
| Net payments on the acquisition of securities | -586 076 | -412 090 |
| Net investments in intangible assets | -4 090 | -306 |
| Net cash flows relating to investments | -36 844 209 | -24 349 867 |
| Cash flows from funding activities | | |
| Net receipt/payment from the issuance of certificates | 2 974 800 | -250 000 |
| Net receipt/payment from the issuance of bonds | 35 061 986 | 22 589 543 |
| Net receipt/payment from the issuance of loans to credit institutions | -3 910 856 | 5 905 038 |
| Payment of new equity capital | 1 950 000 | 610 149 |
| Paid dividend | -29 445 | 0 |
| Net interest payments on funding activity | -1 699 847 | -1 690 202 |
| Net cash flow relating to funding activities | 34 346 638 | 27 164 527 |
| Net cash flow in the period | -486 681 | 4 784 281 |
| Balance of cash, bank deposits and similar entities as of 01.01.09 | 6 294 029 | 1 482 508 |
| Net receipt/payments on cash | -486 681 | 4 784 281 |
| Exchange rate difference | -6 762 | 27 240 |
| Balance of cash, bank deposits and similar entities as of 31.12.09 | 5 800 587 | 6 294 029 |

NOTES TO THE ACCOUNTS 2009

NOTE 1 GENERAL INFORMATION

The accounts are prepared in accordance with "International Financial Reporting Standards" (IFRS), as determined by the EU. This includes interpretations from the International Financial Reporting Interpretations Committee (IFRIC), and its predecessor the Standing Interpretations Committee (SIC).

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.

RECORDING OF ASSETS AND LIABILITIES

Assets and liabilities are recorded on the balance sheet at the time the company assumes actual control of the rights to the assets and takes on a real obligation. Assets are excluded at the time actual risk relating to the assets is transferred and control of rights to the assets is annulled or expired.

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 IMPAIRMENT OF 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 on the following loss incidents:

- substantial financial difficulties with the issuer or the lender
- default on the contract, such as missing instalments or interest payments
- the company grants the lender particular terms on the basis of financial or legal circumstances related to the lender'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 lenders 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.

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 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 basis swaps. The company values and documents the efficiency of the hedge both at first entry and consecutively. In fair value hedging both the hedging instrument and the hedged object are recorded in the accounts at fair value. Changes in these values, with respect to changes in the interest rate, from the opening balance are reflected in net income.

For classification under hedge accounting see "financial derivatives" below.

FINANCIAL DERIVATIVES

Financial derivatives are estimated at fair value and presented as an asset if the value is positive and as a liability if the value is negative. Offset accounting is used if the company has entered into a legally binding contract with the counterparty to offset, and the purpose is to pay off the net amount or to realise the asset and the obligation simultaneously. The interest income and cost of any financial derivative is part of "net interest income" based on the internal rate of return method. Financial derivatives that are being used for hedging purposes are presented alongside the financial derivatives in the income statement.

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 taxes are recorded in the accounts in accordance with the liability method complying with IAS 12. With deferred taxes the liability or asset is calculated on temporary differences, that is the difference between the value that has been recorded in the accounts and the fiscal value of assets and liabilities, when it is probable that there will be a future taxable income and that temporary differences may be deducted from this income. All the same there will not be any calculation of liabilities or assets on deferred taxes on goodwill that does not provide tax relief, nor on first time entered posts that neither affect the accounting result nor the taxable result.

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.

FUNDING

Loans will initially be accounted for based on the net proceeds less any transaction costs. Loans are subsequently assessed at amortised cost. Any difference between the original proceeds and settlement amount on maturity is thus accrued over the term of the loan by means of the effective interest rate method.

Loans will be classified as short term debt unless there is an unconditional entitlement to postpone payment of the debt for more than 12 months from the accounting day.

PENSIONS

The company has 7 employees. Out of those, 6 are also employees of SpareBank 1 SR-Bank on leave of absence. In the period of this leave of absence they are also members of the SpareBank 1 SR-Bank pension fund, and are accruing the same pension entitlements as the remaining members of the pension fund. SpareBank 1 Boligkreditt covers the pension premium for the employees while they are on leave of absence from SpareBank 1 SR-Bank. When this premium has been paid, there are no further payment obligations, except from the share of the salary of the CEO that exceeds 12 G. One employee is hired from SpareBank 1 Gruppen who also covers all the pension costs to this employee.

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 entered into the accounts at cost.

INTEREST RATE INCOME AND -COSTS

Interest rate income and -costs associated with assets, and liabilities measured at amortised cost, will be continuously entered into the accounts based on an 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 INCOME AND -COSTS

Commission income and -costs will in general be recorded in the accounts in accordance with the accruals principle, in line with the rendering of a service. Fees associated with any interest bearing instruments will not be booked as commission, but will be part of the calculation of an effective rate of interest.

EVENTS FOLLOWING THE ACCOUNTING DAY

The annual accounts are deemed to be approved for publication when the Board of Directors have discussed and approved them. The General Meeting of Shareholders and any regulation 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 on the prerequisite that the operations will continue. This prerequisite was, in the opinion of the Board of Directors, present at the time when the accounts were presented tot he 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 entered into the accounts as a reduction in the proceeds received.

NOTE 3 RISK CLASSIFICATION

The risk classification of the company's assets is based on the following main criteria:

- The client's ability to pay (income and debt)
- The client's willingness to pay (poor payment records and past due reminders)
- The size of the loan
- Debt to asset ratio (only within 75% of the estimated value)
- Location

Any differentiation in prices is governed by SpareBank 1 Boligkreditt, based on the recommendation given by the individual bank. Such differentiation is mainly carried out on the basis of collateral, the financial situation of the client and market circumstances.

NOTE 4 FINANCIAL RISK

Liquidity risk - all amounts in 1000 NOK

| | 31-12-09 | 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 | 6 787 617 | 5 800 587 | 0 | 0 | 198 768 | 788 262 | 0 |
| Lending to customers | 74 353 637 | 0 | 2 968 | 7 207 | 36 568 | 849 383 | 73 457 511 |
| Derivatives | 2 884 920 | | | | 1 086 599 | 1 611 183 | 187 139 |
| Other assets with no set term | 206 676 | 206 676 | 0 | 0 | 0 | 0 | 0 |
| Total assets | 84 232 850 | 6 007 263 | 2 968 | 7 207 | 1 321 934 | 3 248 828 | 73 644 650 |
| Liabilities incurred when issuing securities | 77 721 299 | -440 | 0 | 0 | 13 640 948 | 53 844 238 | 10 236 552 |
| Other liabilities with a set term | 1 992 032 | 0 | 1 992 032 | 0 | 0 | 0 | 0 |
| Liabilities with no set term | 837 003 | 837 003 | 0 | 0 | 0 | 0 | 0 |
| Equity | 3 682 516 | 3 682 516 | 0 | 0 | 0 | 0 | 0 |
| Total liabilities and equity | 84 232 850 | 4 519 079 | 1 992 032 | 0 | 13 640 948 | 53 844 238 | 10 236 552 |
| Net total all items | | 1 488 184 | -1 989 064 | 7 207 | -12 319 014 | -50 595 411 | 63 408 097 |

Interest rate risk - all amounts in 1000 NOK

| | 31-12-09 | 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 | 6 787 617 | 5 800 587 | 52 738 | 934 293 | | 0 | 0 |
| Lending to customers | 74 353 637 | 0 | 0 | 74 353 637 | 0 | 0 | 0 |
| Other assets with no set term | 206 676 | 206 676 | 0 | 0 | 0 | 0 | 0 |
| Total assets | 81 347 930 | 6 007 263 | 52 738 | 75 287 929 | 0 | 0 | 0 |
| Liabilities incurred when issuing securities | 77 721 299 | -440 | 0 | 20 825 000 | 27 051 440 | 26 958 747 | 2 886 552 |
| Other liabilities with a set term | 1 992 032 | 0 | 1 992 032 | 0 | 0 | 0 | 0 |
| Liabilities with no set term | 837 003 | 837 003 | 0 | 0 | 0 | 0 | 0 |
| Equity | 3 682 516 | 3 682 516 | 0 | 0 | 0 | 0 | 0 |
| Total liabilities and equity | 84 232 850 | 4 519 079 | 1 992 032 | 20 825 000 | 27 051 440 | 26 958 747 | 2 886 552 |
| Net interest rate risk before derivatives | -2 884 920 | 1 488 184 | -1 939 294 | 54 462 929 | -27 051 440 | -26 958 747 | -2 886 552 |
| Derivatives | -2 884 920 | 0 | 1 800 288 | 53 110 572 | -27 930 349 | -26 978 879 | -2 886 552 |
| Net interest rate risk | 0 | 1 488 184 | -3 739 582 | 1 352 357 | 878 909 | 20 132 | 0 |
| % of total assets | 0 % | 2 % | -5 % | 2 % | 1 % | 0 % | 0 % |

NOTE 5 NET INTEREST INCOME

| NOK 1 000 | 2009 | 2008 |
|--|------------------|------------------|
| | | |
| Interest income | | |
| Interest income and similar income from loans to and balances with credit institutions | 192 911 | 163 191 |
| Interest income and similar income from loans to and balances with customers | 2 028 245 | 1 861 537 |
| Interest income treasury bills | 320 | 0 |
| Commission expense | -437 842 | -90 767 |
| Total interest income | 1 783 634 | 1 933 961 |
| | | |
| Interest expense | | |
| Interest expense and similar expenses to credit institutions | 76 797 | 172 927 |
| Interest expense and similar expenses on issued bonds | 1 593 003 | 1 620 188 |
| Interest expense and similar expenses on issued certificates | 5 868 | 36 895 |
| Interest expense and similar expenses on deposits from and liabilities to customers | 2 | 2 |
| Other interest expenses | 61 | 37 |
| Total interest expense | 1 675 732 | 1 830 048 |
| | | |
| Total net interest income | 107 902 | 103 913 |

NOTE 6 NET GAINS FROM FINANCIAL INSTRUMENTS

| NOK 1 000 | 2009 | 2008 |
|--|---------------|----------------|
| | | |
| Net gains from financial liabilities | 5 599 925 | -8 502 536 |
| Net gains from financial assets at amortised cost | -76 389 | 95 134 |
| Net gains from financial derivatives, hedging, at fair value | -5 494 914 | 8 379 734 |
| Net gains from bonds at fair value | 0 | -7 069 |
| Net gains from financial instruments | 28 622 | -34 738 |

NOTE 7 SALARIES AND REMUNERATION

| NOK 1 000 | 2009 | 2008 |
|--|--------------|--------------|
| | | |
| Salary | 6 042 | 5 928 |
| Salaries reinvoiced to SpareBank1 Næringskreditt | -2 060 | 0 |
| Pension expenses | 707 | 914 |
| Social insurance fees | 882 | 744 |
| Other personnel expenses | 222 | 55 |
| Total salary expenses | 5 793 | 7 640 |
| | | |
| Average number of man-years | 6 | 5,2 |

*Several of the company's employees have shared employment between SpareBank1 Næringskreditt and SpareBank1 Boligkreditt. Remuneration is done through SpareBank 1 Boligkreditt and futher reinvoiced to SpareBank 1 Næringskreditt. The company also buys administrative services from SpareBank1 SR-Bank and SpareBank1 Gruppen. Salaries and expenses charged from other companies are also declared by office-keeping costs. Pension benefit obligations are safeguarded in SpareBank 1 Boligkreditt through participation in the pension fund of SpareBank 1 SR-Bank. This pension scheme meets the legal demands on mandatory occupational pension.

NOTE 8 ADMINISTRATION EXPENSES

| NOK 1 000 | 2009 | 2008 |
|--|--------------|--------------|
| | | |
| IT operation and maintenance | 3 297 | 2 772 |
| Travel | 688 | 737 |
| Travel expenses reinvoiced to SpareBank 1 Næringskreditt | -221 | 0 |
| Telephone and postage | 60 | 86 |
| Training | 40 | 4 |
| Misc other adm expenses | 37 | 64 |
| Total | 3 901 | 3 663 |

NOTE 9 OTHER OPERATING EXPENSES

| NOK 1 000 | 2009 | 2008 |
|--|--------------|--------------|
| | | |
| Internal auditor, hired personnel from SpareBank 1 Gruppen, other services | 5 987 | 4 472 |
| Operating expenses rented offices | 164 | 157 |
| Other losses | 0 | 155 |
| Operating expenses reinvoiced to SpareBank 1 Næringskreditt | -1 046 | 0 |
| Misc other operating expenses | 472 | 370 |
| Total | 5 577 | 5 155 |

NOTE 10 FINANCIAL ASSETS CLASSIFIED AS HOLD TO MATURITY

| As of 31.12.09 | | | | | |
|------------------------------|----------|-----------------|------------|-----------------------|----------|
| Book value | | | | Amortised cost | |
| | 31-12-08 | New investments | Amortising | Exchange rate effects | 31-12-09 |
| Bonds classified as | | | | | |
| Hold to maturity | 472 837 | 579 930 | 3 721 | -69 458 | 987 030 |
| Total certificates and bonds | 472 837 | 579 930 | 3 721 | -69 458 | 987 030 |

Market value of bonds in hold to maturity portfolio

| | Book value | Market value incl. Exchange rate effect | Effect on result if at market value |
|------------------------------|------------|---|-------------------------------------|
| Bonds classified as | | | |
| Hold to maturity | 987 030 | 996 171 | 9 142 |
| Total certificates and bonds | 987 030 | 996 171 | 9 142 |

NOTE 11 ASSET COVERAGE REQUIREMENT

POOL 1

| NOK 1 000 | 2009 | 2008 |
|-----------------------|------------|------------|
| Covered bonds issued | 60 010 186 | 44 801 223 |
| Derivatives | -2 862 097 | -8 379 734 |
| Total | 57 148 088 | 36 405 610 |
| Lending to customers | 57 614 996 | 36 082 642 |
| Substitute collateral | 4 656 028 | 2 371 272 |
| Total | 62 271 024 | 38 453 914 |
| | | |
| Asset-coverage | 109,0 % | 105,6 % |

The asset coverage is calculated according to the Financial Services Act § 2-31. This results in a deviation in relation to the amounts on the balance sheet because, among other things, the total amount of lending to customers is curtailed due to defaulted loans and loans with substantial change in loan to value exceeding 75% in addition to the fact that market value is utilised on bonds in the cover pool.

POOL 2

| NOK 1 000 | 2009 | 2008 |
|-----------------------|------------|--------|
| Covered bonds issued | 18 100 000 | 0 |
| Derivatives | -22 823 | 0 |
| Total | 18 077 177 | 0 |
| Lending to customers | 16 682 972 | 0 |
| Substitute collateral | 522 782 | 0 |
| Own bonds | 1 013 000 | 0 |
| Total | 18 218 755 | 0 |
| | | |
| Asset-coverage | 100,8 % | 0,00 % |

The asset coverage is calculated according to the Financial Services Act § 2-31. This results in a deviation in relation to the amounts on the balance sheet because, among other things, the total amount of lending to customers is curtailed due to defaulted loans and loans with substantial change in loan to value exceeding 75% in addition to the fact that market value is utilised on bonds in the cover pool.

NOTE 12 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital consists of 21 105 482 at a par value of NOK 100

| List of shareholders as of 31.12.09 | No. of shares | Unreg. issue | Stake | Share of votes |
|-------------------------------------|---------------|--------------|---------|----------------|
| SpareBank 1 SR-Bank | 7 128 135 | 945 668 | 33,77 % | 33,77 % |
| SpareBank 1 SMN | 4 256 940 | 564 755 | 20,17 % | 20,17 % |
| SpareBank 1 Nord-Norge | 3 229 623 | 428 464 | 15,30 % | 15,30 % |
| SpareBank 1 Buskerud Vestfold | 1 286 914 | 170 731 | 6,10 % | 6,10 % |
| Sparebanken Hedmark | 1 147 459 | 152 230 | 5,44 % | 5,44 % |
| Rygge-Vaaler Sparebank | 714 753 | 94 824 | 3,39 % | 3,39 % |
| Bank 1 Oslo AS | 593 176 | 78 695 | 2,81 % | 2,81 % |
| Sparebanken Telemark | 496 845 | 65 915 | 2,35 % | 2,35 % |
| SpareBank 1 Nordvest | 399 924 | 53 057 | 1,89 % | 1,89 % |
| Sparebanken Jevnaker Lunner | 332 595 | 44 124 | 1,58 % | 1,58 % |
| Sparebanken Volda Ørsta | 300 067 | 39 809 | 1,42 % | 1,42 % |
| Kvinnherad Sparebank | 236 429 | 31 366 | 1,12 % | 1,12 % |
| Ringerikes Sparebank | 206 737 | 27 427 | 0,98 % | 0,98 % |
| Nøtterø Sparebank | 201 298 | 26 706 | 0,95 % | 0,95 % |
| SpareBank 1 Hallingdal | 193 137 | 25 623 | 0,92 % | 0,92 % |
| Lom og Skjåk Sparebank | 92 964 | 12 333 | 0,44 % | 0,44 % |
| Modum Sparebank | 91 911 | 12 194 | 0,44 % | 0,44 % |
| SpareBank 1 Gudbrandsdal | 69 866 | 9 269 | 0,33 % | 0,33 % |
| Halden Sparebank | 69 698 | 9 247 | 0,33 % | 0,33 % |
| Sparebanken Hardanger | 57 011 | 7 563 | 0,27 % | 0,27 % |
| Total | 21 105 482 | 2 800 000 | 100 % | 100 % |

NOTE 13 COMPUTER SYSTEMS AND SOFTWARE

| NOK 1 000 | Computer systems and software |
|---|----------------------------------|
| Acquisition cost 01.01.08 | 17 217 |
| Acquisitions | 306 |
| Disposals | 0 |
| Acquisition cost as of 31.12.08 | 17 523 |
| Accumulated depreciation and write-downs 01.01.08 | 7 829 |
| Periodical depreciation | 5 805 |
| Periodical write-down | 0 |
| Disposal ordinary depreciation | 0 |
| Accumulated depreciation and write-downs 31.12.08 | 13 634 |
| Book value as of 31.12.08 | 3 890 |
| Acquisition cost 01.01.09 | 17 523 |
| Acquisitions | 4 090 |
| Disposals | |
| Acquisition cost as of 31.12.09 | 21 613 |
| Accumulated depreciation and write-downs 01.01.09 | 13 634 |
| Periodical depreciation | 4 112 |
| Periodical write-down | 0 |
| Disposal ordinary depreciation | 0 |
| Accumulated depreciation and write-downs 31.12.09 | 17 746 |
| Book value as of 31.12.09 | 3 867 |
| Financial lifespan | 3 years |
| Depreciation schedule | linear |

NOTE 14 OTHER ASSETS

| NOK 1 000 | 2009 | 2008 |
|---|---------|--------|
| Accrued, not yet received interest | 198 115 | 66 098 |
| Claims against SpareBank 1 Næringskreditt | 4 690 | 0 |
| Other | 3 | 7 |
| Total | 202 809 | 66 104 |

NOTE 15 LENDING TO CUSTOMERS

| NOK 1 000 | 2009 | 2008 |
|--|------------|------------|
| Flexible loans - retail market | 31 186 607 | 16 125 848 |
| Amortising loans - retail market | 43 170 396 | 20 076 723 |
| Total loans before specified and unspecified loss provisions | 74 357 003 | 36 202 572 |
| Specified loan loss provisions | 0 | 0 |
| Grouped loan loss provisions | 3 366 | 3 000 |
| Total net loans and claims with customers | 74 353 637 | 36 199 572 |
| Liability | | |
| Undrawn amounts on flexible loans | 8 213 816 | 4 255 355 |
| Total | 8 213 816 | 4 255 355 |
| Defaulted loans | | |
| Defaults* | 0 | 2 156 |
| Specified loan loss provisions | 0 | 0 |
| Net defaulted loans | 0 | 2 156 |
| Other loans at risk of loss | | |
| Loans not defaulted but at risk of loss | 0 | 0 |
| - Individual depreciation other loans at risk of loss | 0 | 0 |
| Net other loans at risk of loss | 0 | 0 |

| Loans sorted according to geography | | | | | |
|-------------------------------------|------------------|------------|-----------------|------------|-----------------|
| NOK 1 000 | | Loans 2009 | Loans 2009 in % | Loans 2008 | Loans 2008 in % |
| NO01 | Østfold | 2 069 601 | 2,78 % | 1 068 581 | 2,95 % |
| NO02 | Akershus | 4 370 545 | 5,88 % | 1 914 751 | 5,29 % |
| NO03 | Oslo | 3 211 034 | 4,32 % | 1 424 854 | 3,94 % |
| NO04 | Hedmark | 4 094 875 | 5,51 % | 1 611 704 | 4,45 % |
| NO05 | Oppland | 1 463 530 | 1,97 % | 720 658 | 1,99 % |
| NO06 | Buskerud | 3 203 737 | 4,31 % | 1 917 850 | 5,30 % |
| NO07 | Vestfold | 2 484 775 | 3,34 % | 1 221 115 | 3,37 % |
| NO08 | Telemark | 1 558 389 | 2,10 % | 897 452 | 2,48 % |
| NO09 | Aust Agder | 453 128 | 0,61 % | 167 647 | 0,46 % |
| NO10 | Vest Agder | 2 215 621 | 2,98 % | 779 728 | 2,15 % |
| NO11 | Rogaland | 20 847 892 | 28,04 % | 10 779 866 | 29,78 % |
| NO12 | Hordaland | 1 866 280 | 2,51 % | 807 051 | 2,23 % |
| NO14 | Sogn og Fjordane | 38 176 | 0,05 % | 20 691 | 0,06 % |
| NO15 | Møre og Romsdal | 3 951 138 | 5,31 % | 1 939 203 | 5,36 % |
| NO16 | Sør Trøndelag | 7 698 009 | 10,35 % | 3 809 189 | 10,52 % |
| NO17 | Nord Trøndelag | 4 617 038 | 6,21 % | 1 954 582 | 5,40 % |
| NO18 | Nordland | 3 983 341 | 5,36 % | 1 767 997 | 4,88 % |
| NO19 | Troms | 4 477 011 | 6,02 % | 2 468 935 | 6,82 % |
| NO20 | Finnmark | 1 710 766 | 2,30 % | 912 234 | 2,52 % |
| | Svalbard | 38 750 | 0,05 % | 15 483 | 0,04 % |
| Total | | 74 353 637 | 100,0 % | 36 199 572 | 100,0 % |

*The client's total engagement 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 flexible loans are exceeded for 90 days or more

NOTE 16 FINANCIAL DERIVATIVES

| NOK 1 000 | Contract amount | Fair value | | Distributed into | |
|-----------------------------------|-------------------|------------------|-------------|-------------------|--------------------|
| | | Assets | Liabilities | Cash-flow hedging | Fair value hedging |
| <i>Hedging 2009</i> | | | | | |
| Interest Derivatives | | | | | |
| Interest rate swaps | 64 227 432 | 1 434 363 | | | 64 227 432 |
| Basis swaps | 35 453 350 | 1 450 557 | | | 35 453 350 |
| Total interest derivatives | 99 680 782 | 2 884 920 | | | 99 680 782 |
| <i>Hedging 2008</i> | | | | | |
| Interest Derivatives | | | | | |
| Interest rate swaps | 36 580 240 | 1 481 891 | | | 36 580 240 |
| Basis swaps | 27 601 500 | 6 897 843 | | | 27 601 500 |
| Total interest derivatives | 64 181 740 | 8 379 734 | | | 64 181 740 |

All derivative contracts done by the company are for the purpose of hedging.

NOTE 17 CAPITAL ADEQUACY

New capital adequacy regulations were introduced in Norway as of 1 January 2007 (Basle II) SpareBank 1 Boligkreditt has been granted permission from the Norwegian Financial Supervisory Authority to use the Internal Rating Base Approach (IRB) for credit risk from the 2nd quarter of 2009 onwards. Transitional rules are given by regulation from the Norwegian Financial Supervisory Authority whereby the use of the IRB-approach will not have full effect of reduced regulatory capital requirements until 2012. In 2009 permission is given for a reduction in risk-weighted basis of calculation of 20% of the old capital adequacy regulation (Basle I). For SpareBank 1 Boligkreditt these transitional rules implies that the company's assets now have a higher risk-weighting that under the standard method (in Basel II).

| Subordinated capital in NOK 1 000 | 2009 | 2008 |
|---|------------------|------------------|
| Share capital | 2 110 548 | 1 090 548 |
| Premium share fund | 1 057 922 | 547 922 |
| Other equity capital | 429 926 | 39 371 |
| Profit/loss | 84 119 | 0 |
| Total equity capital entered into the balance sheet | 3 682 515 | 1 677 841 |
| Intangible assets | -3 867 | -13 751 |
| Purposed for share dividend | -93 231 | -29 445 |
| 50% deduction of expected losses exceeding loss provisions IRB | -29 925 | 0 |
| Core capital | 3 555 492 | 1 634 645 |
| Supplementary capital | 0 | 0 |
| 50% deduction of expected losses exceeding loss provisions IRB | -29 925 | 0 |
| Total subordinated capital | 3 525 568 | 1 634 645 |
| | | |
| Minimum requirements for subordinated capital according to Basle II i NOK 1 000 | 2009 | 2008 |
| Credit risk | 790 872 | 1 248 764 |
| Market risk | 0 | 0 |
| Operational risk | 7 158 | 4 426 |
| Depreciation on groups of loans | 0 | -240 |
| Difference in capital requirement resulting from transitional period 2007-2009 | 1 844 855 | 0 |
| Minimum requirement subordinated capital | 2 642 885 | 1 252 950 |
| | | |
| Capital adequacy | | |
| <i>in NOK 1 000</i> | 2009 | 2008 |
| Core capital ratio (%) | 10,76 % | 10,44 % |
| Subordinated capital ratio (%) | 10,67 % | 10,44 % |

NOTE 18 RELATED PARTIES

Transactions with related parties

The company has 74 757 MNOK loans to customers. These are acquired from shareholder banks at market value.

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

In addition the company has management agreements regarding the banks servicing the individual customers.

Amounts of loans and receivables with related parties

| NOK 1 000 | 2009 | | 2008 | |
|--|--------------------|----------------------|--------------------|----------------------|
| Loans to and receivables from credit institutions | Outstanding | Interest rate | Outstanding | Interest rate |
| SpareBank 1 SR-Bank | 2 933 265 | 3 mnd NIBOR | 2 226 014 | 3 mnd NIBOR |
| SpareBank 1 SMN | 933 204 | 3 mnd NIBOR | 2 033 683 | 3 mnd NIBOR |
| SpareBank 1 Nord-Norge | 1 934 118 | 3 mnd NIBOR | 2 033 816 | 3 mnd NIBOR |
| Total | 5 800 587 | | 6 293 513 | |

NOTE 19 EQUITY

| NOK 1 000 | Share capital | Premium share fund | Other contrib. equity | Purposed dividend | Other equity capital | Total equity capital |
|--|------------------|--------------------|-----------------------|-------------------|----------------------|----------------------|
| Equity capital as of 01.01.09 | 1 090 548 | 547 922 | | | 39 371 | 1 677 841 |
| Changes in the period | | | | | | |
| Share increase 11. February 2009 | 170 000 | 85 000 | | | | 255 000 |
| Share increase 4. June 2009 | 170 000 | 85 000 | | | | 255 000 |
| Share increase 19. August 2009 | 280 000 | 140 000 | | | | 420 000 |
| Share increase 14. September 2009 | 400 000 | 200 000 | | | | 600 000 |
| Share increase 20. November 2009, not reg. | | | 420 000 | | | 420 000 |
| Share dividend 2008 | | | | | -29 445 | -29 445 |
| Result for the period | | | | 93 231 | -9 112 | 84 119 |
| Equity capital 31.12.09 | 2 110 548 | 1 057 922 | 420 000 | 93 231 | 814 | 3 682 515 |

The share increase from 20.11.2009 of NOK 420 000 000 was not registered in the Register of Business Enterprises as of 31.12.2009. This capital is included as other contributed equity.

NOTE 20 SALARIES AND OTHER REMUNERATION OF THE MANAGEMENT

| 2009 | | | |
|--|------------|--------------------|---------|
| NOK 1 000 | Salary/Fee | Other remuneration | Pension |
| Chief Executive Officer | | | |
| Per Skibeli | 1 702 | 142 | 1 041 |
| The Board of Directors | | | |
| Kjell Fordal | 130 | 0 | 0 |
| Merete N. Kristiansen | 50 | 0 | 0 |
| Hilde Vatne | 50 | 0 | 0 |
| Stig-Arne Engen | 50 | 0 | 0 |
| Rannveig Sofie Stangeland | 38 | 0 | 0 |
| Inger Marie Stordal Eriksen | 50 | 0 | 0 |
| Lisbet Karin Nærø | 50 | 0 | 0 |
| Tore Anstein Dobloug | 50 | 0 | 0 |
| Bjørn R Engaas | 50 | 0 | 0 |
| Inglen Haugland | 4 | 0 | 0 |
| Total for the Board of Directors | 521 | 0 | 0 |
| The Control Committee | | | |
| Ola Neråsen | 20 | 0 | 0 |
| Kjersti Hønstad | 14 | 0 | 0 |
| Brigitte Ninauve | 14 | 0 | 0 |
| Ivar Listerud | 14 | 0 | 0 |
| Total for the Control Committee | 62 | 0 | 0 |
| The Committee of Representatives | | | |
| Harald Indresøvde | 15 | 0 | 0 |
| Sveinung Hestnes | 3 | 0 | 0 |
| Guðrun Michelsen | 3 | 0 | 0 |
| Kjersti Hønstad | 3 | 0 | 0 |
| Elisabeth Johansen | 3 | 0 | 0 |
| Total for the Committee of Representatives | 26 | 0 | 0 |

| 2008 | | | |
|--|------------|--------------------|---------|
| NOK 1 000 | Salary/Fee | Other remuneration | Pension |
| Chief Executive Officer | | | |
| Per Skibeli | 1 704 | 158 | 721 |
| The Board of Directors | | | |
| Eldar Mathisen | 130 | 0 | 0 |
| Kjell Fordal | 50 | 0 | 0 |
| Rannveig Sofie Stangeland | 50 | 0 | 0 |
| Hilde Vatne | 50 | 0 | 0 |
| Merete Nygaard Kristiansen | 50 | 0 | 0 |
| Inger Marie Stordal Eriksen | 50 | 0 | 0 |
| Stig-Arne Engen | 50 | 0 | 0 |
| Kåre Johan Osen | 50 | 0 | 0 |
| Rolf Fridtjov Aarsheim | 50 | 0 | 0 |
| Total for the Board of Directors | 530 | 0 | 0 |
| The Control Committee | | | |
| Ivar Listerud | 20 | 0 | 0 |
| Ola Neråsen | 14 | 0 | 0 |
| Brigitte Ninauve | 14 | 0 | 0 |
| Kjersti Hønstad | 14 | 0 | 0 |
| Total for the Control Committee | 62 | 0 | 0 |
| The Committee of Representatives | | | |
| Harald Indresøvde | 15 | 0 | 0 |
| Elisabeth Johansen | 3 | 0 | 0 |
| Lisbet Karin Nærø | 3 | 0 | 0 |
| Hans Kjensjord | 3 | 0 | 0 |
| Total for the Committee of Representatives | 23 | 0 | 0 |

NOTE 21 TAXES

| NOK 1 000 | 2009 | 2008 |
|--|---------|---------|
| Tax payable | 23 536 | 22 184 |
| Change in deferred tax relief | 16 066 | -9 873 |
| Insufficient/excessive tax allocation previously in the period* | -6 950 | 12 |
| Tax expense | 32 652 | 12 323 |
| *Corrected shift between deferred tax and payable tax on the balance sheet last year | | |
| Temporary differences as of 31.12 | | |
| Fixed assets | 3 | -8 |
| Net unrealised losses | 23 198 | -34 590 |
| Pension | -1 041 | -620 |
| Change from last year | 0 | -42 |
| Total temporary differences that affects the tax base | 22 160 | -35 218 |
| Tax deficit to be carried forward | 0 | 0 |
| Total temporary differences that affects the tax base | 0 | 0 |
| Net tax reducing temporary differences | 22 160 | 0 |
| Net tax increasing temporary differences | 0 | -35 218 |
| Net deferred tax benefit (-) / deferred tax (+) | 6 205 | -9 861 |
| Assets - deferred tax | 0 | -9 861 |
| Liabilities - deferred tax | 6 205 | 0 |
| Reconciliation tax expense | | |
| 28% of pre-tax profit/loss | 32 696 | 12 294 |
| Permanent differences (28%) | -32 | 17 |
| Insufficient/excessive purposed tax this year | -12 | 12 |
| Calculated tax expense | 32 652 | 12 323 |
| Effective tax rate | 27,86 % | 28,07 % |

NOTE 22 LIABILITIES INCURRED BY ISSUING SECURITIES

| | Nominal value | Nominal value |
|---|---------------|---------------|
| NOK 1 000 | 2009 * | 2008 * |
| Certificates and other short term liabilities | 0 | 500 000 |
| Covered bonds | 75 221 670 | 36 387 170 |
| Withdrawn from the swap facility | 14 864 778 | 0 |
| Bonds deposited in the swap facility | -18 100 000 | 0 |
| Bonds | 3 475 000 | 0 |
| Own bonds | -574 006 | -77 990 |
| Total liabilities incurred by issuing securities | 74 887 442 | 36 809 180 |
| | | |
| | Book value | Book value |
| NOK 1 000 | 2009 | 2008 |
| Certificates and other short term liabilities | 0 | 500 000 |
| Covered bonds | 78 110 895 | 44 901 016 |
| Withdrawn from the swap facility | 14 885 658 | 0 |
| Bonds deposited in the swap facility | -18 100 000 | 0 |
| Bonds | 3 474 800 | 0 |
| Own bonds | -627 829 | -101 225 |
| Costs incurred by issuing debt onto the balance sheet | -22 225 | -14 448 |
| Total liabilities incurred by issuing securities | 77 721 299 | 45 285 344 |

Liabilities incurred by issuing securities according to maturity (nominal value)

| Year | ISIN nr | Issuance | Maturity | Interest rate type | 2009 | 2008 |
|-------|-----------------------------------|----------|----------|--------------------|------------|------------|
| 2009 | | | | | | 2 500 000 |
| 2010 | XS0323446665 | 01-10-07 | 01-10-10 | Fixed | 11 698 500 | 11 698 500 |
| 2010 | Own bonds | | | | -574 006 | -77 990 |
| 2010 | Treasury bills from swap facility | 26-08-09 | 18-12-13 | Floating | 5 132 380 | |
| 2010 | Treasury bills from swap facility | 09-09-09 | 18-12-13 | Floating | 3 162 555 | |
| 2010 | Treasury bills from swap facility | 21-09-09 | 18-06-14 | Floating | 6 569 843 | |
| 2011 | NO0010496359 | 23-02-09 | 23-03-11 | Floating | 1 475 000 | |
| 2011 | XS0350301668 | 04-03-08 | 15-06-11 | Fixed | 7 888 000 | 7 888 000 |
| 2011 | NO0010542616 | 30-09-09 | 30-09-11 | Floating | 2 000 000 | |
| 2012 | NO0010441652 | 25-06-08 | 25-06-12 | Fixed | 800 000 | 800 000 |
| 2012 | XS0470740969 | 03-12-09 | 03-12-12 | Fixed | 8 384 500 | |
| 2013 | NO0010480452 | 16-12-08 | 15-02-13 | Floating | 3 000 000 | 3 000 000 |
| 2013 | XS0386753031 | 10-09-08 | 10-09-13 | Fixed | 8 015 000 | 8 015 000 |
| 2013 | NO0010467491 | 10-10-08 | 31-10-13 | Fixed | 300 000 | 300 000 |
| 2014 | NO0010492333 | 17-02-09 | 25-08-14 | Floating | 7 000 000 | |
| 2014 | NO0010534340 | 20-08-09 | 22-05-14 | Floating | 15 000 | |
| 2014 | NO0010540578 | 17-09-09 | 17-09-14 | Floating | 998 000 | |
| 2014 | NO0010534340 | 20-08-09 | 22-05-14 | Floating | 9 535 000 | |
| 2014 | NO0010540578 | 17-09-09 | 17-09-14 | Floating | 7 552 000 | |
| 2014 | NO0010534340 | 20-08-09 | 22-05-14 | Floating | -9 550 000 | |
| 2014 | NO0010540578 | 17-09-09 | 17-09-14 | Floating | -8 550 000 | |
| 2015 | NO0010520365 | 11-06-09 | 11-06-15 | Floating | 7 350 000 | |
| 2017 | NO0010464694 | 07-10-08 | 16-10-17 | Fixed | 1 500 000 | 1 500 000 |
| 2018 | NO0010441454 | 18-06-08 | 28-06-18 | Fixed | 500 000 | 500 000 |
| 2018 | NO0010441578 | 25-06-08 | 26-06-18 | Fixed | 200 000 | 200 000 |
| 2019 | N-note | 18-09-08 | 18-09-19 | Fixed | 485 670 | 485 670 |
| Total | | | | | 74 887 442 | 36 809 180 |

Liabilities sorted by currency (book value at year-end)

| NOK 1 000 | 2009 | 2008 |
|-----------|------------|------------|
| NOK | 38 549 136 | 9 042 271 |
| EUR | 39 172 163 | 36 243 073 |
| Totalt | 77 721 299 | 45 285 344 |

*Amounts show nominal at exchange rate (EUR/NOK) at time of issuance and thus differ from amounts in balance which are entered at amortised cost.

NOTE 23 OTHER LIABILITIES

| NOK 1 000 | 2009 | 2008 |
|---|---------|---------|
| Employees tax deductions and other deductions | 355 | 310 |
| Employers national insurance contribution | 235 | 179 |
| Accrued holiday allowance | 559 | 420 |
| Accrued interest | 301 542 | 325 678 |
| Commission due to banks for loans provided | 499 272 | 104 612 |
| Deposits | 2 151 | 1 229 |
| Pension liabilities | 1 041 | 620 |
| Other accrued costs | 2 108 | 2 960 |
| Total | 807 262 | 436 007 |

The company does not have an overdraft facility or a revolving credit facility as of 31.12.09.

NOTE 24 CREDIT RISK

| Amounts in mNOK | 2009 | 2008 |
|---|--------|--------|
| Loans to and deposits with credit institutions | 5 801 | 6 294 |
| Government certificates | 0 | 1 900 |
| Bonds | 987 | 473 |
| Financial derivatives | 2 885 | 8 380 |
| Loans to customers | 74 354 | 36 203 |
| Total assets | 84 027 | 53 250 |
| Unused credit on flexible loans | 8 214 | 4 255 |
| Received collateral in relation to derivative contracts | -1 992 | -5 905 |
| Total credit exposure | 90 249 | 51 600 |

Loans to and deposits with credit institutions

SpareBank 1 Boligkreditt only has deposits with financial institutions rated A/A2 or higher.

Bonds and certificates

| Rating class | 2009 |
|---------------------|-------------------------|
| AAA/Aaa | Government Certificates |
| | Financial institutions |
| | Total |
| AA+/Aa1 til AA-/Aa3 | Financial institutions |
| | Total |
| Total | 987 |

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 A/A2 or higher. 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 lending and debt to credit institutions.

Lending to customers

SpareBank 1 Boligkreditt will only purchase loans from the shareholder banks that have a high servicing capacity and low loan to value (less than 75%). This implies that the loans bought by the company are in lower risk groups. The company utilises the same risk classification as the other banks in the SpareBank 1 Alliance. Given below is an overview that shows how loans are allocated over risk groups. Allocation onto risk groups is based on expected loss for each individual loan.

Definition of risk groups - based on expected loss

| Risk group | Lower limit | Upper limit | Total engagement |
|------------|-------------|-------------|------------------|
| Lowest | 0,00 % | 0,0165 % | 80 096 |
| Low | 0,0165 % | 0,34 % | 1 327 |
| Medium | 0,34 % | 2,15 % | 0 |
| High | 2,15 % | 2,50 % | 0 |
| Very high | 2,50 % | 100,00 % | 0 |
| Default | | | 0 |
| Total | | | 81 423 |

NOTE 25 MARKET RISK ASSOCIATED WITH 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 flexible interest rate that can be changed after a 6 week notice period, flexible interest rate terminable deposits, funding from the Norwegian and international money markets, and of issued bonds and securities. The interest rate on the various bonds and securities varies from a floating interest rate (fixed period of maximum 3 months) to a fixed interest rate. 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 in NOK or other currencies to within a 3 months floating rate. In SpareBank 1 Boligkreditt the interest rate sensitivity is calculated as dollar duration on a 100 basis points parallel change in the interest rate curve.

| Sensitivity of new interest rate expense in NOK 1000 | | | |
|--|------------------------|--------|--------|
| Currency | Change in basis points | 2009 | 2008 |
| NOK | 100 | 33 239 | 16 986 |

NOTE 26 MARKET RISK ASSOCIATED WITH EXCHANGE RATE RISK

The exchange rate risk is the risk of a negative profit effect due to changes in the exchange rate. The balance sheet of SpareBank 1 Boligkreditt consists in essence of loans to retail clients in NOK, terminable deposits in NOK, and funding sourced from the Norwegian and international money markets or by issuing bonds and certificates in NOK or EUR. By the end of the year SpareBank 1 Boligkreditt had borrowed EUR 4.6 billion. In accordance with the Norwegian legislation applicable to covered bonds and internal guidelines, SpareBank 1 Boligkreditt hedges all exchange rate risk by utilising currency swaps so that the risk related to changes in the exchange rate is eliminated. In SpareBank 1 Boligkreditt the exchange rate risk (sensitivity) is calculated by adding up the company's net exposure to changes in the various exchange rates. By the end of the year SpareBank 1 Boligkreditt had no net exposure in any other currency than NOK.

| Net exchange rate exposure in NOK 1 000 | | |
|---|-------------|-------------|
| Currency | 2009 | 2008 |
| EUR | | |
| - Bank deposits | 13 158 | 60 448 |
| - Bonds * | -39 172 121 | -36 358 745 |
| - Derivatives | 38 130 015 | 35 767 041 |
| - Bonds as assets * | 1 036 887 | 528 089 |
| Total | 7 939 | -3 168 |

*Net accounting of the purchase of own issued bonds is not considered in these records.

NOTE 27 CONTINGENCIES

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

NOTE 28 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 31.12.2009 this collateral amounted to NOK 1 992 031 779. This amount is included in the balance sheet as a deposit, but represents restricted cash.

NOTE 29 CLASSIFICATION OF FINANCIAL INSTRUMENTS

| | Financial instruments accounted at fair value * | Financial assets and debt accounted at amortised cost | Financial assets held to maturity | Non-financial assets and liabilities | 2009 |
|--|---|---|-----------------------------------|--------------------------------------|-------------|
| NOK 1 000 | | | | | |
| Assets | | | | | |
| Other intangible assets | | | | 3 867 | 3 867 |
| Other assets | | | | 202 809 | 202 809 |
| Treasury bills | | | | | 0 |
| Bonds | | | 987 030 | | 987 030 |
| Lending to and deposits with credit institutions | | 5 800 587 | | | 5 800 587 |
| Lending to customers | | 74 353 637 | | | 74 353 637 |
| Financial derivatives | 2 884 920 | | | | 2 884 920 |
| Total Assets | 2 884 920 | 80 154 224 | 987 030 | 206 676 | 84 232 850 |
| Liabilities | | | | | |
| Deferred taxes | | | | -6 205 | -6 205 |
| Covered bonds | -56 896 499 | -17 350 000 | | | -74 246 499 |
| Debt incurred by issuing securities | | -3 474 800 | | | -3 474 800 |
| Debt to credit institutions | | -1 992 032 | | | -1 992 032 |
| Financial derivatives | | | | | 0 |
| Tax payable | | | | -23 536 | -23 536 |
| Other liabilities | | | | -807 262 | -807 262 |
| Total liabilities | -56 896 499 | -22 816 832 | 0 | -837 003 | -80 550 334 |
| | | | | | |
| Total equity | | | | -3 682 516 | -3 682 516 |
| | | | | | |
| Total liabilities and equity | -56 896 499 | -22 816 832 | 0 | -4 519 519 | -84 232 850 |

*Accounted at fair value with respect to interest rate

NOTE 30 FINANCIAL INSTRUMENTS AT FAIR VALUE

Procedures 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 basis swaps

Valuation of interest rate swaps at fair value is done through discounting future cash flows to their present values. For the calculation of expected cash flows and their discounting observable market interest rates are used.

Bonds

Valuation of bonds at fair value is done through discounting future cash flows to present value. Risk free interest rate is deduced from the market for loans between banks with low credit risk.

Effective from 1 Jan 2009 SpareBank 1 Boligkreditt has implemented changes in IFRS 7 regarding financial instruments value at fair value. These changes also require a presentation of the valuations at each level for deciding the fair value:
- 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) 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 December 2009

| NOK 1 000 | Level 1 | Level 2 | Level 3 | Total |
|-----------------------|---------|-------------|---------|-------------|
| Financial derivatives | 0 | 2 884 920 | 0 | 2 884 920 |
| Total assets | 0 | 2 884 920 | 0 | 2 884 920 |
| | | | | |
| Bonds | 0 | -56 896 499 | 0 | -56 896 499 |
| Total liabilities | 0 | -56 896 499 | 0 | -56 896 499 |

SPAREBANK 1 BOLIGKREDITT AS

DECLARATION FROM THE BOARD OF DIRECTORS
AND THE CHIEF EXECUTIVE OFFICER

Today the Board of Directors and the Chief Executive Officer have assessed and approved the financial accounts of SpareBank 1 Boligkreditt AS for 2009. The accounts have been prepared in accordance with the “International Financial Reporting Standards” (IFRS) as determined by the EU.

The Board of Directors and the Chief Executive Officer hereby confirm that, to the best of their knowledge, the annual accounts for 2009 are prepared in accordance with current accounting standards and that the information in the accounts gives a true and fair view of the company's assets, liabilities and overall financial position as of 31.12.09.

The Board of Directors and the Chief Executive Officer declare that, to the best of their knowledge, the annual report gives a true and fair rendition of the company's development, results and overall financial position along with an account of the most important risk and uncertainty factors encountered by the company.

3 February 2010

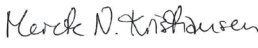
The Board of Directors of SpareBank 1 Boligkreditt AS



Kjell Fordal


Lisbet K Næør


Tore Anstein Dobloug
Chair of the Board


Merete Eik


Merete Nygaard Kristiansen


Per Skibeli
Chief Executive Officer

SPAREBANK 1 BOLIGKREDITT AS

THE CONTROL COMMITTEE'S STATEMENT FOR 2009

The Committee is assigned to make a statement to the Committee of representatives and the General Meeting on the annual report and accounts and advice on whether or not the income statement and the balance sheet should be approved as the company's accounts.

The Control Committee has performed its duties in accordance with the legal framework and instructions to the committee.

The Control Committee has examined the proposal on the annual report and accounts by the Board of Directors and the auditor's statement.

With reference to the auditor's statement, the Control committee recommends that the income statement and balance sheet are adopted as the accounts of SpareBank 1 Boligkreditt AS for 2009.

Oslo, 16 February 2010


Ola Neråsen


Kjersti Hønstad


Ivar Listerud


Brigitte Ninauve

Deloitte.

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of SpareBank 1 Boligkreditt AS

AUDITOR'S REPORT FOR 2009

We have audited the annual financial statements of SpareBank 1 Boligkreditt AS as of 31 December 2009, showing a profit of NOK 84.119.000. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. International Financial Reporting Standards as adopted by the EU have been applied to prepare the financial statements. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We have conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and generally accepted auditing practice, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as of 31 December 2009, and the results of its operations, its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the Company's management has fulfilled its duty to see to proper and well arranged recording and documentation of accounting information in accordance with law and generally accepted bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit, is consistent with the financial statements and complies with law and regulations.

Stavanger, 3. February 2010
Deloitte AS

Svein Sivertsen
State Authorised Public Accountant (Norway)

Audit • Tax & Legal • Consulting • Financial Advisory •

Org.nr.: 980 211 282

Member of
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