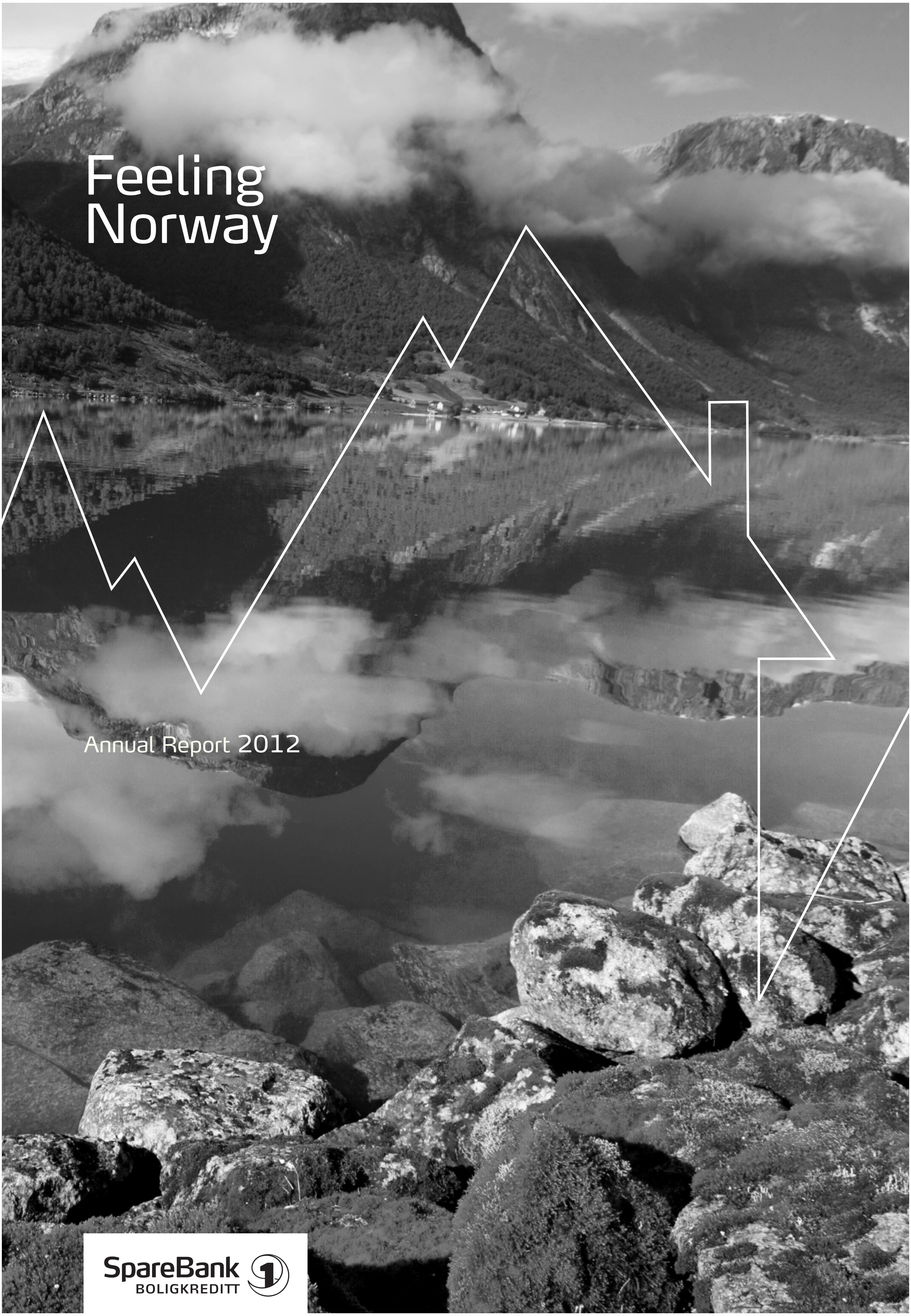
Feeling Norway

Annual Report 2012



SpareBank 1 BOLIGKREDITT

SpareBank 1 Boligkreditt AS

Financial statement 2012

Table of Contents Page

SpareBank 1 Boligkreditt AS – Annual Report of the Board of Directors

Central Events in 2012

In 2012 SpareBank 1 Boligkreditt has again enjoyed good availability of debt capital markets funding and the cost of our funding has declined significantly over the course of the year. The main drivers for this development can be found in the large injections of liquidity from central banks and that the Norwegian economy is continuing its strong performance with an absence of any national debt problems in Norway in contrast to for example many countries within the Eurozone. This forms the basis for a strong demand for Norwegian Covered Bonds. Consequently we can state that the Company is enjoying access to a large and diversified investor base. SpareBank 1 Boligkreditt AS (the "Company" or "Boligkreditt") has transacted in total four benchmark transactions in EUR and USD during the year. In addition we have issued a meaningful amount of NOK denominated covered bonds in Norway.

Towards the end of 2011 Finanstilsynet (the Financial Services Authority of Norway) introduced stricter guidelines for granting mortgage loans by Norwegian banks. A general limit of 85% loan-to-value was set, including a maximum 70% loan-to-value limit for mortgage loans without a repayment plan. These guidelines have manifested themselves during the year and have contributed to increasingly restrictive lending conditions.

The recent proposal from the Ministry of Finance regarding increasing risk weights for residential mortgages on Norwegian banks' balance sheets to 35% could, if passed as legislation, result in a more constrained mortgage market. Norwegian covered bonds are priced at attractive levels, which results in relatively modest funding costs. In addition there is an increasing possibility for increasing customer mortgage rates in 2013. In total this should point to continued relative high margins on residential mortgages. We do not expect that the introduction of the 35% risk weight for mortgages will have a material effect on the capital requirements for SpareBank 1 Boligkreditt AS, because the Company which balance sheet is dominated by residential mortgages is today subject to the transitional rule from Basel I to Basel II. This transitional rule puts a floor under the risk weights at 80% of the level which would have applied under the Basel I regime, or in effect a 40% risk weight for mortgages.

Finanstilsynet made its views public in October 2012 that it was considering introducing a form of issuer cap or limitation for the issuance of covered bonds in Norway. SpareBank 1 Boligkreditt AS has purchased less than 45% of the total mortgage volume originated across all the banks in the SpareBank 1 Alliance and we therefore believe that the Company will continue to function as an important source of funding for its ownership banks, even with a potential ruling on covered bond issuance limits.

For the year as a whole the Company's lending to mortgage customers increased by NOK 33.2 billion, reaching NOK 160.2 billion at year-end 2012.

The nature and development of the Company's business

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

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

Boligkreditt’s owners receive a commission from the Company which is accounted for as a deduction in interest revenues in Boligkreditt’s P&L. The commission is individual per ownership bank and is determined as the difference between interest received on that part of the mortgage portfolio purchased from the bank and the funding costs of Boligkreditt, less a deduction for operating costs.

The ownership banks have further agreed to support Boligkreditt’s capital in the case of sufficiently adverse credit events and impacts on the level of capital. Potential losses on individual mortgages can first be offset against one annual calendar year’s worth of commission due to the bank from which the mortgages originated which caused the loss. A deduction can also be made in the case where the margin on an individual bank’s portfolio is less than 10 basis points. Cash representing commissions is retained on Boligkreditt’s balance sheet for 18 months in order to determine if any loss has ocurred. Other liabilities which Boligkreditt owes its ownership banks may also be used to off-set such amounts. As a second measure the Alliance banks have committed themselves to support a minimum core Tier 1 capital ratio in Boligkreditt of 9%. The commitment is pro rata based on each bank’s shareholding in the Company. Secondly, it is a joint and several commitment which is limited upwards to twice each bank’s initial commitment.

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

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

SpareBank 1 Boligkreditt has the intention in 2013 to obtain the ”Covered Bond Label” designation which is a project initiated and maintained by the European Covered Bond Council (ECBC). We expect that the labelling of covered bonds will attain an increasing importance in the market as it is aiming to be a measure of standardisation for what a covered bond is, across European jurisdictions. A central demand for obtaining the Label is that issuers report on their cover pools in accordance with national templates. Boligkreditt adapted to the template with its June 30, 2012 quarterly cover pool report, which now contains for example the effect of a sudden and general decline in real estate prices of 15%.

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

Employees and the working environment

SpareBank 1 Boligkreditt had eight employees as of 31.12.2012. The Company employs six males and two females. SpareBank 1 Boligkreditt AS has a Transfer and Servicing Agreement with each shareholder bank which is handling the customer contact and servicing the mortgage portfolio on behalf of the Company. In addition, the Company purchases a significant amount of its support functions from SpareBank 1 SR-Bank ASA, e.g. accounting, HR and IT functions as well as finance related back-office functions.

The working environment is characterised as good and there is no pollution of the physical environment. There has been 0.13% employee absence recorded in 2012 due to sickness. No workplace accidents which might have resulted in property and/or damage to any persons have occurred or been reported during the year.

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

At the establishment of SpareBank 1 Næringskreditt AS which represents a similar type of business activity to that of SpareBank 1 Boligkreditt AS, it was decided that the two companies will have identical staffing. Of the eight full time employees which in 2012 have been employed in SpareBank 1 Boligkreditt AS, 2.7 full time equivalents have been allocated to SpareBank 1 Næringskreditt AS. The Boards of the two companies have joint meetings, where the members associated with one of the companies take the role of observers when matters of the other Company are discussed.

The financial accounts for 2012

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 186.6 billion vs. NOK 147.7 billion at the end of the previous year. The Company had net interest earned of NOK 185.0 million, including NOK 1,152.6 million earned by the ownership banks and accrued as a cost (commissions) to SpareBank 1 Boligkreditt. The cost of operations was NOK 29.4 million including depreciation. It is provided for a further NOK 2.0 million for loan losses in 2012, in addition to the 5.7 million that was allocated as a group loan loss provision per 31.12.2011. No actual loan losses have occurred. In total the year's result before tax was NOK 347.5 million.

Lending to customers amounted to NOK 160.2 billion at year-end 2012 vs. NOK 127.0 billion at year-end 2011. This business growth is according to expectations. The cash and cash equivalents at 31.12.2012 amounted to NOK 6,036.5 billion. Net cash flow for the year was NOK 2,990.4 billion.

During the year the shareholders' equity increased by NOK 1,890.0 million through ordinary capital calls. Total equity amounted to NOK 7,792.4 million. Equity available for distribution is NOK 146.9 million. The core capital ratio for the Company was 10.57% at year-end according to the present rules for determining core capital.

The Board proposes that out of net income after tax of NOK 250.2 million, NOK 145.9 million is distributed to shareholders which equates to NOK 2.90 per share. After the distribution SpareBank 1 Boligkreditt AS's remaining equity available for distribution is NOK 1.0 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 Company is subject to low levels of risk and places strong emphasis on risk control.

The Company strives to identify, measure, control and manage central sources of risk in such a way that its goals are achieved. SpareBank 1 Boligkreditt has during 2012 worked to develop further risk reporting. In 2009 the Norwegian Financial Authority gave its approval for SpareBank 1 Boligkreditt AS to use the rules according to the IRB approach. Because of the transition rules to Basel II and IRB, the Company is obligated to hold at least 80% of the capital it would have had to hold according to the old Basel I rules. The standard approach of Basel II (as opposed to IRB) would have meant that the amount of capital to be held would have been 70% compared to the Basel I rules. The authorities have postponed complete implementation of Basel II whilst waiting for adjustments in the rules which will be initiated by the Basel committee. If the full effect of the rules according to the IRB method had been in effect, SpareBank 1 Boligkreditt would have had a capital ratio of 34.72% as of 31.12.2012.

Credit Risk

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

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

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

During 2012 the total portfolio of mortgages to customers increased from NOK 127.0 billion to NOK 160.2 billion. The portfolio consists exclusively of mortgages secured with a first lien on residential property. The average size of a mortgage is NOK 1,136,154. The average loan to value is approximately 49% at year-end 2012. No mortgages were above 90 days in arrears as of year-end. The portfolio of mortgages is distributed throughout Norway, with the main concentrations in the regions of Rogaland (25%), Sør-Trøndelag (10%) and Akershus (8%)

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

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

Market Risks

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

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

At the end of the year SpareBank 1 Boligkreditt AS had issued bonds for approximately NOK 68.9 billion (in EUR), NOK 28.2 billion (in USD), NOK 73.3 billion in NOK and 0.2 billion (in SEK) . The foreign currency bonds and NOK bonds with a fixed coupon are hedged by financial swaps or natural hedges, effectively converting all of this debt to a NOK floating rate (3 months NI BOR).

SpareBank 1 Boligkreditt AS owns bonds and treasury bills at year-end for a total of NOK 14.3 billion. Bonds have been issued by financial institutions with a rating of at least A/A2.

The Company had as of 31.12.2012 only moderate interest rate risk and immaterial amounts of currency risk.

Liquidity Risk

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

Liquidity risk is managed based upon a liquidity strategy approved by the Board. According to the strategy, SpareBank 1 Boligkreditt AS shall survive for a minimum of twelve months, also under stressed market conditions, without accessing external financing. In addition the Company shall at any point in time be able to meet its interest payments, including derivatives, which come due in the next three months under a scenario where no interest payments are received from the loan portfolio. At the start of 2013 SpareBank 1 Boligkreditt AS's liquidity situation is characterised as good.

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

Amendments are currently considered for the Norwegian covered bond legislation whereby issuers of covered bonds may see their legal status changed from that of a credit institution to a limited banking company. This change implies that covered bond issuers will then obtain the direct access to the central bank repo facility for covered bonds. We expect that if this work is concluded in 2013 the commitment of the ownership banks will become superfluous and will therefore be terminated with regards to future covered bond issuance.

Operational Risk

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

Corporate Governance

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

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

The Company publishes its Corporate Governance policies in a document available on the Company's website www.sparebank1.no/boligkreditt. With regards to that the Company has a single purpose and that the shares are not freely tradeable nor listed on an exchange it is the Company's opinion that any deviations to the policies are immaterial.

Shareholders

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

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

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

Future Prospects of the Company

The Board of Directors has no reason to believe that the situation for SpareBank 1 Boligkreditt AS in 2013 will change materially from the circumstances which have prevailed since the second half of 2012, i.e. relatively low funding costs and Norway representing an attractive location for debt investors seeking high quality assets.

The development of the Company's financial and operating condition is amongst other things dependent on the ability of the customers to service their mortgage debt and of the development in residential real estate prices. The outlook for the Norwegian economy in 2013 continues to be strong. In the residential real estate market participants expect a stable or moderately increasing price trend and a continued relatively low interest rate level. However, there is an increased possibility for higher mortgage interest rates in 2013. Unemployment is expected to remain stable at today's low level, which is low in a European context. SpareBank 1 Boligkreditt AS has a high quality and low credit risk portfolio of residential mortgages. The average weighted loan to value at year-end 2012 is approximately 49% and those mortgage customers whose loans are sold to SpareBank 1 Boligkreditt AS are those with a high ability to service their debts. No material negative consequences are therefore expected even in a scenario with a more adverse development for the general economic outlook than the one expected for 2013.

The regulatory authorities have increasingly asked lending institutions to consider and be prepared in the case of a general price decline in the market for residential dwellings. This is based upon the fact that a prolonged period with increasing real estate prices has been observed along with increasing household indebtedness. The debtors' ability to pay remains good, though the potentiality of an increasing mortgage rate environment and a GDP decline could have the impact of adjusting this picture somewhat. Nevertheless, Norway's uniquely strong economic growth, fiscal and financial position with large government budget surpluses and trade surpluses as well as the current growth and optimism in the dominant energy sector does suggest that Norway and Norwegian debtors are less exposed to a potential adverse development compared to other countries.

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

The Board of Directors expect a more moderate increase in the Company's Balance Sheet in 2013 compared to previous years. This expectation reflects that growth will now primarily be driven by the underlying growth in lending for residential real estate in the Company's ownership banks and not by increases in the share of mortgages in the banks' portfolios transferred to SpareBank 1 Boligkreditt AS.

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

* * *

The Board of Directors affirms that the financial accounts present a correct and complete picture of the Company's operations and financial position. There have been no incidents of a material nature after year-end 2012 which are expected to impact the annual accounts for 2012.

Stavanger, 31 December 2012 / 5 March 2013

Kjell Fordal (s) Chairperson of the Board	Inge Reinertsen (s)	Inger Eriksen (s)
Merete Nygaard Kristiansen (s)	Tore Anstein Dobloug (s)	Arve Austestad (s) Chief Executive Officer

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 2012. 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 2012 have been 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 31.12.12.

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 results and overall financial position along with an account of the most important risks and uncertainty factors encountered by the company.

Stavanger 5 March 2013

Kjell Fordal (s) Chairperson of the Board	Inge Reinertsen (s)	Inger Eriksen (s)
Merete Nygaard Kristiansen (s)	Tore Anstein Dobloug (s)	Arve Austestad (s) Chief Executive Officer

SpareBank 1 Boligkreditt AS

Income statement 2012

NOK 1 000	Note	2012	2011
Total interest income	5	5.031.867	4.056.168
Total interest expenses	5	-4.846.847	-3.822.123
Net interest income		**185.020**	**234.046**
Net gains/losses from financial instruments	2, 6	**193.931**	**-86.195**
Net other operating income		**193.931**	**-86.195**
Total operating income		**378.951**	**147.851**
Salaries and other ordinary personnel expenses	7, 8	-9.458	-7.356
Administration expenses	10	-7.009	-7.066
Other operating expenses	11	-11.216	-13.083
Depreciation on fixed assets and other intangible assets	13	-1.713	-3.086
Total operating expenses		**-29.396**	**-30.590**
Operating result before losses		**349.555**	**117.261**
Write-downs on loans and guarantees	2, 15	-2.023	-2.318
Pre-tax operating result		**347.532**	**114.943**
Taxes	12	-97.305	-32.281
Profit/loss for the year		**250.227**	**82.662**

SpareBank 1 Boligkreditt AS

Statement of total profit/loss for the year 2012

NOK 1 000		2012	2011
Profit/loss for the year	17	250.227	82.662
Pension estimates deviation		7.096	
Tax effect pension estimates deviation		-1.987	
Total profit/loss accounted for in equity		**5.109**	
Total profit/loss		**255.336**	**82.662**
Allocations:			
Declared dividends	17	145.886	82.952
Other Equity	17	109.450	-291
Total allocations		**255.336**	**82.662**

SpareBank 1 Boligkreditt AS

Balance sheet as of 31 December 2012

NOK 1 000	Note	2012	2011
Assets			
Other intangible assets	13	2.035	2.132
Other assets	14	1.552	1.876
Treasury Bills	20	1.801.802	4.144.419
Bonds	20	12.472.275	8.861.103
Lending to and deposits with credit institutions	20	6.036.499	3.046.116
Lending to customers	15, 20	160.233.984	126.997.078
Financial derivatives	19, 21	6.104.499	4.607.603
Total assets		**186.652.647**	**147.660.328**
Liabilities and equity			
Liabilities			
Deferred taxes	12	100.712	6.381
Debt incurred by issuing securities	18	170.644.817	138.564.942
Debt to credit institutions		3.213.665	1.236.293
Financial derivatives	19	3.531.313	1.396.600
Tax payable	12	0	32.264
Other liabilities	23	1.369.734	681.732
Total liabilities		**178.860.241**	**141.918.211**
Equity			
Contributed equity	17	7.548.470	5.658.470
Accrued equity	17	98.050	695
Declared dividends	17	145.886	82.952
Total equity		**7.792.406**	**5.742.117**
Total liabilities and equity		**186.652.647**	**147.660.328**

Stavanger, March 5th, 2013

Kjell Fordal (S)
Chairman of the Board

Inge Reinertsen (S)

Tore Anstein Dobloug (S)

Inger S. Eriksen (S)

Merete Nygaard Kristiansen (S)

Arve Austestad (S)
Chief Executive Officer

SpareBank 1 Boligkreditt AS

Statement of changes in equity

NOK 1 000	Share capital	Premium reserve	Declared dividend	Fund for unrealised profits	Other equity	Total equity
Balance sheet as of 31 December 2010	**3.150.548**	**1.577.922**	**75.613**		**985**	**4.805.069**
Share increase 27 May 2011	280.000	140.000				420.000
Share increase 14 October 2011	340.000	170.000				510.000
Dividend 2010			-75.613			-75.613
Result for the period			82.952		-291	82.662
Balance sheet as of 31 December 2011	**3.770.548**	**1.887.922**	**82.952**		**695**	**5.742.118**
Share increase 05 January 2012	280.000	140.000				420.000
Share increase 27 January 2012	280.000	140.000				420.000
Share increase 16 March 2012	280.000	140.000				420.000
Share increase 20 August 2012	280.000	140.000				420.000
Share increase 24 October 2012	140.000	70.000				210.000
Dividend 2011			-82.952			-82.952
Result for the period			145.886	97.072	7.269	250.227
Pension estimates deviation net of tax effect					5.109	5.109
Pension obligation accounted for in equity					-12.095	-12.095
Balance sheet as of 31 December 2012	**5.030.548**	**2.517.922**	**145.886**	**97.072**	**978**	**7.792.406**

SpareBank 1 Boligkreditt AS

Cash Flow Statement

NOK 1 000	2012	2011
Cash flows from operations		
Interest received	4.691.621	3.754.412
Payments to operations	-22.007	-24.871
Paid tax	-32.259	-29.405
Net cash flow relating to operations	**4.637.355**	**3.700.136**
Cash flows from investments		
Net purchase of loan portfolio	-33.205.024	-35.864.583
Net payments on the acquisition of government bills	2.332.616	2.533.183
Net payments on the acquisition of bonds	-3.720.224	-6.537.042
Net investments in intangible assets	-1.616	-438
Net cash flows relating to investments	**-34.594.249**	**-39.868.879**
Cash flows from funding activities		
Net receipt/payment from the issuance of certificates	-480.627	4.499.235
Net receipt/payment from the issuance of bonds	33.482.836	32.939.167
Net receipt/payment from the issuance of loans to credit institutions	2.615.429	845.825
Equity capital subscription	1.890.000	930.000
Paid dividend	-82.952	-75.613
Net interest payments on funding activity	-4.485.657	-3.574.364
Net cash flow relating to funding activities	**32.939.030**	**35.564.250**
Net cash flow in the period	**2.982.136**	**-604.493**
Balance of cash and cash equivalents Jan 1, 2012	**3.046.116**	**3.658.257**
Net receipt/payments on cash	**2.982.136**	**-604.493**
Exchange rate difference	**8.248**	**-7.648**
Balance of cash and cash equivalents Dec 31, 2012	**6.036.499**	**3.046.116**

SpareBank 1 Boligkreditt AS

Notes to the Financial Statements 2012

Note 1 General Information

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

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

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

The following standards, interpretations and amendments are mandatory for annual accounts from January 1, 2012 and later dates, however, they have been deemed not relevant for the annual accounts for 2011: IFRS 9 "Financial Instruments", IFRS 10 "Consolidated Financial Statements" , IFRS 12 "Disclosures of Interest in Other Entities", IFRS 13 "Fair Value Measurement". There are no other IFRS standards nor any IFRIC interpretations of such standards which have not yet become effective and which are expected to have any material impact on the annual accounts. The company will consider the effects of the new IFRS 9 at a later date. To be able to make an overall assessment of the accounting effects of the new classification and measurement of the company's financial instruments, it is considered prudent to await the completion of all stages of the project leading up to the new IFRS 9. The entry into force of IFRS 9 has been delayed to January 1, 2015.

The Financial Statement 2012 is approved by the Board of Directors March 05th 2013.

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.

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

- substantial financial difficulties 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.

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

Established losses

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

Securities

Securities consists of certificates and bonds. These are either carried at fair value or hold to maturity.

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

Hedge accounting.

The company has implemented fair value hedge accounting for bonds with fixed rates and bonds in foreign currencies. These bonds are entered into a hedging relationship with individually tailored interest swaps and currency swaps. The company values and documents the efficiency of the hedge both at first entry and consecutively. In fair value hedging both the hedging instrument and the hedged object are entered into the accounts at fair value with respect to the relevant interest rate curve and currency, and changes in these values from the opening balance are recorded in net income.

Valuation of derivatives and other financial instruments

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

Liabilities:

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

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

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

Intangible assets

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

SpareBank 1 Boligkreditt AS

Notes to the Financial Statements 2012

Cash and cash equivalents

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

Taxes

Tax in the income statement consists of tax payable on the annual taxable result before tax and deferred tax.

Deferred tax is calculated in accordance with the liability method complying with IAS 12. With deferred taxes the liability or asset is calculated based on temporary differences, which is the difference between tax due according to the statutory tax calculations and tax calculated according to the financial accounts, as long as it is probable that there will be a future taxable income and that any temporary differences may be deducted from this income.

In terms of deferred taxes, assets will only be included if there is an expectation that a future taxable result makes it possible to utilise the tax relief. The assessment of this probability will be based on historic earnings and the future expectations regarding margins.

Pensions

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

Defined Benefit Plan

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

Defined Contribution Plan

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

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

Reserves
The Company will create reserves when there is a legal or self-administered liability following previous events, it is likely that this liability will be of a financial character, and it can be estimated sufficiently accurately.

Reserves will be assessed on every accounting day and subsequently adjusted to reflect the most accurate estimate.

Reserves are measured at the present value of the expected future payments required to meet the obligation. An estimated interest rate which reflects the risk free rate of interest in addition to a specific risk element associated with this obligation will be used as the pre-tax rate of discount.

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

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

Commission income and -costs
Commission income and -costs will in general be entered into 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 entered into the accounts as commission, but will be part of the calculation of an effective rate of interest and will be entered into the accounts accordingly.

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

Events 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 and any regulatory authorities may subsequently refuse to approve the annual accounts, but they cannot change them.

Events up until the annual accounts are deemed to be approved for publication and that concern issues already known on the accounting day, will be part of the information that the determination of accounting estimates have been based on, and as such will be fully reflected in the accounts. Events that concern issues not known on the accounting day, will be commented upon, provided that they are of relevance.

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

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

Note 3 Risk Management

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

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

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

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

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

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

The Board of Directors determines the main principles for risk management, including determining the risk profile, limits and guidelines. The Board also carries the responsibility to review capital levels in accordance with the risk profile and the requirements of the regulatory authorities.

The Chief Exceutive Officer is responsible for the day to day administration of the Company's business and operations according to laws, statutes, powers of attorney and instructions from the Board. Staretgic items or operational items of an unusual nature or importance are discussed with and presented to the Board of Directors. The CEO may however decide a matter in accordance with a power of attorney from the Board. The CEO is responsible for implementing the Company's strategy and in cooperation with the Board to also develep and evolve the strategy.

The risk manager reports both directly to the CEO and to the Board. The risk managere is tasked with developing the framework for risk managament including risk models and risk management systems. The poistion is further responsible for the independent evaluation and reporting of risk exposure in addition to maintaing all relevant laws and regulations.

The balance sheet committee is an advisory council for the operational management of the Company's balance sheet within the framework determined by the Board of Directors. The committee is a an important component of Boligkreditt's operative management of liquidity risks. The balance sheet committee is headed by the CEO and consists of the CFOs of the largest banks in the SpareBank 1 Alliance in addition to one representative from the smaller Alliance banks (Samspar).

The investment committee is an advisory council for the evaluation of counterparty exposure limits and for the composition of the liquidity portfolio. The committee is headed by the CEO and consists of Boligkreditt's financial director and director for asset liability management. The committee advises on credit limits for counterparties and the composition of the liquidity portfolio. The CEO has been tasked by the Board to make decisions regarding credit limits for counterparties and individual investments.

Risk Categories:

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

Credit Risk: The risk of loss as a result of that counterparties are unwilling and/or unable to meet their obligations to the Company. Credit risk management is detailed in the Company's credit risk policy and this policy is approved by the Board of Directors annually.

Liquidity Risk: The risk that the Company is unable to meet its obligations and/or finance its assets

Market Risks: The risk of loss as a result of changes in observable market variables such as interest rates, foreign exchange rates and securities.

Operational Risks: The risk of loss as a result of insufficient or weak internal processes or systems, human errors or external events.

Further details about risk categories are discussed in later Notes

SpareBank 1 Boligkreditt AS

Notes to the Financial Statements 2012

Note 4 Important Estimates and Considerations Regarding Application of Accounting Policies

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

Loss on loans and guarantees

The Company makes loan provisions for individual loans if an objective incident has occurred which can be identified in relation to a single exposure, and the objective incident reduces the future expected cash flow for repayment of the exposure. Objective incident may be the default, bankruptcy, lack of liquidity or other material financial problems.

Individual loan loss provisions are calculated as the difference between the book value of the loan and the net present value of the future cash flow based on the effective interest rate at the time of the initial calculation of the individual write off. Subsequent changes in interest rates are considered for loan agreements with floating interest rates to the extent this impacts expected cash flow.

Group loss provisions are estimated on groups of loans where there are objective evidence that an incurrence of loss has taken place following the initial accounting recognition of these loans on the balance sheet. Objective evidence include observable data which allows for a conclusion that the future cash flow from the group of loans is reduced. The development in probability of default over time is one such objective evidence which is utilised in order to identify a need for a group loan loss provision. Where a requirement for a group write down exists, the loss on the group of loans is calculated as the difference between the book value and the net present value of the future estimated cash flow. In order to calculate this difference (which equates to the amount of write downs) the starting point is the expected loss for the group of loans.

The estimates of individual and group loan loss provisions are always evaluated and formulated with a considerable degree of uncertainty. Futures estimates based on historical incidents may prove to be erroneous because it is uncertain which relevance historical data have as a predictior for the future. Where loans are secured on collateral in stressed situations, such as when certain objects or industries are in distress, the proceeds from sales of collateral in relative illiquid markets may be subject to a high degree of uncertainty.

Fair value for financial instruments

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

Pensions

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

Income Taxation

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

Note 5 Net Interest Income

NOK 1 000	2012	2011
Interest income		
Interest income and similar income from loans to and balances with credit institutions	270.499	288.525
Interest income and similar income from loans to and balances with customers	5.859.367	4.091.674
Interest income treasury bills	54.644	40.666
Commission expense (payable to shareholder banks) *	-1.152.643	-364.697
Total interest income	**5.031.867**	**4.056.168**
Interest expense		
Interest expense and similar expenses to credit institutions	15.031	6.035
Interest expense and similar expenses on issued bonds	4.690.224	3.752.924
Interest expense and similar expenses on issued certificates	141.560	63.099
Other interest expenses	32	65
Total interest expense	**4.846.847**	**3.822.123**
Total net interest income	**185.020**	**234.045**

* Commissions are calculated daily and individually for the loans which Boligkreditt has purchased from its ownership banks. Commissions are calculated by deducting the the Company's all-in cost (average funding costs and an estimate for running operating costs as determined by the Company's Board from time to time) from the mortgage interest rate charged on a particular loan.

Note 6 Net Gains from Financial Instruments

NOK 1 000	2012	2011
Net gains (losses) from financial liabilities	-1.499.100	-2.880.403
Net gains (losses) from financial assets	-148.503	-45.506
Net gains (losses) from financial derivatives, hedging, at fair value	1.841.534	2.839.714
Net gains (losses) from financial instruments	**193.931**	**-86.195**

Please also refer to Note 2, valuation of derivatives and other financial instruments and note 21

Note 7 Salaries and Remuneration

NOK 1 000	2012	2011
Salary	10.198	8.216
Salaries reinvoiced to SpareBank1 Næringskreditt*	-4.523	-4.435
Pension expenses	1.839	1.948
Social insurance fees	1.389	1.300
Other personnel expenses	555	328
Total salary expenses	**9.458**	**7.356**
Average number of man-years	8	8

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

Note 8 Salaries and other Remuneration of Management

Paid in 2012

NOK 1 000	Total compensation	Bonus share	Other compensation	Pension cost	Accrued Pensions	Employee mortgage loan
Management						
Chief Executive Office - Arve Austestad	2.033	140	179	686	1.928	3.025
Director, Head of Finance & Risk - Henning Nilsen	1.210	79	36	194	385	2.606
Chief Operating Officer - Eivind Hegelstad	1.303	72	76	69	0	5.476
The Board of Directors						
Kjell Fordal	90	0	0	0	0	0
Inge Reinertsen	70	0	0	0	0	0
Tore Anstein Dobloug	70	0	0	0	0	0
Merete N. Kristiansen	70	0	0	0	0	0
Inger S. Eriksen	70	0	0	0	0	0
Trond Sørås (Observer)	13	0	0	0	0	0
Geir-Egil Bolstad (Observer)	15	0	0	0	0	0
Total for the Board of Directors	**398**	**0**	**0**	**0**	**0**	**0**
The Control Committee						
Ola Neråsen	7	0	0	0	0	0
Brigitte Ninauve	12	0	0	0	0	0
Ivar Listerud	9	0	0	0	0	0
Kjersti Hønstad	9	0	0	0	0	0
Total for the Control Committee	**37**	**0**	**0**	**0**	**0**	**0**
The Committee of Representatives						
Kjersti Hønstad	2	0	0	0	0	0
NIls Arne Norheim	2	0	0	0	0	0
Sveinung Hestnes	9	0	0	0	0	0
Elisabeth Johansen	2	0	0	0	0	0
Gudrun Michelsen	2	0	0	0	0	0
Total for the Committee of Representatives	**15**	**0**	**0**	**0**	**0**	**0**

The bonus share shown is for 2011, but paid out in 2012. All employees have an offer of a employee mortgage loan from SpareBank 1 SR-Bank. The terms and conditions for this include an interest rate one percentage point below the standard rate as determined by the Norwegian Treasury Department from time to time.

Paid in 2011

NOK 1 000	Total compensation	Bonus share	Other compensation	Pension cost	Accrued Pensions	Employee mortgage loan
Chief Executive Officer						
Arve Austestad	2.051	400	31	452	674	3.167
The Board of Directors						
Kjell Fordal	65	0	0	0	0	0
Inge Reinertsen	50	0	0	0	0	0
Tore Anstein Dobloug	50	0	0	0	0	0
Merete N. Kristiansen	50	0	0	0	0	0
Merete Eik	50	0	0	0	0	0
Sven Lund (Observatør)	11	0	0	0	0	0
Total for the Board of Directors	**276**	**0**	**0**	**0**	**0**	**0**
The Control Committee						
Ola Neråsen	6	0	0	0	0	0
Brigitte Ninauve	7	0	0	0	0	0
Ivar Listerud	4	0	0	0	0	0
Kjersti Hønstad	5	0	0	0	0	0
Total for the Control Committee	**22**	**0**	**0**	**0**	**0**	**0**
The Committee of Representatives						
Anne Maria Langeland	8	0	0	0	0	0
Kjersti Hønstad	1	0	0	0	0	0
NIls Arne Norheim	1	0	0	0	0	0
Sveinung Hestnes	1	0	0	0	0	0
Elisabeth Johansen	1	0	0	0	0	0
Gudrun Michelsen	1	0	0	0	0	0
Total for the Committee of Representatives	**14**	**0**	**0**	**0**	**0**	**0**

The bonus share shown is for 2010, but paid out in 2011. All employees have an offer of a employee mortgage loan from SpareBank 1 SR-Bank. The terms and conditions for this include an interest rate one percentage point below the standard rate as determined by the Norwegian Treasury Department from time to time.

Note 9 Pension

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

Defined benefit plan

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

Defined contribution plan

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

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

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

	2012
Discount rate	3,90 %
Expected return on pension assets	5,00 %
Future annual compensation increases	3,50 %
Annual change in the "G" amount	3,25 %
Pension regulation amount	2,00 %
Employer payroll taxes	14,10 %
Employee turnover	5% before age 45, 2% after age 45

The use of a certain discount rate derived from a certain set of bonds require that there is an actively traded market in such bonds and that the bonds traded are of a high quality and of a longer duration in the same currency. The Norwegian foundation for financial accounting (NRS) has evaluated the market using inputs provided by participants in the market and publicly available information. The market for covered bonds is a market where the liquidity is evaluated for floating and fixed rate bonds together. Participants in the covered bond market have maintained that the market posesses a sufficient liquidity and that the pricing mechanism in the market is reliable. No detailed analysis have gone into evaluating the pricing and the market functionality, however, data which NRS has obtained do not indicate that the market would not provide a reliable pricing mechanism. Based on its evaluation, NRS has in its updated guidelines for pension assumptions as of 31.12.12 concluded that the interest rate for covered bonds can not be rejected as the basis for the determination of the discount rate. SpareBank 1 Boligkreditt AS agrees with NRS's conclusion and is of the opinion that the market for covered bonds is sufficiently liquid and that the pricing in the market is reliable. Because of this, SpareBank 1 Boligkreditt AS has chosen to use the covered bond interest rate as a basis for its pension plan discount rate as of 31.12.2012.

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

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

	2012
Male	19.3 years
Female	21.8 years

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

	2012
Male	19,3 years
Female	21,8 years

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

	2012
Net pension obligation	
Defined benefits plan - insured	1.872
Defined benefits plan - uninsured	9.174
Net pension obligation recorded as of Dec 31	**11.046**
Defined benefit plan pension expense	
Defined benefits plan - insured	935
Defined benefits plan - uninsured	814
Total defined benefits plan expense for the period	**1.749**
Pension obligation in defined defined plan	
Present value of the obligation at Jan 1	17.606
Pension rights accrued in the period	1.262
Interest cost for the accrued pension obligation	424
Actuarial profits and losses (deviation from previous estimates)	-6.245
Paid out from the scheme	-357
Discounts and settlement	
Change in accruals for earlier periods	
Other changes	
Present value of the obligation as of Dec 31	**12.690**
Pension assets	
Pension assets as of Jan 1	2.062
Expected return in the period	153
Actuarial profits and losses (deviation from previous estimates)	
Contributions from employer	1.177
Paid out from the scheme	-357
Discounts and settlement	
Other changes	-27
Pension assets as of Dec 31	**3.008**
Net pension obligations on the balance sheet	
Present value pension obligation as of Dec 31	12.690
Pension assets as of Dec 31	3.008
Net pension obligation as of Dec 31	9.682
Employer payroll tax	1.364
Net pension obligation recorded as of Dec 31	**11.046**

SpareBank 1 Boligkreditt AS

Notes to the Financial Statements 2012

Pension costs in the period	
Defined benefit pension accrued in the period	1.262
Interest rate costs for accrued pension obligation	424
Expected return on pension assets	-153
Discounts and settlement	0
Accrual for previous periods included in this period	0
Net defined benefit pension cost excluding employer payroll tax	1.533
Accrued employer payroll tax	216
Net defined benefit pension cost	1.749
Defined contribution pension expense and joint arrangement AFP	90
Pension expense for the period	**1.839**

Actuarial profits and losses (deviations from estimates)	
The period actuarial profits and losses included in equity	-7.095
Cumulative actuarial profits and losses included in equity	-7.095
Expected return pension assets	153
Actual return pension assets	0

Expected premium paid in 2013 is 0.972 NOK million.

In connection with that SpareBank 1 Boligkreditt became a member of the SpareBank 1 SR-Bank's pension scheme, the Company assumed the obligation for the employees who were previously accounted for within SpareBank 1 SR-Bank's pension obligation. SpareBank 1 Boligkreditt will receive a certain compensation from SpareBank 1 SR-Bank for the pension benefit which these employees had accrued at the time of formal transfer of employment to SpareBank 1 Boligkreditt. This compensation amount has not yet been calculated and will be accounted for directly in equity in 2013.

Note 10 Administration Expenses

NOK 1 000	2012	2011
IT operation and maintenance	5.627	5.653
Travel	1.183	1.144
Telephone and postage	150	200
Misc other adm expenses	49	70
Total	**7.009**	**7.066**

Note 11 Other Operating Expenses

NOK 1 000	2012	2011
Auditing, hired personnel from SpareBank 1 Group, other services	11.399	13.313
Operating expenses rented offices	528	164
Operating expenses reinvoiced to SpareBank 1 Næringskreditt	-1.025	-706
Misc other operating expenses	314	312
Total	**11.216**	**13.083**

Auditing

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

NOK 1 000	2012	2011
Legally required audit	687	528
Other attestation services	624	1.622
Tax consulting	0	0
Other services outside auditing	187	82
Total (incl VAT)	**1.498**	**2.232**

Note 12 Taxes

NOK 1 000	2012	2011
Tax payable	0	32.264
Change in deferred tax	97.309	0
Insufficient/excessive tax allocation previously in the period*	-4	17
Tax expense	**97.305**	**32.281**

*Corrected shift between deferred tax and payable tax on the balance sheet last year

	2012	2011
Temporary differences as of 31.12.2012		
Fixed assets	0	0
Unrealised losses, net	837.931	428.723
Pension	-11.719	-674
Total temporary differences that affect the tax base	**826.212**	**428.049**
Tax deficit to be carried forward	-246.297	-185.029
Corrections to be carried forward	-220.229	-220.229
Total temporary differences that affects the tax base	**-466.526**	**-405.258**
Tax reducing temporary differences, net	359.686	22.791
Tax increasing temporary differences, net	0	0
Net deferred tax benefit (-) / deferred tax (+)	**100.712**	**6.381**
Assets - deferred tax	0	0
Liabilities - deferred tax	0	0
Reconciliation tax expense		
28% of pre-tax profit/loss	97.309	32.184
Permanent differences (28%)	0	97
Insufficient/excessive tax expense this year	6.377	-6.363
Insufficient/excessive tax expense this year	-6.381	6.363
Calculated tax expense	**97.305**	**32.281**
Effective tax rate	**28,00 %**	**28,08 %**

Note 13 Datasystems and Software

NOK 1 000	
Acquisition cost 01.01.2011	26.067
Acquisitions	438
Disposals	
Acquisition cost 31.12.2011	**26.505**
Accumulated depreciation and write-downs 01.01.2011	21.287
Periodical depreciation	3.086
Periodical write-down	0
Disposal ordinary depreciation	0
Accumulated depreciation and write-downs 31.12.2011	24.372
Book value as of 31.12.2011	**2.132**
Acquisition cost 01.01.2012	26.505
Acquisitions	1.616
Disposals	
Acquisition cost 31.12.2012	**28.121**
Accumulated depreciation and write-downs 01.01.2012	24.372
Periodical depreciation	1.713
Periodical write-down	0
Disposal ordinary depreciation	0
Accumulated depreciation and write-downs 31.12.2012	26.086
Book value as of 31.12.2012	**2.035**
Financial lifespan	3 years
Depreciation schedule	linear

Note 14 Other Assets

NOK 1 000	2012	2011
Claims against SpareBank 1 Næringskreditt AS	1.552	1.876
Total	**1.552**	**1.876**

Note 15 Lending to Customers

Lending to customers consists of loans secured on residential real estate. The mortgage loans generally have a low loan-to-value ratio and historical loan provisions have been very low. Total lending to customers at the end of the year was NOK 160.2 billion. All lending to customers Totale utlån til kunder ved utgangen av året utgjorde NOK 160,2 millarder kroner. All loans to customers carry a variable interest rate.

NOK 1 000	2012	2011
Revolving loans - retail market	64.373.537	53.247.134
Amortising loans - retail market	95.677.823	73.599.202
Accrued interest	190.333	156.428
Total loans before specified and unspecified loss provisions	**160.241.692**	**127.002.763**
Specified loan loss provisions		
Unspecified loan loss provisions	7.708	5.685
Total net loans and claims with customers	**160.233.984**	**126.997.078**
Liability		
Unused balances under revolving credit lines	19.604.652	15.051.298
Total	**19.604.652**	**15.051.298**
Defaulted loans		
Defaults*	0	0
Specified loan loss provisions	0	0
Net defaulted loans	**0**	**0**
Loans at risk of loss		
Loans not defaulted but at risk of loss	0	0
- Write downs on loans at risk of loss	0	0
Net other loans at risk of loss	**0**	**0**

*The entire customer loan balance is considered to be in default and will be included in overviews of defaulted loans when overdue instalments and interest payments are not received within 90 days or if credit limits on revolving loans are exceeded for 90 days or more

Changes to loan loss provisions

NOK 1 000	2012	2011
Loan loss provisions as of 01.01.2012	5.685	3.367
Change in group loan loss provisions	2.023	2.318
Loan loss provisions as of 31.12.2012	**7.708**	**5.685**

Loans sorted according to geography (Norwegian counties) *

NOK 1 000		*Utlån 2012*	*Utlån 2012 i %*	*Utlån 2011*	*Utlån 2011 i %*
NO01	**Østfold**	4.839.937	3,02 %	3.519.352	2,77 %
NO02	**Akershus**	13.008.390	8,13 %	9.395.255	7,41 %
NO03	**Oslo**	12.626.223	7,89 %	8.299.180	6,54 %
NO04	**Hedmark**	10.225.383	6,39 %	8.348.853	6,58 %
NO05	**Oppland**	2.888.801	1,80 %	1.758.501	1,39 %
NO06	**Buskerud**	6.899.181	4,31 %	4.660.697	3,67 %
NO07	**Vestfold**	5.126.827	3,20 %	3.944.054	3,11 %
NO08	**Telemark**	3.811.106	2,38 %	2.692.939	2,12 %
NO09	**Aust Agder**	819.278	0,51 %	685.955	0,54 %
NO10	**Vest Agder**	4.026.378	2,52 %	3.655.069	2,88 %
NO11	**Rogaland**	39.259.243	24,53 %	36.860.454	29,06 %
NO12	**Hordaland**	4.779.928	2,99 %	3.689.161	2,91 %
NO14	**Sogn og Fjordane**	152.451	0,10 %	90.218	0,07 %
NO15	**Møre og Romsdal**	8.439.266	5,27 %	6.833.317	5,39 %
NO16	**Sør Trøndelag**	15.601.533	9,75 %	11.225.729	8,85 %
NO17	**Nord Trøndelag**	7.758.773	4,85 %	5.903.949	4,65 %
NO18	**Nordland**	8.009.267	5,00 %	6.181.028	4,87 %
NO19	**Troms**	8.408.344	5,25 %	6.600.014	5,20 %
NO20	**Finnmark**	3.346.204	2,09 %	2.470.057	1,95 %
	Svalbard	24.848	0,02 %	32.553	0,03 %
SUM		**160.051.359**	**100,0 %**	**126.846.335**	**100,0 %**

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

Note 16 Share Capital and Shareholder Information

List of shareholders as of 31.12.2012

	No. of shares	Stake	Share of votes
SpareBank 1 SR-Bank ASA	15.037.616	29,89 %	29,89 %
SpareBank 1 SMN	9.247.821	18,38 %	18,38 %
SpareBank 1 Nord-Norge	6.768.693	13,46 %	13,46 %
Sparebanken Hedmark	3.910.886	7,77 %	7,77 %
Bank 1 Oslo Akershus AS	3.905.034	7,76 %	7,76 %
SpareBank 1 Buskerud Vestfold	2.067.768	4,11 %	4,11 %
BN Bank ASA	1.963.005	3,90 %	3,90 %
SpareBank 1 Østfold Akershus	1.713.717	3,41 %	3,41 %
Sparebanken Telemark	1.273.023	2,53 %	2,53 %
SpareBank 1 Ringerike Hadeland	1.245.964	2,48 %	2,48 %
SpareBank 1 Nordvest	1.024.468	2,04 %	2,04 %
Modum Sparebank	434.706	0,86 %	0,86 %
SpareBank 1 Nøtterøy Tønsberg	422.672	0,84 %	0,84 %
Sparebank1 Søre Sunnmøre	418.260	0,83 %	0,83 %
SpareBank 1 Hallingdal	375.829	0,75 %	0,75 %
SpareBank 1 Gudbrandsdal	284.052	0,56 %	0,56 %
Lom og Skjåk Sparebank	211.968	0,42 %	0,42 %
Totalt	**50.305.482**	**100 %**	**100 %**

The share capital consists of 50 305 482 shares at a nominal value of NOK 100

Note 17 Equity

NOK 1 000

	Share capital	Premium share fund	Declared dividend	Fund for unrealised profits	Other equity capital	Total equity capital
Equity capital as of 01.01.2012	3.770.548	1.887.922	82.952		695	5.742.117
Changes in the period:						
Share increase 05. january 2012	280.000	140.000				420.000
Share increase 27. january 2012	280.000	140.000				420.000
Share increase 16. march 2012	280.000	140.000				420.000
Share increase 20. august 2012	280.000	140.000				420.000
Share increase 24. october 2012	140.000	70.000				210.000
Dividend 2011			-82.952			-82.952
Result for the period			145.886	97.072	7.269	250.227
Period's deviation of estimates (OCI pension result)					5.109	5.109
Pension obligation accounted for in equity					-12.095	-12.095
Equity capital as of 31.12.2012	**5.030.548**	**2.517.922**	**145.886**	**97.072**	**978**	**7.792.406**

Note 18 Liabilities incurred by issuing Securities

NOK 1 000	Nominal value * 2012	Nominal value * 2011
Short term notes, unsecured	4.425.000	4.500.000
Repurchased short term notes, unsecured	-405.000	0
Senior unsecured Bonds	5.558.000	1.900.000
Covered bonds	165.892.696	134.620.866
Withdrawn from the Norwegian Central Bank Swap Facility	14.864.778	14.864.778
Bonds deposited in the Norwegian Central Bank Swap Facility	-18.100.000	-18.100.000
Repurchased Bonds	-4.876.034	-3.083.069
Total liabilities incurred by issuing securities	**167.359.440**	**134.702.576**

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

NOK 1 000	Book value 2012	Book value 2011
Short term notes, unsecured	4.424.021	4.499.236
Repurchased short term notes, unsecured	-405.412	0
Senior unsecured Bonds	5.557.427	1.899.899
Covered bonds	168.001.496	138.495.234
Withdrawn from the Norwegian Central Bank Swap Facility	14.885.672	14.864.778
Bonds deposited in the Norwegian Central Bank Swap Facility	-18.100.000	-18.100.000
Repurchased Bonds	-5.060.049	-4.235.381
Activated costs incurred by issuing debt	-174.032	-126.323
Accrued interest	1.515.695	1.267.499
Total liabilities incurred by issuing securities	**170.644.817**	**138.564.942**

Liabilities incurred by issuing securities according to maturity (nominal value*NOK 1000)

Senior unsecured Bonds

Maturity Year	2012	2011
2012		5.750.000
2013	5.320.000	-
2014	3.197.500	650.000
Total	**8.517.500**	**6.400.000**

Central Bank Swap Facility

Maturity Year	2012	2011
2012		
2013	8.294.936	8.294.936
2014	6.569.843	6.569.843
Total	**14.864.778**	**14.864.778**

Notes to the Financial Statements 2012

Covered Bonds

Maturity Year	2012	2011
2012		9.103.449
2013	13.986.773	17.950.372
2014	9.820.000	9.500.000
2015	18.376.000	18.240.000
2016	25.775.425	22.768.645
2017	21.013.000	13.837.500
2018	12.777.000	2.200.000
2019	20.882.210	467.604
2020	-	-
2021	15.343.372	15.500.228
2022	3.233.750	2.220.000
2023		
2024	1.119.632	
2025		
2026	1.650.000	1.650.000
Total	**143.977.162**	**113.437.797**
Total	**167.359.440**	**134.702.576**

Liabilities sorted by currency (book value)

NOK 1 000	**2012**	**2011**
NOK	73.303.519	61.525.635
EUR	68.898.016	60.198.923
USD	28.218.402	16.840.385
SEK	224.880	0
Total	**170.644.817**	**138.564.942**

Note 19 Financial Derivatives

Please also refer to Note 2, valuation of derivatives and other financial instruments and note 21

	2012			2011		
NOK 1 000	**Contract amount**	**Assets**	**Liabilities**	**Contract amount**	**Assets**	**Liabilities**
Interest rate swap						
Interest rate swap	93.521.163	5.229.881	-609.517	96.599.047	3.342.719	-283.086
Total Interest rate swap	**93.521.163**	**5.229.881**	**-609.517**	**96.599.047**	**3.342.719**	**-283.086**
Cross currency swaps						
Cross currency swaps	91.838.341	874.618	-2.921.796	66.817.128	1.264.884	-1.113.514
Total cross currency swaps	**91.838.341**	**874.618**	**-2.921.796**	**66.817.128**	**1.264.884**	**-1.113.514**
Total interest rate and cross curreny swaps	**185.359.505**	**6.104.499**	**-3.531.313**	**163.416.175**	**4.607.603**	**-1.396.600**

All derivative contracts are for the purpose of hedging interest rates and currency.

Note 20 Classification of Financial Instruments

NOK 1 000	Financial instruments accounted for at fair value *	Financial assets and debt accounted for at amortised cost	Financial assets held to maturity	Non-financial assets and liabilities	2012
Assets					
Other intangible assets				2.035	2.035
Other assets				1.876	1.876
Treasury Bills	1.801.802				1.801.802
Bonds	10.664.881		1.807.394		12.472.275
Lending to and deposits with credit institutions		6.036.499			6.036.499
Lending to customers		160.233.984			160.233.984
Financial derivatives	6.104.499				6.104.499
Total Assets	**18.571.182**	**166.270.483**	**1.807.394**	**3.911**	**186.652.970**
Liabilities					
Deferred taxes				100.712	100.712
Debt incurred by issuing securities	125.109.912	45.534.905			170.644.817
Debt to credit institutions		3.213.665			3.213.665
Financial derivatives	3.531.313				3.531.313
Tax payable				0	0
Other liabilities				1.369.734	1.369.734
Total liabilities	**128.641.225**	**48.748.570**	**0**	**1.470.446**	**178.860.241**
Total equity				**7.792.406**	**7.792.406**
Total liabilities and equity	**128.641.225**	**48.748.570**		**9.262.852**	**186.652.647**

*Fair value calculation according to market interest rates and currencies

NOK 1 000	Financial instruments accounted for at fair value *	Financial assets and debt accounted for at amortised cost	Financial assets held to maturity	Non-financial assets and liabilities	2011
Assets					
Other intangible assets				2.132	2.132
Other assets				1.876	1.876
Treasury Bills	4.144.419				4.144.419
Bonds	6.648.617		2.212.486		8.861.103
Lending to and deposits with credit institutions		3.046.116			3.046.116
Lending to customers		126.997.078			126.997.078
Financial derivatives	4.607.603				4.607.603
Total Assets	**15.400.639**	**130.043.194**	**2.212.486**	**4.008**	**147.660.328**
Liabilities					
Deferred taxes				6.381	6.381
Debt incurred by issuing securities	100.266.665	38.298.277			138.564.942
Debt to credit institutions		1.236.293			1.236.293
Financial derivatives	1.396.600				1.396.600
Tax payable				32.264	32.264
Other liabilities				681.732	681.732
Total liabilities	**101.663.265**	**39.534.570**		**720.376**	**141.918.211**
Total equity				**5.742.117**	**5.742.117**
Total liabilities and equity	**101.663.265**	**39.534.570**		**6.462.493**	**147.660.328**

*Fair value calculation according to market interest rates and currencies

Note 21 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 currency swaps

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

Bonds

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

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

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

The following numbers present the company's assets and liabilities at fair value as of 31.12.2012

NOK 1 000

	Level 1	Level 2	Level 3	Total
Bonds and bills		12.466.683		12.466.683
Financial Derivatives	0	6.104.499	0	6.104.499
Total Assets	**0**	**18.571.182**	**0**	**18.571.182**
Bonds	0	125.109.912	0	125.109.912
Financial Derivatives		3.531.313		3.531.313
Total Liabilities	**0**	**128.641.225**	**0**	**128.641.225**

The following numbers present the company's assets and liabilities at fair value as of 31.12.2011

NOK 1 000

	Nivå 1	Nivå 2	Nivå 3	Totalt
Bonds and bills		10.793.036		10.793.036
Financial Derivatives	0	4.607.603	0	4.607.603
Total Assets	**0**	**15.400.639**	**0**	**15.400.639**
Bonds	0	100.266.665	0	100.266.665
Financial Derivatives		1.396.600		1.396.600
Total Liabilities	**0**	**101.663.265**	**0**	**101.663.265**

Note 22 Bonds classified as Hold to Maturity

As of 31.12.2012

Bonds classified as	Book value 31.12.2012	Investments	Matured	Amortising	Exchange rate effects	Amortised cost 31.12.2012
Hold to maturity	2.205.514	0	-415.059	12.744	0	1.803.199
Total certificates and bonds	**2.205.514**	**0**	**-415.059**	**12.744**	**0**	**1.803.199**

Market value of bonds in hold to maturity portfolio

Bonds classified as	Book value	Market value incl exchange rate effects	Effect on result if at fair value
Hold to maturity	1.803.199	1.814.234	11.035
Total certificates and bonds	**1.803.199**	**1.814.234**	**11.035**

Note 23 Other Liabilities

NOK 1 000	2012	2011
Employees tax deductions and other deductions	526	496
Employers national insurance contribution	368	314
Accrued holiday allowance	914	723
Commission payable to shareholder banks	1.332.547	663.177
Deposits*	10.348	7.663
Pension liabilities	11.046	0
Other accrued costs	13.985	9.359
Total	**1.369.734**	**681.732**

The Company does not have an overdraft facility or a revolving credit facility as of 31.12.2012

* Deposits represents temporary balances paid in by customers in excess of the original loan amount

Note 24 Credit Risk

Credit risk is defined as the risk that losses can occur as a consequence of that customers and others do not have the ability or willingness to meet their obligations to SpareBank 1 Boligkreditt as and when agreed. Credit risk mainly includes loans to customers which are collateralised by private residences (residential mortgage loans), but also includes credit risk in derivatives contracts (counterparty credit risk) and investment in bonds within the Company's liquidity portfolio. SpareBank 1 Boligkreditt AS maintains a credit policy and limits in order to manage and closely monitor all credit risk the company is exposed to.

If actual losses occur in the Company's portfolio of mortgage loans, SpareBank 1 Boligkreditt AS has the right to off-set such losses in up to one year wort of commissions it would otherwise pay to the bank which originated and sold such loans to Boligkreditt. In order to avoid that commissions are paid for loans where losses have occurred, the Company retains the cash for 18 months before paying this out to the shareholder banks as commissions. Since the formation of the Company, no deductions have been made to the commissions payable to the shareholder banks.

Total Credit Exposure

NOK 1 000	2012	2011
Loans to customers	160.233.984	126.997.078
Loans to and deposits with credit institutions	6.036.499	3.046.116
Government certificates	1.801.802	4.144.419
Bonds	12.472.275	8.861.103
Financial derivatives	6.104.499	4.607.603
Total assets	**186.649.060**	**147.656.320**
Unused credit on flexible loans	19.604.652	15.051.298
Received collateral in relation to derivative contracts	-3.227.984	-1.272.561
Total credit exposure	**203.025.728**	**161.435.057**

Lending to customers (residential mortgage loans)

Lending to customers (residential mortgages)

The risk classification of the Company's loan portfolio takes place based on an assessment and grouping of the individual loans. The assessment is based on the following main principles:

• The customer's ability to pay (income and debt)
• The customer's willingness to pay (late payments and missed payments)
• The size of the mortgage loan
• The loan to value (the maximum loan to value is 75% and the residential properties which are the collateral must be valued by an independent source and documented; collateral value assessments are updated quarterly for the entire portfolio)

SpareBank 1 Boligkreditt AS utilizes the IT platform of the SpareBank 1 Alliance in addition to customized systems which assist in analysing and managing the acquisition of residential mortgage loans from its shareholder banks in the SpareBank 1 Alliance. Credit risk is monitored by measuring the development of the residential mortgage portfolio, details regarding late payments, defaults and overdrawn overdrafts. For defaults and losses in the portfolio, the Board of SpareBank 1 Boligkreditt AS has approved the following limits:

• Maximum probability of default for the portfolio: 0.9%
• Expected loss in the portfolio: < 0.02% of outstanding balances
• Unexpected loss in the portfolio (at a 99.97 level of confidence): < 0.75% of outstanding balances

The following risk classifications, step 1 through 3, are completed on a monthly basis:

1. Probability of Default (PD): customers are classified in PD groups according to the PD during a 12 month period based on a long term average (through the cycle). The PD is calculated based on historical financial time series for income and development thereof and non-financial factors such as behaviour and age. In order to group the customers, nine categories of PD classes are used (A through I). In addition the Company has to classes (J and K) for customers in default and/or with written down loans.
2. Exposure at Default: Gives the estimated exposure for SpareBank 1 Boligkreditt at the time of customer default. The assessment considers the outstanding loan balance and granted but not drawn amounts of credit. The undrawn balances are considered fully drawn.

3. Loss given default (LGD): This is an estimate of the loss to the Company if the customer defaults. The assess considers the value of the collateral and the costs of foreclosing on the collateral. The Company estimates foreclosure values based on experiences made in the shareholder banks over time and such that these values reflect the conservative assessments in an economic down cycle. 7 categories are used to group LGDs.

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

	Definition of risk groups - based on expected loss		Total exposure *	
Risk Categories	**Lower limit**	**Upper limit**	**2012**	**2011**
Lowest	0,00 %	0,0165 %	167.444.937	132.298.370
Low	0,0165 %	0,34 %	11.609.448	9.276.205
Medium	0,34 %	2,15 %	529.846	289.318
High	2,15 %	2,50 %	13.772	6.439
Very high	2,50 %	100,00 %	58.179	27.639
Default			0	0
Total			179.656.183	141.897.971

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

Loans to and deposits with credit institutions

SpareBank 1 Boligkreditt only has deposits with financial institutions rated A-/A2 or higher as of 31.12.2012

Bonds and certificates

Rating class		**2012**	**2011**
AAA/Aaa	Covered Bonds	9.044.091	8.161.103
	Treasury Bills	1.801.802	4.144.419
	Other state guaranteed bonds	2.646.414	
	Financial institutions		
	Total	13.492.308	12.305.522
AA+/Aa1 to AA-/Aa3	Covered Bonds	564.879	
	Financial institutions	75.979	700.000
	Total	640.858	700.000
A+/A1	Financial institutions	140.912	
	Total	140.912	
Total		**14.274.077**	**13.005.522**

Fitch/Moody's rating classes are used. If the ratings differ, the lowest counts. All bonds are publicly listed.

Financial derivatives

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

Note 25 Liquidity Risk

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

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

Liquidity Risk - all amounts in 1000 NOK

	31.12.2012	No set term	Maturity 0 to 1 month	Maturity 1 to 3 months	Maturity 3 to 12 months	Maturity 1 to 5 years	Maturity more than 5 years
Loans to credit institutions	18.508.774	6.036.499	0	38.338	1.414.809	9.684.130	1.334.997
Lending to customers	160.233.984		201.733	8.245	54.894	1.330.858	158.638.253
Derivatives	6.104.499			0	271.014	1.760.476	4.073.009
Treasury Bills	1.801.802				1.801.802	0	0
Other assets with no set term	3.587	3.587					
Total Assets	186.652.647	6.040.086	201.733	46.584	3.542.519	12.775.465	164.046.260
Liabilities incurred when issuing securities	-170.644.817		-50.972	-1.723.885	-25.244.249	-85.767.465	-57.858.246
Other liabilities with a set term	-3.213.665		-3.213.665				
Derivatives	-3.531.313			-1.481	-961.961	-1.270.687	-1.297.185
Liabilities with no set term	-1.473.425	-1.473.425					
Equity	-7.789.427	-7.789.427					
Total liabilities and equity	-186.652.647	-9.262.852	-3.264.637	-1.725.366	-26.206.210	-87.038.152	-59.155.431
Net total all items		-3.222.766	-3.062.904	-1.678.782	-22.663.691	-74.262.687	104.890.829

Liquidity Risk - all amounts in 1000 NOK

	31.12.2011	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	11.907.219	3.046.116	523.110	155.872	247.207	6.293.874	1.641.040
Lending to customers	126.997.078		3.127	7.729	45.419	1.138.398	125.802.405
Derivatives	4.607.603				100.817	1.692.574	2.814.212
Treasury Bills	4.144.419			249.325	3.895.094	0	0
Other assets with no set term	4.008	4.008					
Total Assets	147.660.328	3.050.125	526.237	412.927	4.288.537	9.124.846	130.257.658
Liabilities incurred when issuing securities	-138.564.942			-2.482.265	-11.860.730	-85.610.009	-38.611.938
Other liabilities with a set term	-1.236.293		-1.236.293				
Derivatives	-1.396.600				-635.441	-483.416	-277.743
Liabilities with no set term	-720.376	-720.376					
Equity	-5.742.117	-5.742.117					
Total liabilities and equity	-147.660.328	-5.676.034	-390.468	-1.476.487	-10.191.810	-69.750.860	-17.593.187
Net total all items		-2.625.910	135.769	-1.063.561	-5.903.273	-60.626.014	112.664.471

Note 26 Interest Rate Risk

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

Interest Rate Risk - all amounts in 1000 NOK

	31.12.2012	No set term	Maturity 0 to 1 month	Maturity 1 to 3 months	Maturity 3 to 12 months	Maturity 1 to 5 years	Maturity more than 5 years
Loans to credit institutions	18.508.774	6.036.499	856.446	4.400.863	415.892	6.059.290	739.784
Lending to customers	160.233.984			160.233.984			
Treasury Bills	1.801.802			1.801.802			
Other assets with no set term	3.587	3.587					
Total Assets	180.548.147	6.040.086	856.446	166.436.649	415.892	6.059.290	739.784
Liabilities incurred when issuing securities	-170.644.817		-8.978.089	-33.559.840	-30.275.744	-46.218.165	-51.612.979
Other liabilities with a set term	-3.213.665		-3.213.665				
Liabilities with no set term	-1.472.600	-1.472.600					
Equity	-7.789.427	-7.789.427					
Total liabilities and equity	-183.120.509	-9.262.027	-12.191.754	-33.559.840	-30.275.744	-46.218.165	-51.612.979
Net interest rate risk before derivatives	-2.573.187	-3.219.819	-11.338.255	132.876.809	-29.859.852	-40.158.874	-50.873.195
Derivatives	2.573.187	0	-12.410.980	-99.164.678	22.895.988	40.197.857	51.055.000
Net interest rate risk	0	3.219.819	23.749.235	-33.712.130	6.963.864	-38.982	-181.805
% of total assets	0 %	2 %	13 %	-18 %	4 %	0 %	0 %

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

		Sensitivity of new interest rate expense in NOK 1000	
Currency	**Change in basis points**	**2012**	**2011**
NOK	100	45.163	4.857

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

Note 27 Currency Risk

The foreign exchange risk is the risk of a negative P&L impact as a result of changes in foreign currencies. SpareBank 1 Boligkreditt AS balanse consists mainly of lending to private individuals in Norway and in NOK, current deposits in NOK and liabilities issued in the Norwegian or international capital markets. In accordance with the Norwegian covered bond legislation and its internal guidelines the Company hedges all currency risk, either by the utilisation of swaps or by way of asset liability management, i.e. mainting exposures in assets and liabilities of the same currency. Weekly risk reports are created by the management team and reports to the Board of Directors have a monthly frequency. The currency risk (sensitivity to currency movements) are calculated by adding the exposure in the various currencies. No other currencies than the NOK had a material net position on the Company's balance sheet as of December 31, 2012.

	Net currency exposure in NOK 1000	
Currency	**2012**	**2011**
EUR	**49.678**	**50.385**
- Bank Deposits	205.093	254.008
- Issued Bonds	-69.077.003	-59.949.891
- Derivatives	61.451.350	50.573.045
- Bond investments	7.470.238	9.173.223
USD	**3.421**	**146**
- Bank Deposits	2.051	146
- Issued Bonds	-28.217.956	-16.809.659
- Derivatives	28.219.326	16.809.659
- Bond investments	-	
SEK	**575**	**-**
- Bank Deposits		
- Issued Bonds	-224.869	
- Derivatives	49.645	
- Bond investments	175.799	
CHF	**841**	**-**
- Bank Deposits	-	
- Issued Bonds	-	
- Derivatives	-341.971	
- Bond investments	342.812	
Total	54.515	50.531

		P&L effecy before tax, in NOK 1000	
Currency	**Change in exchange rate, in %**	**2012**	**2011**
EUR	+10	4.969	5.039
USD	+10	342	15
SEK	+10	57	-
CHF	+10	84	-
SUM		5.452	5.053

Note 28 Operational Risk

The operational risk in SpareBank 1 Boligkreditt AS is limited due to the low complexity of operations. The Company is only engaged in lending to private individuals, the investment of liquid assets in high qulity debt instruments and the funding of these activities. In addition the majority of the operational risk is associated with the management of the mortgage loans in the individual SpareBank 1 banks which also act as servicers of the mortgage loans. This relationship between Boligkreditt and the shareholder banks is regulated in the Transfer and Service Agreement which the Company has signed with each bank individually.
The Company has a contious focus on the evolution of the Company's own structure, systems and processes. Many of the daily operational tasks have been outsourced to SpareBank 1 SR-Bank ASA, which by the nature of being a larger and more complex financial institution than the Company have many overlaps between its operational activities and those activities outsourced to it from the Company. In addition there is a close working relationship between SpareBank 1 Boligkreditt AS and several of its larger shareholder banks.
In connection with changes in the operations of the Company, a specialist banking vehicle such as SpareBank 1 Boligkreditt AS is faced with the fact that the for example the expansion of operations, introduction of new products or replacement of IT systems will represent such a large and significant change that it will nearly always be necessary with heightened scrutiny risk assessment and analysis. The Company has established a practice whereby annually all areas of risk or identified as carrying risk are evaluated. The Company's management of operational risk is considered to be satiisfactory.
Based on the aspects discussed above Management is of the opinion that the utilisation of the standard approach to measuring operational risk is an understatement of the operational risks that the business carries. The Company therefore employs the standard appraoch with the capital adequacy framework (Basel II, Pilar 1) as the effective method for calculation the necessary amount of capital to cover operational risks. This method uses a level of statistical confidence of 99.9%. The capital requirements as calculated on 31.12.2012 is approximately NOK 23.9 million (refer also to the note on capital adequacy) and is seen as adequate.

Note 29 Asset Coverage Requirement

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

Pool 1

NOK 1 000	2012	2011
Covered Bonds	151.398.813	120.595.374
Repurchased Bonds	-4.045.963	-3.262.137
Derivatives	-2.977.540	-3.203.537
Total Covered Bonds	144.375.311	114.129.700
Lending to customers	145.006.745	111.014.879
Treasury Bills	198.218	3.117.720
Substitute collateral	14.432.542	10.302.799
Total Cover Pool	159.637.505	124.435.399
Asset-coverage	110,6 %	109,0 %

Pool 2

NOK 1 000	2012	2011
Covered Bonds	18.113.843	18.166.609
Repurchased Bonds	-1.014.019	-1.014.310
Derivatives	-18.975	-47.908
Total Covered Bonds	17.080.849	17.104.391
Lending to customers	15.180.144	15.954.617
Substitute collateral	2.036.813	1.218.060
Total Cover Pool	17.216.957	17.172.677
Asset-coverage	100,8 %	100,4 %

Note 30 Capital Adequacy

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

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

Transitional rules have been implemented by the FSA whereby regulated financial institutions with approved IRB models will not be able to fully benefit from the results of such models until the year 2015. In 2012 regulated entities are allowed to reduce by 20% the total sum of risk weighted assets which would otherwise have been in place under the previous Basel I framework. In the following years until the end of 2015, the transitional rules will lead to significantly higher capital requirements than what would otherwise have been applicable under Basel II.

The European Union is expected to introduce new regulatory requirements, CRD IV, in 2013. The new regulations will introduce robust demands for capital adequacy, capital structure, liquidity buffers and funding. SpareBank 1 Boligkreditt AS is well placed, given its current capital structure to meet these new requirements in CRD IV. The Board of Directors are evaluating the capitalisation of the Company on a continous basis in accordance with the international development.

Eierbankene har forpliktet seg til å støtte et minimumsnivå for selskapets kjernekapitaldekning (tier 1) på 9%, primært pro rata i henhold til eierskapsandel, subsidiært solidarisk, men begrenset oppad til det dobbelte av den enkelte banks initielle ansvar.

Subordinated capital in NOK 1 000	**2012**	**2011**
Share capital	5.030.548	3.770.548
Premium share fund	2.517.922	1.887.922
Other equity capital	243.936	83.357
Total equity capital entered into the balance sheet	7.792.406	5.741.827
Intangible assets	-2.035	-2.132
Declared share dividend	-140.855	-82.952
50% deduction of expected losses exceeding loss provisions IRB	-74.746	-54.693
Core capital (Tier 1)	7.574.771	5.602.051
Supplementary capital	0	0
50% deduction of expected losses exceeding loss provisions IRB	-74.746	-54.693
Total capital	**7.500.025**	**5.547.358**

Minimum requirements for capital according to Basel II i NOK 1 000	**2012**	**2011**
Credit risk	1.721.475	1.344.887
Market risk	0	0
Operational risk	23.942	17.435
Depreciation on groups of loans	0	0
Difference in capital requirement resulting from transitional period 2007-2009	3.986.810	3.152.127
Minimum requirement for capital	**5.732.227**	**4.514.449**

Capital adequacy

	2012	**2011**
Core capital ratio (%) (Tier 1)	10,57 %	9,93 %
Total capital ratio (%)	10,47 %	9,83 %

Note 31 Related parties

Transactions with related parties

The Company has 160 234 MNOK loans to customers. These are acquired from shareholder banks at market value (i.e. nominal value).

SpareBank 1 SR-Bank ASA

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

SpareBank 1 - alliansen

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

SpareBank 1 Næringskreditt AS

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

Amounts of loans and receivables with related parties

All deposits (floating/short term fixed deposits) are at market interest rates
NOK 1 000

Loans to and receivables from shareholder banks	2012	2011
SpareBank 1 SR-Bank ASA	1.410.957	2.045.332
SpareBank 1 SMN	1.556.246	600.033
SpareBank 1 Nord-Norge	1.008.945	326.872
Total	3.976.148	2.972.237

Note 32 Contingencies

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

Note 33 Restricted Cash

SpareBank 1 Boligkreditt has signed ISDA-agreements including CSAs (Credit Support Annexes) with a number of financial institutions that are counterparties in interest rate and currency swaps. These institutions post collateral in the form of cash deposits to SpareBank 1 Boligkreditt. At the year-end 31.12.2012 this collateral amounted to NOK 3 227 983 622. This amount is included in the balance sheet as a deposit, but represents restricted cash.

Note 34 Events after Balance Sheet Date

No events have taken place subsequently to the date of these financial statements, December 31, 2012, which would affect these accounts in any material way.

The dividend is proposed to be NOK 2.90 per share and the total dividend is thus NOK 145.9 million.

Deloitte AS
Strandsvingen 14 A
Postboks 287 Forus
NO-4066 Stavanger
Norway

Tlf.: +47 51 81 56 00
Faks: +47 51 81 56 01
www.deloitte.no

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of SpareBank 1 Boligkreditt AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of SpareBank 1 Boligkreditt AS, which comprise the balance sheet as of December 31, 2012, and the income statement, the statement of total profit/loss, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of SpareBank 1 Boligkreditt AS as at December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the allocation of the profit

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

Opinion on Registration and Documentation

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

Stavanger, March 5th, 2013
Deloitte AS

Svein Sivertsen
State Authorised Public Accountant (Norway)

[Translation has been made for information purposes only]