

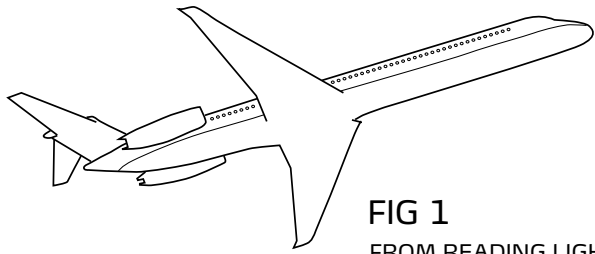
# feeling NORWAY

2ND QUARTERLY REPORT 2012 SPAREBANK 1 BOLIGKREDITT AS



feeling  
NORWAY

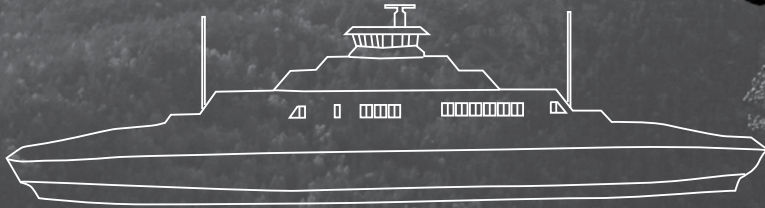




**FIG 1**

**FROM READING LIGHT  
TO KEROSENE**

Kerosene used to be known as  
the stuff which lit up the homes  
– today the jets use it as fuel.



**FIG 2**

**NATURAL GAS PROPELLED FERRIES**

Ferries which run on natural gas are more environmentally  
friendly and are also significantly faster than their  
predecessors. The fact that natural gas weighs less than  
diesel is of course no disadvantage, but the real effect  
comes from more powerful engines which shortens  
the travel times by around 25 per cent on many routes.

**FIG 3**

**THE ASPHALT AND THE ROAD**

The dirt tracks of old made it possible to move from town  
to town and from village to village. These tracks however,  
were of varying quality and the lack of maintenance would  
often mean that using these roads over distances of some  
magnitude was a real challenge. The asphalt which  
made its entry in the largest Norwegian cities in the  
1940ies, and covered the district roads in the  
1960ies made journeys safer, simpler and pleasurable.

# Transport – From horse and carriages to horsepower and hydrocarbons

Norway is a country full of beautiful natural scenery, but is also a very long geographical distance from north to south which is difficult to manoeuvre. The movement of people and goods over mountains and fjords was hard work and often represented significant risk. Boats would be rowed fully loaded with cargo across a fjord and people would trek the mountains because they had to. Today we do it if we want to as a recreational sport. And if we have to we'll take the train or the plane. Or the car, driving it onto ferries and through long underwater tunnels to get where we want to go. The nooks and crannies of the country have become very accessible which is a source of joy to Norwegians and visitors alike.



# FACT SHEET

## norway.

### KEY MACROECONOMIC FIGURES

Economic Indicators (%)	2007	2008	2009	2010	2011	2012E
GDP growth (mainland)	5,3	1,5	-1,6	1,9	2,4	3,2
Inflation rate, CPI	0,8	3,8	2,1	2,5	1,2	1
Household Consumption rate	5,4	1,8	0	3,7	2,4	3,9
Interest rate (3 months money market)	5	6,2	2,5	2,5	2,9	2,3
Household savings ratio	0,9	3,5	6,8	6,3	8,2	8,2
Unemployment rate	2,5	2,6	3,2	3,6	3,3	3.3*
Current Account Surplus / GDP	12,5	16	9,7	12,4	14,6	14,6
Gov Budget Surplus / GDP	17	20	12	10	14	13
Sovereign Wealth Fund / GDP	88	89	112	127	127	140

Sources: Statistics Norway, NBIM, Norwegian Ministry of Finance  
\* Currently 3.0 %

### NORWAY – OPTIMISM AND GROWTH

THE NORWEGIAN ECONOMY IS GROWING ABOVE ITS LONG TERM TREND AVERAGE OF APPROXIMATELY 2.5 PER CENT. THE GROWTH IS DRIVEN BY RECORD HIGH OIL SECTOR INVESTMENT SPENDING, INCREASED CONSUMPTION FROM BOTH THE PRIVATE AND PUBLIC SECTORS AND A GRADUAL INCREASE IN RESIDENTIAL HOUSING INVESTMENTS. THE GDP GROWTH IS ALSO SUPPORTED BY LOW INTEREST RATES AND A STRONG GROWTH IN REAL DISPOSABLE HOUSEHOLD INCOME OVER SEVERAL YEARS. NORWAY ENJOYS HIGH PRICES ON EXPORT ITEMS AND LOWER PRICES FOR IMPORTED GOODS AND THE PURCHASING POWER IS FURTHER BOOSTED BY A STRONG EXCHANGE RATE FOR THE NORWEGIAN KRONE. IN THE SHORT TERM THE OUTLOOK FOR THE NORWEGIAN ECONOMY IS VERY STRONG, EVEN IF A CHALLENGE REMAINS FOR THE TRADITIONAL INDUSTRIAL SECTOR WHICH IS MORE IMPACTED BY INCREASED OPERATING COSTS AND A STRONG KRONE FX RATE.

#### RECORD OIL SECTOR INVESTMENTS RESULTS IN STRONG GROWTH

So far the disappointing European macroeconomic development has had a limited impact on the Norwegian economy. The industrial sector excluding the oil sector is troubled by lower demand and a strong NOK. The Norwegian economy is dominated by record investments into the oil- and gas sector which is expected to increase 15% this year to approximately NOK 170 billion. The expansive effects have a material impact on supplier firms, employment and services. Over the last several years immigration has increased significantly in response to the robust Norwegian labour market. People from mostly European countries are contributing to a relatively large population increase, especially in the largest cities and in areas where oil related activity is the highest. Although not the sole driver, this population trend is also contributing to an upwards drift in the cost of residential housing.

Activity in the petroleum sector will remain an important growth driver this year, but is expected to be a more moderate growth

driver in the following years, with an increase of between four and eight per cent over the following three to four years. Final demand from Norway's mainland (excluding the offshore sector) will gradually increase over the next years as a consequence of high real wages growth, low interest rates and increasing investments into the residential sector.

#### INTERNATIONAL WEAKNESS RESULTS IN A SLOW NORWEGIAN EXPORT GROWTH

The International economic cycle deteriorated in the second half of 2011 and the negative development continued into 2012. The sovereign debt crisis and a lack of confidence in the European banking sector have contributed to a recession in most European countries. The international economic environment and a reduction in competitiveness for Norwegian exporting companies (and those companies which compete in the domestic market with imports) point to a prolonged period of weakness for the traditional Norwegian industry (excluding the oil and gas sector). The high price of oil and other commodities alongside the downward



price pressure on consumer goods (which Norway mostly imports) has improved Norway's Terms of Trade.

### LOW NORWEGIAN INTEREST RATES

Norges Bank lowered its policy rate to 1.5% in March 2012 in response to the weak international growth picture, risk of a European banking crisis and a strengthened NOK. Given the imbalances and risks in the world wide capital markets the risk persists that the Krone may continue to trade higher as capital flows into Norway. We cannot exclude that Norges Bank could continue its easing policy to counterbalance a further appreciation of the Krone. Most probably the policy rate will remain at a low level for several years to come. As a consequence of the Eurozone turmoil, Norwegian banks experienced increased funding costs in 2011 and into 2012. After the intervention by the European central bank in December and February risk premiums for Norwegian bank bonds have come down. In general the higher bank funding cost (which may also arise due to the fact that sources of foreign funding are swapped into NOK) may help keep the central bank policy rate at a low level. Norwegian banks have signalled that they may become more restrictive with providing credit as a result of the new bank regulation.

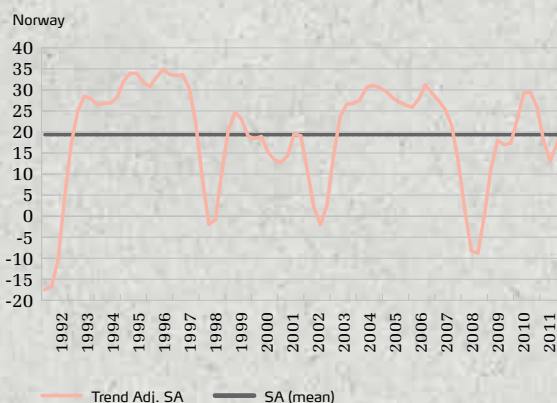
### INCREASED REAL WAGES AND LOW INFLATION RESULTS IN INCREASED HOUSEHOLD PURCHASING POWER

Wage increases for 2012 are on track to be approximately 4.2%. With a consumer price index growth of 1% the increase in real wages is about 3%. The weak earnings situation in large swaths of the non-energy traditional industry will be a contributing factor to a slightly lower wage growth overall this year as compared to last year. CPI is expected at one per cent this year and at 1.3 per cent next year. The uncertainty regarding the economic forecast (to a large extent imported uncertainty from the Eurozone) has curbed private consumption growth, despite the growth in real wages and a low unemployment rate in Norway. However, the increased household savings rate which this development has produced is a positive feature when the relative high debt burden of the Norwegian households are taken into consideration (debt of approximately 2x net disposable income, of which nearly all is residential mortgage debt).

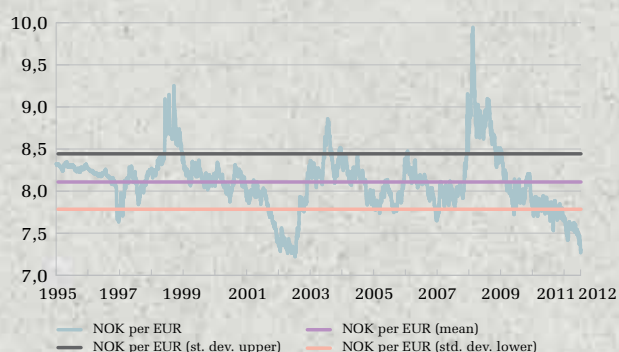
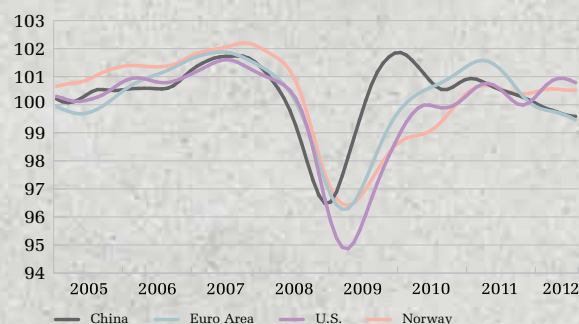
### CONTINUED RISE IN RESIDENTIAL REAL ESTATE PRICES

As a result of the strong population growth and household income growth coupled with low interest rates and underinvestment in residential housing in recent years, house prices have increased. The outlook which incorporates a long period with low rates and high income growth will probably keep investment in residential real estate on a growth trajectory, and this is expected to help mitigate the trend of house price appreciation. If the growth in house prices continue at the same speed as in the last couple of years and this result in increased levels of leverage for the household sector, macroeconomic risks may build up. Even if losses for banks in the Norwegian residential mortgage market have been negligible in history, our own banking crisis from the late 1980ies and early 1990ies do point to that the secondary effects of a steep drop in house prices may be significant, resulting in corporate bankruptcies and bank losses from sectors other than residential mortgages. The danger of a housing- and banking crisis is seen as very low today with well capitalised banks and strict banking supervision, also in the area of lending standards for banks. However, a future steep and lasting drop in the price of oil in a situation where household leverage is higher than today could nevertheless form the basis for a potential stressful scenario for the Norwegian economy.

### Consumer confidence



### OECD Leading Indicators



# FACT SHEET

## norway.

### SPAREBANK 1 CONSOLIDATED FINANCIALS

SpareBank 1 Boligkreditt is the joint covered bond vehicle for the SpareBank 1 Alliance, which is a grouping of 15 Norwegian savings banks. As independent institutions the banks do not present a set of consolidated financials. Investors in SpareBank 1 Boligkreditt may however find it useful to view the alliance banks on a consolidated level in order to more easily access the background for the alliance and to understand the aggregated operating performance and financial status of the banks as a group.

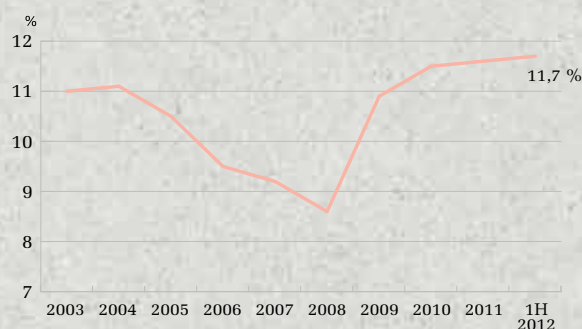
In Boligkreditt's presentation to its investors an unofficial aggregation of some of the key SpareBank 1 financial numbers are therefore presented and regularly updated. Below is a collection of some of these charts which encompass the largest four banks which represent approximately 75-80% of total assets of the Sparebank 1 alliance. The data is sourced from the annual and quarterly reports of SpareBank 1 SR-Bank, SpareBank 1 SMN, SpareBank 1 SNN and Sparebanken Hedmark.

#### Return on Equity \*



Return on Equity has been particularly strong for the SpareBank 1 banks. Since 2003 the banks have on average outperformed their Nordic peers as a group with a weighted average 16.6% RoE for the three largest banks in the SpareBank 1 Alliance vs. 13.9% as a weighted average for DNB, SEB, Handelsbanken, Swedbank, Danske Bank and Nordea.

#### Core Tier 1 Capital



The Core Tier 1 ratio has strengthened recently as a result of growth in the banks and in anticipation of higher regulatory capital demands.



### Retail Share of Lending



The banks remain fundamentally retail institutions with nearly 2/3rds of the balance sheet being retail lending. If the remaining eleven smaller SpareBank 1 savings banks not consolidated in this chart had been included the share of retail lending would be somewhat higher.

### Income Composition \*



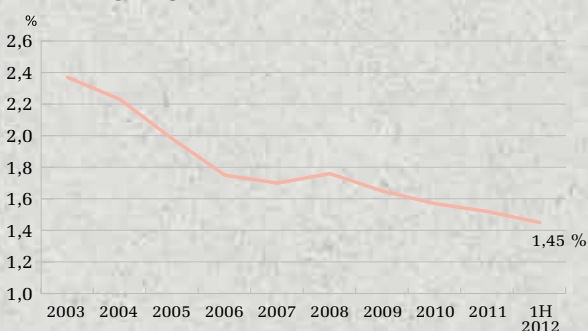
The banks earnings consists of approximately 70% net interest and 30% commission income and other operating income, with the latter coming from payment services, insurance products, financial and real estate brokerage services and other components. The earnings mix is well diversified.

### Total non-performing loans ratio (90 days, Corporate + Retail)



Non performing loans (non-payment for 90 days or more) in per cent of total loans shows a benign picture. Non performing retail lending is an extremely small portion at the banks so most of the chart reflects corporate (SME) lending.

### Total lending margin (Corporate + Retail)



Lending margins are trending down as a result of several developments, including a relatively low absolute level of interest rates in Norway presently and a competitive banking market.

# FACT SHEET

# boligkreditt.

## Cover Pool details\*

30-06-2012

Total mortgage portfolio (in NOK 1000)	132 309 108
Number of loans	111 203
Average loan size (in NOK 1000)	1 190
% of non-performing loans	0,000 %
% of first lien mortgages in the pool	100 %

Weighted average time since mortgage origination	31 months
Weighted average remaining term mortgages	263 months
Weighted average remaining term Covered Bonds	52 months

Total Cover Pool (per the financial statements in NOK 1000)	142 908 895
Covered Bonds outstanding (per the financial statements in NOK 1000)	130 382 938
Per cent substitute assets	7,1 %

Overcollateralisation (as per the financial statements)	109,6 %
Overcollateralisation if house prices drop by 15%	106,7 %

Ratio of floating rate loans	100 %
Weighted average interest rate mortgages	3,92 %

Weighted average current LTV	50,9 %
Weighted average original LTV	58,3 %
Maximum original LTV permitted by law	75 %

## \*Cover Pool 1 and 2

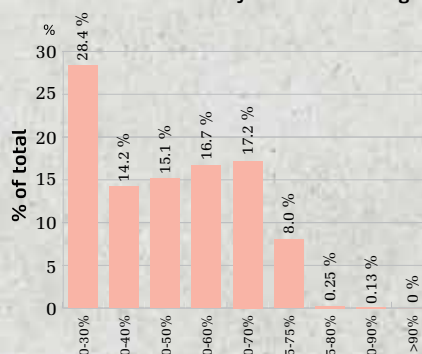
All data above is with reference to our Cover Pool 1. We also operate a Cover Pool 2 which is tailor made for the Norges Bank swap facility (2008-09). The second cover pool consists of mortgages totalling NOK 15 bn. The assets in Cover Pool 2 are exclusively backing the bonds deposited with the Norwegian Central Bank while Cover Pool 1 is backing bonds issued in the market.

## Substitute Collateral

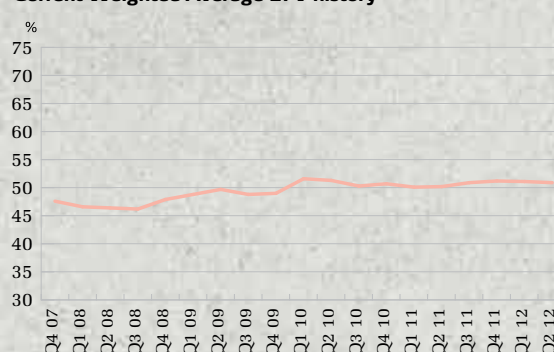
In addition to prime mortgages, the cover pool consists of Norwegian Treasury Bills, high grade bonds and some deposits that serve as liquidity reserve and substitute collateral. The company has strict rules for what types of bonds that can be included in this reserve.

Over 99 % of the bond portfolio are Nordic Covered Bonds, Norwegian government and SSA paper, and the remainder are high grade financial bonds with a minimum rating of A. The deposits are with the rated owner banks for operational purposes. Details of the bond composition may be found in our investor report which is available on [www.sparebank1.no/boligkreditt](http://www.sparebank1.no/boligkreditt).

Number of loans by current LTV range



Current Weighted Average LTV history





EUR Transactions	Amount	Maturity*	Rating	Interest Basis	Frequency	ISIN
EUR Series 3	1 bn EUR	sep.13	AAA / Aaa	5% Fixed Rate	Annually	XS0386753031
EUR Series 11	1 bn EUR	des.12	AAA / Aaa	2.375% Fixed Rate	Annually	XS0470740969
EUR Series 12	1.25 bn EUR	mars.17	AAA / Aaa	3.25% Fixed Rate	Annually	XS0495145657
EUR Series 14	1 bn EUR	juni.15	AAA / Aaa	2.5% Fixed Rate	Annually	XS0519708613
EUR Series 1/2011	1 bn EUR	feb.21	AAA / Aaa	4% Fixed Rate	Annually	XS0587952085
EUR Series 6/2011	1bn EUR	sep.21	AAA / Aaa	3.375% Fixed Rate	Annually	XS0674396782
EUR series 9/2011	1 bn EUR	nov.16	AAA / Aaa	2.375% Fixed Rate	Annually	XS0707700919
EUR Series 2012-1	1.25 bn EUR	feb.19	AAA / Aaa	2.75% Fixed Rate	Annually	XS0738895373

USD Transactions	Amount	Maturity*	Rating	Interest Basis	Frequency	ISIN
USD Series 16	1.5 bn USD	okt.13	AAA / Aaa	1.25% Fixed Rate	Semi-annually	XS0552808940
USD Series 2/2011	1.25 bn USD	mai.16	AAA / Aaa	2.625% Fixed Rate	Semi-annually	XS0632246426
USD Series 2/2012	1.25 bn USD	june 17	AAA / Aaa	2.30% Fixed Rate	Semi-annually	XS0766475858

NOK Transactions	Amount	Maturity*	Rating	Interest Basis	Frequency	ISIN
NOK Series 3	1 bn NOK	juni.18	AAA / Aaa	5.95% Fixed Rate	Annually	NO0010441454
NOK Series 4	200 m NOK	juni.18	AAA / Aaa	6.015% Fixed Rate	Annually	NO0010441678
NOK Series 6	2,8 bn NOK	okt.17	AAA / Aaa	5.95% Fixed Rate	Annually	NO0010464944
NOK Series 7	300 m NOK	okt.13	AAA / Aaa	5.75% Fixed Rate	Annually	NO0010467491
NOK Series 8	1.61 bn NOK	feb.13	AAA / Aaa	Floating Rate	Quarterly	NO0010480452
NOK Series 9	6 bn NOK	aug.14	AAA / Aaa	Floating Rate	Quarterly	NO0010492333
NOK Series 10	7.35 bn NOK	juni.15	AAA / Aaa	Floating Rate	Quarterly	NO0010520356
NOK Series 13	5.6 bn NOK	apr.16	AAA / Aaa	Floating Rate	Quarterly	NO0010572142
NOK Series 15	3 bn NOK	aug.15	AAA / Aaa	Floating Rate	Quarterly	NO0010583222
NOK Series 3/2011	1 bn NOK	juli.17	AAA / Aaa	Floating Rate	Quarterly	NO0010621782
NOK Series 4/2011	2,77 bn NOK	juli.22	AAA / Aaa	5% Fixed Rate	Annually	NO0010622137
NOK Series 5/2011	1.5 bn NOK	aug.18	AAA / Aaa	Floating Rate	Quarterly	NO0010623234
NOK Series 7/2011	1,65 bn NOK	okt.26	AAA / Aaa	4.75% Fixed Rate	Annually	NO0010625460
NOK Series 8/2011	3,5 bn NOK	nov.14	AAA / Aaa	Floating Rate	Quarterly	NO0010628290
NOK Series 10/2011	3 bn NOK	nov.16	AAA / Aaa	Floating Rate	Quarterly	NO0010630833
NOK Series 12/2011	620 m NOK	juni.16	AAA / Aaa	3.65 % Fixed Rate	Annually	NO0010633068

SEK Transactions	Amount	Maturity*	Rating	Interest Basis	Frequency	ISIN
SEK Series 3/2012	250 m SEK	mai.22	AAA/Aaa	3.25% Fixed Rate	Annually	NO0010646904

\* All covered bonds have a one year extension clause (soft bullet)

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# FACT SHEET

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## INCOME STATEMENT FIRST SIX MONTHS 2012

NOK 1 000	Note	30-06-12	30-06-11	2011
Total interest income	2	2 603 596	1 759 049	4 056 168
Total interest expenses	2	-2 502 703	-1 651 273	-3 822 123
<b>Net interest income</b>		<b>100 894</b>	<b>107 776</b>	<b>234 046</b>
Net gains/losses from financial instruments	3	111 670	-21 497	-86 195
<b>Net other operating income</b>		<b>111 670</b>	<b>-21 497</b>	<b>-86 195</b>
<b>Total operating income</b>		<b>212 564</b>	<b>86 279</b>	<b>147 851</b>
Salaries and other ordinary personnel expenses	4	-4 212	-2 842	-7 356
Administration expenses	5	-3 041	-3 141	-7 066
Other operating expenses	6	-5 805	-5 763	-13 083
Depreciation on fixed assets and other intangible assets		-661	-1 539	-3 086
<b>Total operating expenses</b>		<b>-13 719</b>	<b>-13 286</b>	<b>-30 590</b>
<b>Operating result before write-downs and losses</b>		<b>198 845</b>	<b>72 993</b>	<b>117 261</b>
Write-downs on loans and guarantees		0	0	-2 318
<b>Pre-tax operating result</b>		<b>198 845</b>	<b>72 993</b>	<b>114 943</b>
Taxes		-55 677	-20 439	-32 281
<b>Profit/loss</b>		<b>143 169</b>	<b>52 554</b>	<b>82 662</b>

## STATEMENT OF TOTAL PROFIT/LOSS FIRST SIX MONTHS 2012

NOK 1 000	30-06-12	30-06-11	2011
Profit/loss	143 169	52 554	82 662
<b>Total profit/loss</b>	<b>143 169</b>	<b>52 554</b>	<b>82 662</b>
Allocations:			
Declared dividends			82 952
Other Equity	143 169	52 554	-291
<b>Total allocations</b>	<b>143 169</b>	<b>52 554</b>	<b>82 662</b>

# BALANCE SHEET AS OF JUNE 30, 2012

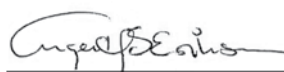
NOK 1 000	Note	30-06-12	30-06-11	2011
<b>Assets</b>				
Other intangible assets		1 573	3 286	2 132
Other assets	7	1 071	1 223	1 876
Treasury Bills		1 507 532	1 580 829	4 144 419
Bonds		9 853 743	4 115 283	8 861 103
Lending to and deposits with credit institutions		4 014 483	1 531 251	3 046 116
Lending to customers	8	148 328 247	104 552 605	126 997 078
Financial derivatives	10	5 972 318	1 246 906	4 607 603
<b>Total assets</b>		<b>169 678 967</b>	<b>113 031 383</b>	<b>147 660 328</b>
<b>Liabilities and Equity</b>				
<b>Liabilities</b>				
Deferred taxes		0	6 363	0
Debt incurred by issuing securities	9	156 010 915	103 706 879	138 564 942
Debt to credit institutions		2 973 916	499 163	1 236 293
Financial derivatives	10	2 751 198	2 682 186	1 396 600
Tax payable		0	0	38 645
Other liabilities	12	880 925	934 782	681 732
<b>Total liabilities</b>		<b>162 616 954</b>	<b>107 829 373</b>	<b>141 918 211</b>
<b>Equity</b>				
Contributed equity		6 918 470	4 728 470	5 658 470
Contributed equity (not registered)		0	420 000	
Accrued equity		695	985	695
Result		142 848	52 554	
Declared dividends		0	0	82 952
<b>Total equity</b>		<b>7 062 013</b>	<b>5 202 010</b>	<b>5 742 117</b>
<b>Total liabilities and equity</b>		<b>169 678 967</b>	<b>113 031 383</b>	<b>147 660 328</b>


Stavanger, 06.08.2012

  
Kjell Fordal  
Chair of the Board

  
Inge Reinertsen

  
Tore Arnstein Dobloug

  
Inger M. S. Eriksen

  
Merete Nygaard Kristiansen

  
Arve Austestad  
Chief Executive Officer



## STATEMENT OF CHANGES IN EQUITY

NOK 1 000	Share capital	Premium reserve	Other contributed	Declared dividend	Other equity	Total equity
Incorporation 18.08.2005	80 000	20 000				100 000
Costs of incorporation		-6				-6
Share increase 21 November 2006	240 000	60 000				300 000
Result for the period					-1 724	-1 724
<b>Balance sheet as of 1 January 2007</b>	<b>320 000</b>	<b>79 994</b>			<b>-1 724</b>	<b>398 270</b>
Share increase 22 February 2007	3 140	816				3 956
Share increase 22 August 2007	200 000	50 000				250 000
Share increase 02 November 2007	176 401	88 201				264 602
Share increase 20 December 2007	83 599	26 170				109 769
Result for the period					9 510	9 510
<b>Balance sheet as of 31 December 2007</b>	<b>783 140</b>	<b>245 181</b>			<b>7 786</b>	<b>1 036 107</b>
Share increase 04 June 2008	7 408	2 741				10 149
Share increase 13 June 2008	150 000	150 000				300 000
Share increase 30 October 2008	150 000	150 000				300 000
Result for the period					31 585	31 585
<b>Balance sheet as of 31 December 2008</b>	<b>1 090 548</b>	<b>547 922</b>			<b>39 371</b>	<b>1 677 841</b>
Share increase 11 February 2009	170 000	85 000				255 000
Share increase 4 June 2009	170 000	85 000				255 000
Share increase 19 August 2009	280 000	140 000				420 000
Share increase 14 September 2009	400 000	200 000				600 000
Share increase 20 November 2009			420 000			420 000
Share dividend 2008					-29 445	-29 445
Result for the period				93 231	-9 112	-9 112
<b>Balance sheet as of 31 December 2009</b>	<b>2 110 548</b>	<b>1 057 922</b>	<b>420 000</b>	<b>93 231</b>	<b>814</b>	<b>3 682 515</b>
Share increase 2 February 2010	280 000	140 000	-420 000			0
Share increase 3 May 2010	480 000	240 000				720 000
Share increase 15 November 2010	280 000	140 000				420 000
Share dividend 2009				-93 231		-93 231
Result for the period				75 613	171	75 785
<b>Balance sheet as of 31 December 2010</b>	<b>3 150 548</b>	<b>1 577 922</b>	<b>0</b>	<b>75 613</b>	<b>985</b>	<b>4 805 069</b>
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
<b>Balance sheet as of 31 December 2011</b>	<b>3 770 548</b>	<b>1 887 922</b>	<b>0</b>	<b>82 952</b>	<b>695</b>	<b>5 742 118</b>
Share increas 05 January 2012	280 000	140 000				420 000
Share increae 27 January 2012	280 000	140 000				420 000
Share increase 16 March 2012	280 000	140 000				420 000
Dividend 2011				-82 952		-82 952
Result for the period				143 169		143 169
<b>Balance sheet as of 30 June 2012</b>	<b>4 610 548</b>	<b>2 307 922</b>	<b>0</b>	<b>143 169</b>	<b>695</b>	<b>7 062 335</b>

## CASH FLOW STATEMENT

NOK 1 000	30-06-12	30-06-11	2011
<b>Cash flows from operations</b>			
Interest received	2 295 015	1 581 341	3 754 412
Payments to operations	-15 692	-10 924	-24 871
Paid tax	-38 644	-29 405	-29 405
<b>Net cash flow relating to operations</b>	<b>2 240 679</b>	<b>1 541 012</b>	<b>3 700 136</b>
<b>Cash flows from investments</b>			
Net purchase of loan portfolio	-21 310 639	-13 465 580	-35 864 583
Net payments on the acquisition of government bills	2 630 160	5 096 774	2 533 183
Net payments on the acquisition of bonds	-920 953	-1 918 060	-6 537 042
Net investments in intangible assets	-102	-45	-438
<b>Net cash flows relating to investments</b>	<b>-19 601 533</b>	<b>-10 286 910</b>	<b>-39 868 879</b>
<b>Cash flows from funding activities</b>			
Net receipt/payment from the issuance of certificates	-999 878	1 500 000	4 499 235
Net receipt/payment from the issuance of bonds	18 499 461	6 159 060	32 939 167
Net receipt/payment from the issuance of loans to credit institutions	1 850 336	113 251	845 825
Equity capital subscription	1 260 000	420 000	930 000
Paid dividend	-82 952	0	-75 613
Net interest payments on funding activity	-2 186 448	-1 567 444	-3 574 364
<b>Net cash flow relating to funding activities</b>	<b>18 340 519</b>	<b>6 624 867</b>	<b>35 564 250</b>
<b>Net cash flow in the period</b>	<b>979 665</b>	<b>-2 121 031</b>	<b>-604 493</b>
<b>Balance of cash and cash equivalents Jan 1, 2012</b>	<b>3 046 116</b>	<b>3 658 257</b>	<b>3 658 257</b>
Net receipt/payments on cash	<b>979 665</b>	<b>-2 121 031</b>	<b>-604 493</b>
Exchange rate difference	<b>-11 298</b>	<b>-5 975</b>	<b>-7 648</b>
<b>Balance of cash and cash equivalents June 30, 2012</b>	<b>4 014 483</b>	<b>1 531 251</b>	<b>3 046 116</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST SIX MONTHS 2012

### NOTE 1 GENERAL INFORMATION

#### 1.1 General Accounting Principles

These accounts are presented in accordance with the International Accounting Standard 34 (IAS 34), as adopted by the EU.

A description of the accounting policies that the company has used in preparation of the financial statement can be found in the annual report as of year end 2011.

The Company's accounting principles and methods of calculation and presentation are unchanged from the annual report for 2011.

No new nor changes to accounting standards or interpretations thereof became effective in the first six months of 2012.

These financial statements for the first six months of 2012 have been approved by the Board of Directors on 06.08.2012.

#### 1.2 Segment Reporting

The Company has only one reporting segment which is the retail business customer segment (residential mortgages). This segment consists of mortgage loans made to private individuals and all mortgage loans have been acquired from banks in the SpareBank 1 Alliance.

#### 1.3 Foreign Currencies

Transactions based in foreign currencies (other than NOK) have been restated in the functional currency (NOK) according to the exchange rate valid at the time of the transaction. Foreign exchange gains- and losses which may occur as a result, as well as the presentation of balances in a foreign currency at the end of the period, have been recorded in the P&L, except for where hedge accounting is utilised.

#### 1.4 Pension Commitments

SpareBank 1 Boligkreditt AS maintains two categories of pension commitments for its employees:

#### 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 obligations 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.

SpareBank 1 Boligkreditt had 9 employees at 30.06.2012. The employees are members of SpareBank 1 SR-Bank ASA's pension scheme and earn pension rights equivalent to those of other employees in the scheme. SpareBank 1 Boligkreditt AS pays the pension premiums for its employees as billed by the scheme. When the premiums have been paid no further obligations exists on the part of SpareBank 1 Boligkreditt AS, except a defined benefit for that part of the CEO's remuneration which is above an amount equal to 12G (G is the basic amount in the Norwegian public benefits system). One employee works for the Company but is formally employed by the SpareBank 1 Gruppen (the internal or coordinating company in the SpareBank 1 Alliance), which covers all the pension obligations for this employee.



## NOTE 2 NET INTEREST INCOME

NOK 1 000	30-06-12	30-06-11	2011
<b>Interest income</b>			
Interest income and similar income from loans to and balances with credit institutions	198 882	85 021	288 525
Interest income and similar income from loans to and balances with customers	2 828 128	1 795 723	4 091 674
Interest income treasury bills	5 481	95 735	40 666
Commission expense (payable to shareholder banks)	-428 895	-217 430	-364 697
<b>Total interest income</b>	<b>2 603 596</b>	<b>1 759 049</b>	<b>4 056 168</b>
<b>Interest expense</b>			
Interest expense and similar expenses to credit institutions	7 099	1 744	6 035
Interest expense and similar expenses on issued bonds	2 391 032	1 636 002	3 752 924
Interest expense and similar expenses on issued certificates	76 569	13 464	63 099
Other interest expenses	28 002	62	65
<b>Total interest expense</b>	<b>2 502 703</b>	<b>1 651 273</b>	<b>3 822 123</b>
<b>Total net interest income</b>	<b>100 894</b>	<b>107 776</b>	<b>234 045</b>

## NOTE 3 NET GAINS FROM FINANCIAL INSTRUMENTS

NOK 1 000	30-06-12	30-06-11	2011
Net gains (losses) from financial liabilities	-1 172 720	1 707 612	-2 880 403
Net gains (losses) from financial assets	-89 713	-25 691	-45 506
Net gains (losses) from financial derivatives, hedging, at fair value	1 374 104	-1 703 419	2 839 714
<b>Net gains from financial instruments</b>	<b>111 670</b>	<b>-21 497</b>	<b>-86 195</b>

## NOTE 4 SALARIES AND REMUNERATION

NOK 1 000	30-06-12	30-06-11	2011
Salary	4 735	3 430	8 216
Salaries reinvoyed to SpareBank 1 Næringskreditt*	-2 344	-1 714	-4 435
Pension expenses	884	600	1 948
Social insurance fees	770	495	1 300
Other personnel expenses	168	31	328
<b>Total salary expenses</b>	<b>4 212</b>	<b>2 842</b>	<b>7 356</b>
Average full time equivalent employees	8	7	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 reinvoyed to SpareBank 1 Næringskreditt. The company also buys administrative services from SpareBank1 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 5 ADMINISTRATIVE EXPENSES

NOK 1 000	30-06-12	30-06-11	2011
IT operation and maintenance	2 495	2 655	5 653
Travel	461	393	1 144
Telephone and postage	76	91	200
Misc other adm expenses	10	3	70
<b>Total</b>	<b>3 041</b>	<b>3 141</b>	<b>7 066</b>

## NOTE 6 OTHER OPERATING EXPENSES

NOK 1 000	30-06-12	30-06-11	2011
Auditing, hired personnel from SpareBank 1 Group, other services	5 970	5 976	13 313
Operating expenses rented offices	243	82	164
Operating expenses reinviced to SpareBank 1 Næringskreditt	-562	-433	-706
Misc other operating expenses	154	138	312
<b>Total</b>	<b>5 805</b>	<b>5 763</b>	<b>13 083</b>

## NOTE 7 OTHER ASSETS

NOK 1 000	30-06-12	30-06-11	2011
Accrued interest	0	0	0
Claims against SpareBank 1 Næringskreditt AS	1 072	1 223	1 876
Other	-1	0	0
<b>Total</b>	<b>1 071</b>	<b>1 223</b>	<b>1 876</b>

## NOTE 8 LENDING TO CUSTOMERS

NOK 1 000	30-06-12	30-06-11	2011
Revolving loans - retail market	61 505 655	43 074 313	53 247 134
Amortising loans - retail market	86 651 320	61 373 020	73 599 202
Accrued interest	176 957	108 637	156 428
<b>Total loans before specified and unspecified loss provisions</b>	<b>148 333 931</b>	<b>104 555 971</b>	<b>127 002 763</b>
Specified loan loss provisions			
Unspecified loan loss provisions	5 685	3 366	5 685
<b>Total net loans and claims with customers</b>	<b>148 328 247</b>	<b>104 552 605</b>	<b>126 997 078</b>

### Liability

Unused balances under revolving credit lines	18 325 871	12 544 924	15 051 298
<b>Total</b>	<b>18 325 871</b>	<b>12 544 924</b>	<b>15 051 298</b>

### Defaulted loans \*

Defaults	0 %	0 %	0 %
Specified loan loss provisions	0 %	0 %	0 %
<b>Net defaulted loans</b>	<b>0 %</b>	<b>0 %</b>	<b>0 %</b>

### Loans at risk of loss \*

Loans not defaulted but at risk of loss	0 %	0 %	0 %
- Write downs on loans at risk of loss	0 %	0 %	0 %
<b>Net other loans at risk of loss</b>	<b>0 %</b>	<b>0 %</b>	<b>0 %</b>

\*As a percentage of net loans and claims with customers. 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.



## NOTE 9 LIABILITIES INCURRED BY ISSUING SECURITIES

	Nominal amounts*	Nominal amounts*	Nominal amounts*
<b>NOK 1 000</b>	<b>30-06-12</b>	<b>30-06-11</b>	<b>2011</b>
Short term notes, unsecured	4 075 000	1 500 000	4 500 000
Covered bonds	152 416 533	105 309 933	134 597 453
Withdrawn from the Norwegian Central Bank Swap Facility	14 864 778	14 864 778	14 864 778
Bonds deposited in the Norwegian Central Bank Swap Facility	-18 100 000	-18 100 000	-18 100 000
Sr. Unsecured Bonds	3 050 000	3 250 000	1 900 000
Repurchased Bonds	-3 910 833	-1 885 128	-3 024 198
<b>Total liabilities incurred by issuing securities</b>	<b>236 364 832</b>	<b>104 939 583</b>	<b>240 336 066</b>

\* Nominal amounts are incurred debt at exchange rates (EUR/NOK and USD/NOK) at the time of issuance

	Book value	Book value	Book value
<b>NOK 1 000</b>	<b>30-06-12</b>	<b>30-06-11</b>	<b>2011</b>
Short term notes, unsecured	4 073 935	1 499 755	4 499 236
Covered bonds	154 790 973	103 361 480	137 480 924
Withdrawn from the Norwegian Central Bank Swap Facility	14 874 758	14 864 778	14 864 778
Bonds deposited in the Norwegian Central Bank Swap Facility	-18 100 000	-18 100 000	-18 100 000
Sr. Unsecured Bonds	3 049 328	3 249 926	1 899 899
Repurchased Bonds	-4 083 904	-1 919 879	-3 221 071
Activated costs incurred by issuing debt	-150 247	-99 798	-126 323
Accrued interest	1 556 071	850 616	1 267 499
<b>Total liabilities incurred by issuing securities</b>	<b>156 010 915</b>	<b>103 706 879</b>	<b>138 564 942</b>

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

Year	ISIN nr	Issuance	Maturity	Interest rate type	30-06-12	30-06-11	2011
					-3 910 833	-1 885 128	-3 024 198
					5 132 380	5 132 380	5 132 380
					3 162 555	3 162 555	3 162 555
					6 569 843	6 569 843	6 569 843
2011	NO0010604986	16.03.11	16.09.11	Fast	0	750 000	
2011	NO0010542616	30.09.09	30.09.11	Flytende	0	2 000 000	0
2011	NO0010604994	16.03.11	16.12.11	Fast	0	750 000	0
2012	NO0010624745	01.09.11	29.02.12	Fast	0	0	750 000
2012	NO0010625395	16.09.11	16.03.12	Fast	0	0	500 000
2012	NO0010571086	23.03.10	23.03.12	Flytende	0	1 250 000	1 250 000
2012	NO0010630510	30.11.11	30.05.12	Fast	0	0	1 000 000
2012	NO0010441652	25.06.08	25.06.12	Fast	0	800 000	800 000
2012	NO0010626120	30.09.11	29.06.12	Fast	0	0	500 000
2012	NO0010630528	30.11.11	30.08.12	Fast	990 000	0	1 000 000
2012	NO0010633324	16.12.12	17.09.12	Fast	750 000	0	750 000
2012	NO0010634025	06.01.12	08.10.12	Fast	300 000	0	0
2012	NO0010637622	29.02.12	29.11.12	Fast	500 000	0	0
2012	XS0470740969	03.12.09	03.12.12	Fast	8 384 500	8 384 500	8 384 500
2012	NO0010640980	16.03.12	12.12.12	Fast	400 000		
2013	NO0010643125	17.04.12	17.01.13	Fast	175 000		
2013	NO0010646359	09.05.12	08.02.13	Fast	710 000		
2013	NO0010480452	16.12.08	15.02.13	Flytende	1 610 000	3 000 000	2 678 000
2013	NO0010638083	12.03.12	05.04.13	Flytende	500 000	0	0
2013	NO0010649601	11.06.12	11.06.13	Fast	250 000		
2013	NO0010638109	08.03.12	26.06.13	Flytende	500 000	0	0
2013	XS0386753031	10.09.08	10.09.13	Fast	8 016 400	8 015 000	8 015 000
2013	XS0552808940	19.10.10	25.10.13	Fast	8 781 900	8 842 500	8 842 500
2013	NO0010467491	10.10.08	31.10.13	Fast	300 000	300 000	300 000
2014	NO0010633555	23.12.11	23.01.14	Flytende	650 000	0	650 000
2014	NO0010635709	30.01.12	30.01.14	Flytende	400 000	0	0
2014	NO0010641343	23.03.12	24.03.14	Flytende	500 000	0	0
2014	NO0010641350	23.03.12	24.03.14	Flytende	500 000	0	0
2014	NO0010534340	20.08.09	22.05.14	Flytende	15 000	15 000	15 000

2014	NO0010492333	17.02.09	25.08.14	Flytende	6 000 000	7 000 000	6 000 000
2014	NO0010540578	17.09.09	17.09.14	Flytende	998 000	998 000	998 000
2014	NO0010534340	20.08.09	22.05.14	Flytende	9 535 000	9 535 000	9 535 000
2014	NO0010540578	17.09.09	17.09.14	Flytende	7 552 000	7 552 000	7 552 000
2014	NO0010534340	20.08.09	22.05.14	Flytende	-9 550 000	-9 550 000	-9 550 000
2014	NO0010540578	17.09.09	17.09.14	Flytende	-8 550 000	-8 550 000	-8 550 000
2014	NO0010628290	04.11.11	04.11.14	Flytende	3 500 000	0	3 500 000
2014	NO0010510985	22.05.09	24.11.14	Flytende	328 000		
2015	NO0010520356	11.06.09	11.06.15	Flytende	7 350 000	7 350 000	7 350 000
2015	XS0519708613	23.06.10	23.06.15	Fast	7 881 700	7 890 000	7 890 000
2015	NO0010583222	13.08.10	13.08.15	Flytende	3 000 000	1 000 000	3 000 000
2016	NO0010572142	29.04.10	29.04.16	Flytende	5 600 000	5 065 000	5 600 000
2016	XS0632246426	27.05.11	27.05.16	Fast	6 986 625	6 986 625	6 986 625
2016	NO0010633068	22.12.11	22.06.16	Fast	620 000	0	620 000
2016	NO0010630833	02.12.11	03.11.16	Flytende	3 000 000	0	1 750 000
2016	XS0707700919	22.11.11	22.11.16	Fast	7 807 000	0	7 807 000
2017	XS0495145657	17.03.10	17.03.17	Fast	10 038 000	10 037 500	10 037 500
2017	XS0766475858	03.04.12	30.06.17	Fast	7 175 500		
2017	NO0010621782	14.07.11	14.07.17	Flytende	1 000 000	0	1 000 000
2017	NO0010464944	07.10.08	16.10.17	Fast	2 800 000	2 000 000	2 800 000
2018	NO0010441454	18.06.08	18.06.18	Fast	1 000 000	1 000 000	1 000 000
2018	NO0010623234	16.08.11	16.08.18	Flytende	1 500 000	0	1 000 000
2018	NO0010441678	25.06.08	25.06.18	Fast	200 000	200 000	200 000
2019	XS0738895373	01.02.12	01.02.19	Fast	9 613 750	0	0
2019	N-note	18.09.08	18.09.19	Fast	485 670	485 670	485 670
2021	N-note	26.01.11	26.01.21	Fast	828 576	828 576	828 576
2021	N-note	28.01.11	28.01.21	Fast	94 512	94 512	94 512
2021	XS0587952085	03.02.11	03.02.21	Fast	7 930 100	7 930 050	7 930 050
2021	XS0674396782	07.09.11	07.09.21	Fast	7 850 000	0	7 747 520
2022	NO0010646904	23.05.12	23.05.22	Fast	214 300		
2022	NO0010622137	15.07.11	15.07.22	Fast	2 770 000	0	2 200 000
2026	NO0010625460	05.10.11	05.10.26	Fast	1 650 000	0	1 650 000
<b>Total</b>					<b>152 395 478</b>	<b>104 939 583</b>	<b>134 738 033</b>
Liabilities sorted by currency (book value)							
<b>NOK 1 000</b>					<b>30-06-12</b>	<b>30-06-11</b>	<b>2011</b>
NOK					68 083 846	46 432 007	61 525 635
EUR					65 212 597	42 513 179	60 198 923
USD					22 500 728	14 761 693	16 840 385
SEK					213 745	0	0
<b>SUM</b>					<b>156 010 915</b>	<b>103 706 879</b>	<b>138 564 942</b>

## NOTE 10 FINANCIAL DERIVATIVES

	Contract amount	Fair value		Allocated to	
NOK 1 000		Assets	Liabilities	Cash-flow hedging	Fair value hedging
Hedging first six months 2012					
Swaps					
Interest rate and cross currency swaps	182 119 322	5 972 318	-2 751 198		182 119 322
Total interest derivatives	182 119 322	5 972 318	-2 751 198		182 119 322

*Hedging first six months 2011*

<b>Swaps</b>					
Interest rate and cross currency swaps	128 539 679	1 246 906	-2 682 186		128 539 679
<b>Total interest derivatives</b>	<b>128 539 679</b>	<b>1 246 906</b>	<b>-2 682 186</b>		<b>128 539 679</b>

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

## NOTE 11 BONDS CLASSIFIED AS HOLD TO MATURITY

As of 30-06-12	Book value	Investments	Matured	Amortising	Exchange rate effects	Amortised cost 30-06-12
Bonds classified as	31-12-11					
Hold to maturity	2 205 514	0	-402 197	-58	0	1 803 259
<b>Total certificates and bonds</b>	<b>2 205 514</b>	<b>0</b>	<b>-402 197</b>	<b>-58</b>	<b>0</b>	<b>1 803 259</b>

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	1 803 259	1 809 294	6 035
<b>Total certificates and bonds</b>	<b>1 803 259</b>	<b>1 809 294</b>	<b>6 035</b>

## NOTE 12 OTHER LIABILITIES

NOK 1 000	30-06-12	30-06-11	2011
Employees tax deductions and other deductions	309	262	496
Employers national insurance contribution	464	215	314
Accrued holiday allowance	923	489	723
Commission payable to shareholder banks	806 096	826 848	663 177
Deposits*	11 456	7 067	7 663
Pension liabilities	674	222	674
Other accrued costs	61 004	99 678	8 685
<b>Total</b>	<b>880 925</b>	<b>934 782</b>	<b>681 732</b>

The Company does not have an overdraft facility or a revolving credit facility as of 30.06.12

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



## NOTE 13 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. Bonds and certificates in the cover pool are stated at market values and this could also contribute to a discrepancy between the asset coverage test and the financial statements. In addition any defaulted loans, i.e. loans in arrears at or beyond 90 days, are excluded from the test (there have been no occurrences of any defaults starting with the commencement of operations through 30.06.2012). 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.

<b>COVER POOL 1</b>			
<b>NOK 1 000</b>	<b>30-06-12</b>	<b>30-06-11</b>	<b>2011</b>
Covered Bonds	138 045 566	86 140 007	120 595 374
Repurchased Bonds	-4 202 925	-1 993 597	-3 262
Derivatives	-3 459 703	1 431 234	-3 204
<b>Total Covered Bonds</b>	<b>130 382 938</b>	<b>85 577 643</b>	<b>114 129 700</b>
Lending to customers	132 635 486	89 155 472	111 014 879
Treasury Bills	74 735	397 342	3 117 720
Substitute collateral	10 198 674	4 418 077	10 303
<b>Total Cover Pool</b>	<b>142 908 895</b>	<b>93 970 891</b>	<b>124 435 399</b>
<b>Asset-coverage</b>	<b>109,6 %</b>	<b>109,8 %</b>	<b>109,0 %</b>

<b>COVER POOL 2</b>			
<b>NOK 1 000</b>	<b>30-06-12</b>	<b>30-06-11</b>	<b>2011</b>
Covered Bonds	18 114 617	18 167 528	18 166 609
Repurchased Bonds	-1 014 086	-1 014 338	-1 014 310
Derivatives	-35 996	-5 585	-47 908
<b>Total Covered Bonds</b>	<b>17 064 535</b>	<b>17 147 605</b>	<b>17 104 391</b>
Lending to customers	15 644 370	15 356 938	15 954 617
Substitute collateral	1 613 258	1 802 522	1 218 060
<b>Total Cover Pool</b>	<b>17 257 628</b>	<b>17 159 460</b>	<b>17 172 677</b>
<b>Asset-coverage</b>	<b>101,1 %</b>	<b>100,1 %</b>	<b>100,4 %</b>

## NOTE 14 CAPITAL ADEQUACY

New capital adequacy regulations were introduced in Norway as of 1 January 2007 (Basel II - the new EU directive for capital adequacy) SpareBank 1 Boligkreditt AS has been granted permission from the Norwegian Financial Supervisory Authority to use the Internal Rating Based Approach (IRB) for credit risk from the 2nd quarter of 2009. Transitional rules are given by regulation from the Norwegian Financial Supervisory Authority whereby the use of the IRB-approach will not have full effect of reduced regulatory capital requirements. Permission is given for a reduction in risk-weighted basis of calculation of 20% of the old capital adequacy regulation (Basel I). For Boligkreditt these transitional rules mean that the company's assets as of June 30, 2012 have a higher risk-weighting than that under the standard method (in Basel II).

Equity Capital i NOK 1 000	30-06-12	30-06-11	2011
Share capital	4 610 548	3 150 548	3 770 548
Premium share fund	2 307 922	1 577 922	1 887 922
Other equity capital	695	420 985	695
Profit/loss	0	0	82 662
<b>Total equity capital</b>	<b>6 919 165</b>	<b>5 149 455</b>	<b>5 741 827</b>
Intangible assets	-1573	-3 286	-2 132
Declared share dividend	0	0	-82 952
50% deduction of expected losses exceeding loss provisions IRB	-65 938	-45 151	-54 693
<b>Core capital (Tier 1)</b>	<b>6 851 655</b>	<b>5 101 018</b>	<b>5 602 051</b>
Supplementary capital		0	0
50% deduction of expected losses exceeding loss provisions IRB	-65 938	-45 151	-54 693
<b>Total capital</b>	<b>6 785 717</b>	<b>5 055 867</b>	<b>5 547 358</b>

Minimum requirements for capital according to Basel II i NOK 1 000	30-06-12	30-06-11	2011
Credit risk	1 568 621	994 195	1 344 887
Market risk	0	0	0
Operational risk	23 942	17 435	17 435
Depreciation on groups of loans	0	0	
Difference in capital requirement resulting from transitional rules	3 680 139	2 628 457	3 152 127
<b>Minimum requirement for capital</b>	<b>5 272 702</b>	<b>3 640 087</b>	<b>4 514 449</b>

Capital adequacy	30-06-12	30-06-11	2011
Core capital ratio (%) (Tier 1)	10,40 %	11,21 %	9,93 %
Total capital ratio (%)	10,30 %	11,11 %	9,83 %

## NOTE 15 RISK MANAGEMENT

In the Annual Report for 2011, Notes 21 to 25, various risks and the management thereof have been disclosed.

## NOTE 16 CONTINGENCIES

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

## NOTE 17 RELATED PARTIES

### SpareBank 1 SR-Bank ASA

SpareBank 1 Boligkreditt AS procures a material part of its back office and support operations from SpareBank 1 SR-Bank ASA. A support level agreement has been signed with SpareBank 1 SR-Bank ASA.

### SpareBank1 Alliance

SpareBank 1 Boligkreditt AS maintains Transfer- and Servicing Agreements with alliance banks which manage the retail mortgage loan customers.

### SpareBank 1 Næringskreditt AS

All employees in SpareBank 1 Boligkreditt AS are also employed in SpareBank 1 Næringskreditt AS. According to a Board decision in SpareBank 1 Næringskreditt on 17.09.09, 1/3 of the administrative costs in SpareBank 1 Boligkreditt AS are allocated and paid by SpareBank 1 Næringskreditt AS. The 1/3 share represents the expenses in SpareBank 1 Boligkreditt AS occurred on behalf of SpareBank 1 Næringskreditt AS.



## NOTE 18 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. As of 30.06.2012 this collateral amounted to NOK 2 973 916. This amount is included in the balance sheet as a deposit, but represents restricted cash.

## NOTE 19 INCOME- AND BALANCE SHEET DEVELOPMENT

Income statement NOK 1 000	2. quarter 2012	1. quarter 2012	4. quarter 2011	3. quarter 2011	2. quarter 2011
Interest income	1 278 517	1 325 079	1 246 414	1 050 706	1 759 049
Interest expenses	-1 224 908	-1 277 795	-1 177 466	-993 384	-1 651 273
<b>Net interest income</b>	<b>53 610</b>	<b>47 284</b>	<b>68 948</b>	<b>57 322</b>	<b>107 776</b>
Profit/loss on securities	41 502	70 168	-43 866	-20 833	-21 497
<b>Net other operating income</b>	<b>41 502</b>	<b>70 168</b>	<b>-43 866</b>	<b>-20 833</b>	<b>-21 497</b>
<b>Total operating income</b>	<b>95 112</b>	<b>117 453</b>	<b>25 082</b>	<b>36 490</b>	<b>86 279</b>
Salaries and other personnel expenses	-1 641	-2 571	-2 895	-1 619	-2 842
Administrative expenses	-1 614	-1 427	-2 303	-1 621	-3 141
Other operating expenses	-3 752	-2 053	-4 391	-2 929	-5 763
Depreciation of fixed and other intangible assets	54	-715	-784	-762	-1 539
<b>Total operating expenses</b>	<b>-6 952</b>	<b>-6 767</b>	<b>-10 373</b>	<b>-6 932</b>	<b>-13 286</b>
<b>Operating result before losses</b>	<b>88 159</b>	<b>110 686</b>	<b>14 709</b>	<b>29 557</b>	<b>72 993</b>
Write-downs on loans and guarantees	0	0	-2 318	0	0
<b>Pre-tax operating result</b>	<b>88 159</b>	<b>110 686</b>	<b>12 392</b>	<b>29 557</b>	<b>72 993</b>
Taxes	-24 685	-30 992	-3 562	-8 280	-20 439
<b>Profit/loss for the period</b>	<b>63 475</b>	<b>79 694</b>	<b>8 830</b>	<b>21 277</b>	<b>52 554</b>
Balance sheet NOK 1 000	2. quarter 2012	1. quarter 2012	4. quarter 2011	3. quarter 2011	2. quarter 2011
<b>Assets</b>					
Other intangible assets	1 573	1 519	2 132	2 916	3 286
Other assets	1 071	1 340	1 876	2 486	1 223
Treasury bills	1 507 532	1 463 697	4 144 419	2 233 218	1 580 829
Bonds	9 853 743	10 297 337	8 861 103	5 005 836	4 115 283
Lending to and deposits with credit institutions	4 014 483	2 843 534	3 046 116	3 945 414	1 531 251
Lending to customers	148 328 247	140 392 200	126 997 078	113 341 354	104 552 605
Financial derivatives	5 972 318	4 062 753	4 607 603	3 729 190	1 246 906
<b>Total assets</b>	<b>169 678 967</b>	<b>159 062 379</b>	<b>147 660 328</b>	<b>128 260 416</b>	<b>113 031 383</b>
<b>Liabilities</b>					
Deferred taxes	0		0	6 363	6 363
Securities issued	156 010 915	147 350 864	138 564 942	120 268 780	103 706 879
Debt to credit institutions	2 973 916	1 266 972	1 236 293	1 059 901	499 163
Financial derivatives	2 751 198	2 724 973	1 396 600	917 476	2 682 186
Taxes payable	0	23 942	38 645	0	0
Other liabilities	880 925	696 770	681 732	784 608	934 782
<b>Total liabilities</b>	<b>162 616 954</b>	<b>152 063 520</b>	<b>141 918 211</b>	<b>123 037 129</b>	<b>107 829 373</b>
<b>Equity</b>					
Contributed equity	6 918 470	5 658 470	5 658 470	5 148 470	4 728 470
Other deposited equity (not registered)	0	1 260 000	0	0	420 000
Accrued equity	695	695	695	985	985
Profit/loss for the period	142 848	79 694	82 952	73 832	52 554
Purposed dividend	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>7 062 013</b>	<b>6 998 859</b>	<b>5 742 117</b>	<b>5 223 287</b>	<b>5 202 009</b>
<b>Total equity</b>	<b>169 678 967</b>	<b>159 062 379</b>	<b>147 660 328</b>	<b>128 260 416</b>	<b>113 031 382</b>

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