

Feeling Norway

2nd Quarterly Report 2013

SpareBank 1 Boligkreditt AS

Financial statements 2nd quarter 2013

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SpareBank 1 Boligkreditt AS

Income statement first six months 2013

NOK 1,000	Note	30.06.2013	30.06.2012	2012
Total interest income	2	2,348,243	2,603,596	5,031,867
Total interest expenses	2	-2,227,741	-2,502,703	-4,846,847
Net interest income		120,503	100,894	185,020
Net gains/losses from financial instruments	3	-9,756	111,670	193,931
Net other operating income		-9,756	111,670	193,931
Total operating income		110,747	212,564	378,951
Salaries and other ordinary personnel expenses	4	-4,684	-4,212	-9,458
Administration expenses	5	-4,252	-3,041	-7,009
Other operating expenses	6	-5,038	-5,805	-11,216
Depreciation/Amortisation		-925	-661	-1,713
Total operating expenses		-14,899	-13,719	-29,396
Operating result before losses		95,848	198,845	349,555
Write-downs on loans and guarantees	8	0	0	-2,023
Pre-tax operating result		95,848	198,845	347,532
Taxes		26,837	55,677	-97,305
Profit/loss for the period		69,010	143,169	250,227

SpareBank 1 Boligkreditt AS

Statement of total profit/loss for the first six months 2013

NOK 1,000	30.06.2013	30.06.2012	2012
Profit/loss for the period	69,010	143,169	250,227
Pension estimates deviation			7,096
Tax effect pension estimates deviation			-1,987
Total profit/loss accounted for in equity	0	0	5,109
Total profit/loss	69,010	143,169	255,336
Allocations:			
Declared dividends			145,886
Other Equity	69,010	143,169	109,450
Total allocations	69,010	143,169	255,336

SpareBank 1 Boligkreditt AS

Balance sheet as of 30 June 2013

NOK 1,000	Note	30.06.2013	30.06.2012	2012
Assets				
Other intangible assets		3,646	1,573	2,035
Other assets	7	1,454	1,071	1,552
Treasury Bills		5,071,915	1,507,532	1,801,802
Bonds	11	13,656,316	9,853,743	12,472,275
Lending to and deposits with credit institutions		7,125,187	4,014,483	6,036,499
Lending to customers	8	166,914,671	148,328,247	160,233,984
Financial derivatives	10	8,778,292	5,972,318	6,104,499
Total assets		201,551,481	169,678,967	186,652,647
Liabilities and equity				
Liabilities				
Deferred taxes		100,712	0	100,712
Debt incurred by issuing securities	9	185,028,695	156,010,915	170,644,817
Debt to credit institutions		4,706,383	2,973,916	3,213,665
Financial derivatives	10	1,312,415	2,751,198	3,531,313
Tax payable		0	0	0
Other liabilities	14	2,267,746	880,925	1,369,734
Total liabilities		193,415,951	162,616,954	178,860,241
Equity				
Contributed equity		7,968,470	6,918,470	7,548,470
Retained Earnings		98,050	695	98,050
Result		69,010	142,848	0
Declared dividends		0	0	145,886
Total equity		8,135,531	7,062,013	7,792,406
Total liabilities and equity		201,551,481	169,678,967	186,652,647

Stavanger, 09.08.2013

Kjell Fordal
Chairman of the Board

Inge Reinertsen

Tore Anstein Dobloug

Inger S. Eriksen

Merete Nygaard Kristiansen

Arve Austestad
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 as of 31 December 2011	3,770,548	1,887,922	82,952		695	5,742,118
Share increase January 5, 2012	280,000	140,000				420,000
Share increase January 27, 2012	280,000	140,000				420,000
Share increase March 16, 2012	280,000	140,000				420,000
Share increase August, 20 2012	280,000	140,000				420,000
Share increase October 24, 2012	140,000	70,000				210,000
Dividend 2011			-82,952			-82,952
Result for the period			145,886	97,072	7,269	250,227
Pension estimates deviation net of tax effect					5,109	5,109
Pension obligation accounted for in equity					-12,095	-12,095
Balance as of December 31, 2012	5,030,548	2,517,922	145,886	97,072	978	7,792,406
Share increase April 8, 2013	280,000	140,000				420,000
Dividend 2012			#####			-145,886
Result for the period					69,010	69,010
Balance as of June 30, 2013	5,310,548	2,657,922	0	97,072	69,988	8,135,530

SpareBank 1 Boligkreditt AS

Cash Flow Statement

NOK 1,000	30.06.2013	30.06.2012	2012
Cash flows from operations			
Interest received	2,192,208	2,295,015	4,691,621
Payments to operations	-12,626	-15,692	-22,007
Paid tax	0	-38,644	-32,259
Net cash flow relating to operations	2,179,581	2,240,679	4,637,355
Cash flows from investments			
Net purchase of loan portfolio	-6,652,727	-21,310,639	-33,205,024
Net payments on the acquisition of government bills	-3,266,753	2,630,160	2,332,616
Net payments on the acquisition of bonds	-705,756	-920,953	-3,720,224
Net investments in intangible assets	-2,536	-102	-1,616
Net cash flows relating to investments	-10,627,773	-19,601,533	-34,594,249
Cash flows from funding activities			
Net receipt/payment from the issuance of certificates	760,095	-999,878	-480,627
Net receipt/payment from the issuance of bonds	8,174,068	18,499,461	33,482,836
Net receipt/payment from the issuance of loans to credit institutions	2,362,782	1,850,336	2,615,429
Equity capital subscription	420,000	1,260,000	1,890,000
Paid dividend	-145,886	-82,952	-82,952
Net interest payments on funding activity	-2,033,940	-2,186,448	-4,485,657
Net cash flow relating to funding activities	9,537,119	18,340,519	32,939,030
Net cash flow in the period	1,088,927	979,665	2,982,136
Balance of cash and cash equivalents Jan 1, 2012	6,036,499	3,046,116	3,046,116
Net receipt/payments on cash	1,088,927	979,665	2,982,136
Exchange rate difference	-239	-11,298	8,248
Balance of cash and cash equivalents Dec 31, 2012	7,125,187	4,014,483	6,036,499

SpareBank 1 Boligkreditt AS

Profits and loss and balance sheet development

Profit and Loss

	2nd quarter	1st quarter	4th quarter	3rd quarter	2nd quarter
NOK 1,000	2013	2013	2012	2012	2012
Interest income	1,184,976	1,163,267	1,205,275	1,222,996	1,278,517
Interest expense	-1,138,467	-1,089,274	-1,167,297	-1,176,848	-1,224,908
Net interest income	46,509	73,993	37,978	46,148	53,610
Net gains/losses on financial instruments	-35,524	25,768	36,392	45,869	41,502
Net other operating income	-35,524	25,768	36,392	45,869	41,502
Total operating income	10,985	99,762	74,370	92,016	95,112
Salaries and other ordinary personnel expenses	-2,753	-2,613	-2,539	-2,707	-1,641
Administration expenses	-2,195	-1,375	-2,406	-1,562	-1,614
Other operating expenses	-1,622	-3,416	-3,110	-2,301	-3,752
Depreciation/Amortisation	-487	-438	-574	-478	54
Total operating expenses	-7,057	-7,842	-8,629	-7,048	-6,952
Operating result before losses	3,928	91,920	65,741	84,968	88,159
Write-downs on loans and guarantees	0	0	-2,023	0	0
Operating result before taxes	3,928	91,920	63,718	84,968	88,159
Taxes	-1,100	-25,737	-17,837	-23,791	-24,685
Profit/loss for the period	2,828	66,182	45,881	61,177	63,475
Other income and costs	0	0	0	0	0
Total profit/loss for the period	2,828	66,182	45,881	61,177	63,475

Balance Sheet

	2nd quarter	1st quarter	4th quarter	3rd quarter	2nd quarter
NOK 1,000	2013	2013	2012	2012	2012
Assets					
Other intangible assets	3,646	2,179	2,035	2,279	1,573
Other assets	1,454	1,336	1,552	1,176	1,071
Treasury Bills	5,071,915	1,612,305	1,801,802	5,266,663	1,507,532
Bonds	13,656,316	12,612,044	12,472,275	11,740,867	9,853,743
Lending to and deposits with credit institutions	7,125,187	4,677,406	6,036,499	5,030,819	4,014,483
Lending to customers	166,914,671	164,866,968	160,233,984	157,261,220	148,328,247
Financial derivatives	8,778,292	6,651,730	6,104,499	6,107,841	5,972,318
Sum eiendeler	201,551,481	190,423,968	186,652,647	185,410,866	169,678,967

Liabilities and Equity

Liabilities

Deferred taxes	100,712	100,712	100,712	0	0
Debt incurred by issuing securities	185,028,695	174,827,620	170,644,817	169,296,209	156,010,915
Debt to credit institutions	4,706,383	3,361,575	3,213,665	3,495,568	2,973,916
Financial derivatives	1,312,415	2,514,262	3,531,313	3,983,467	2,751,198
Tax payable	0	0	0	0	0
Other liabilities	2,240,909	1,761,209	1,369,734	1,092,111	880,925
Total Liabilities	193,389,114	182,565,378	178,860,241	177,867,355	162,616,954

Equity

Contributed equity	7,968,470	7,548,470	7,548,470	6,918,470	6,918,470
Contributed equity (not yet registered)	98,050	0	0	420,000	0
Retained Earnings	69,010	98,050	98,050	695	695
Result	0	66,182	0	204,346	142,848
Declared dividends	0	145,886	145,886	0	0
Total Equity	8,135,530	7,858,588	7,792,406	7,543,511	7,062,013
Total Liabilities and Equity	201,551,481	190,423,967	186,652,647	185,410,866	169,678,967

Key Figures

Number of shares	5,310,548	50,305,482	50,305,482	48,905,482	46,105,482
Result per share	0.55	1.32	2.90	4.18	3.10

SpareBank 1 Boligkreditt AS

Notes to the Financial Statements 2nd quarter 2013

Note 1 Accounting Principles

1.1 Basis for preparation

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.

These quarterly accounts for SpareBank 1 Boligkreditt refers to the period 01.01.2013 - 30.06.2013. The accounts have been produced in accordance with IAS 34 reporting for a partial year. The accounts are prepared in accordance with IFRS and IFRIC interpretations thereof. The Company's accounting principles and calculation methods have not materially changed since the annual accounts for 2012. The principles addressed below should be seen in connection with the accounting principles as they were presented in the annual accounts for 2012.

These financial accounts for the first quarter of 2013 have been approved by the Board of Directors of SpareBank 1 Boligkreditt on 09.08.2013

1.2 Segment

Business segments are the Company's primary reporting segment. The Company has only one segment, which is the retail customer segment. The segment consists of lending to private individuals and all loans have been acquired from the member banks of the SpareBank 1 alliance. The Company's total results for the first quarter of 2013 is therefore equal to the retail segment total results.

1.3 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.

1.4 Risk Management

SpareBank 1 Boligkreditt AS' financial assets and liabilities fluctuates in value as a result of the variability of prices of such assets and liabilities in the financial markets. In the annual accounts for 2012 Note 3 this risk and its management is more closely discussed.

1.5 Estimates

The preparation of the financial information is in accordance with IFRS and involves management's estimates which affect the implementation of accounting principles and thereby accounting values for assets, liabilities, revenue and costs. These estimates have been described in the notes to the annual accounts for 2012.

SpareBank 1 Boligkreditt AS

Notes to the Financial Statements 2nd quarter 2013

Note 2 Net Interest Income

NOK 1 000	30.06.2013	30.06.2012	2012
Interest income			
Interest income and similar income from loans to and balances with credit institutions	153,254	198,882	270,499
Interest income and similar income from loans to and balances with customers	3,188,478	2,828,128	5,859,367
Interest income treasury bills	24,252	5,481	54,644
Commission expense (payable to shareholder banks) *	-1,017,740	-428,895	-1,152,643
Total interest income	2,348,243	2,603,596	5,031,867
Interest expense			
Interest expense and similar expenses to credit institutions	8,850	7,099	15,031
Interest expense and similar expenses on issued bonds	2,162,836	2,391,032	4,690,224
Interest expense and similar expenses on issued certificates	56,049	76,569	141,560
Other interest expenses	5	28,002	32
Total interest expense	2,227,740	2,502,703	4,846,847
Total net interest income	120,503	100,894	185,020

* 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 3 Net Gains from Financial Instruments

NOK 1 000	30.06.2013	30.06.2012	2012
Net gains (losses) from financial liabilities	-1,828,372	-1,172,720	-1,499,100
Net gains (losses) from financial assets	-447,292	-89,713	-148,503
Net gains (losses) from financial derivatives, hedging, at fair value	2,285,420	1,374,104	1,841,534
Net gains (losses) from financial instruments	9,756	111,670	193,931

Note 4 Salaries and Remuneration

NOK 1 000	30.06.2013	30.06.2012	2012
Salary	4,355	4,735	10,198
Salaries reinvoyced to SpareBank1 Næringskreditt*	-2,217	-2,344	-4,523
Pension expenses	1,141	884	1,839
Social insurance fees	1,171	770	1,389
Other personnel expenses	234	168	555
Total salary expenses	4,684	4,212	9,458
Average number of man-years	8	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 reinvoyced 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.

SpareBank 1 Boligkreditt AS

Notes to the Financial Statements 2nd quarter 2013

Note 5 Administration Expenses

NOK 1 000	30.06.2013	30.06.2012	2012
IT operation and maintenance	3,505	2,495	5,627
Travel	682	461	1,183
Telephone and postage	45	76	150
Misc other adm expenses	20	10	49
Total	4,252	3,041	7,009

Note 6 Other Operating Expenses

NOK 1 000	30.06.2013	30.06.2012	2012
Auditing, hired personnel from SpareBank 1 Group, other services	5,057	5,970	11,399
Operating expenses rented offices	285	243	528
Operating expenses invoiced to SpareBank 1 Næringskreditt	-503	-562	-1,025
Misc other operating expenses	200	154	314
Total	5,038	5,805	11,216

Note 7 Other Assets

NOK 1 000	30.06.2013	30.06.2012	2012
Receivables from SpareBank 1 Næringskreditt AS	1454	1,071	1,552
Total	1454	1,071	1,552

SpareBank 1 Boligkreditt AS

Notes to the Financial Statements 2nd quarter 2013

Note 8 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 second quarter 2013 was NOK 166.9 billion. All loans to customers carry a variable interest rate.

NOK 1 000	30.06.2013	30.06.2012	2012
Revolving loans - retail market	65,169,568	61,505,655	64,373,537
Amortising loans - retail market	101,534,519	86,651,320	95,677,823
Accrued interest	218,292	176,957	190,333
Total loans before specified and unspecified loss provisions	166,922,379	148,333,931	160,241,692
Specified loan loss provisions			
Unspecified loan loss provisions	7,708	5,685	7,708
Total net loans and claims with customers	166,914,671	148,328,247	160,233,984
Liability			
Unused balances under revolving credit lines	20,750,450	18,325,871	19,604,652
Total	20,750,450	18,325,871	19,604,652
Defaulted loans			
Defaults*	0 %	0 %	0 %
Specified loan loss provisions	0 %	0 %	0 %
Net defaulted loans	0 %	0 %	0 %
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 %
Net other loans at risk of loss	0 %	0 %	0 %

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

Changes to loan loss provisions			
NOK 1 000	30.06.2013	30.06.2012	2012
Loan loss provisions as of 01.01.2012	7,708	5,685	5,685
Change in group loan loss provisions	0	0	2,023
Loan loss provisions as of 31.12.2012	7,708	5,685	7,708

SpareBank 1 Boligkreditt AS

Notes to the Financial Statements 2nd quarter 2013

Note 9 Liabilities incurred by issuing Securities

	Nominelle beløp*	Nominelle beløp*	Nominelle beløp*
NOK 1 000	30.06.2013	30.06.2012	2012
Issued short term notes and borrowing, unsecured	5,050,000	4,075,000	4,425,000
Repurchased/retained short term notes, unsecured	-270,000		-405,000
Senior unsecured bonds	3,839,000	3,050,000	5,558,000
Repurchased/retained senior unsecured bonds	-527,000		0
Covered bonds	176,222,750	152,103,370	165,892,696
Repurchased/retained covered bonds	-6,499,512	-3,880,395	-4,876,034
Withdrawn from the Norwegian Central Bank Swap Facility	6,569,843	14,864,778	14,864,778
Bonds deposited in the Norwegian Central Bank Swap Facility	-7,552,000	-18,100,000	-18,100,000
Total liabilities incurred by issuing securities	176,833,081	152,112,753	167,359,440

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

	Bokført verdi	Bokført verdi	Bokført verdi
NOK 1 000	30.06.2013	30.06.2012	2012
Issued short term notes and borrowing, unsecured	5,048,792	4,073,935	4,424,021
Repurchased/retained short term notes, unsecured	-270,089	0	-405,412
Senior unsecured bonds	3,838,663	3,049,328	5,557,427
Repurchased/retained senior unsecured bonds	-527,143	0	0
Covered bonds	183,075,361	154,760,384	168,001,496
Repurchased/retained covered bonds	-6,672,260	-4,083,904	-5,060,049
Withdrawn from the Norwegian Central Bank Swap Facility	6,579,046	14,905,348	14,885,672
Bonds deposited in the Norwegian Central Bank Swap Facility	-7,552,000	-18,100,000	-18,100,000
Activated costs incurred by issuing debt	-189,763	-150,247	-174,032
Accrued interest	1,698,088	1,556,071	1,515,695
Total liabilities incurred by issuing securities	185,028,695	156,010,915	170,644,817

Liabilities incurred by issuing securities according to maturity (nominal value* NOK 1,000)

Senior unsecured Bonds

Maturity Year	30.06.2013	30.06.2012	2012
2012	-	2,940,000	
2013	1,713,000	3,135,000	5,320,000
2014	3,975,000	1,050,000	3,197,500
2015	2,404,000		-
Sum	8,092,000	7,125,000	8,517,500

Central Bank Swap Facility

Maturity Year	30.06.2013	30.06.2012	2012
2012	-	-	
2013	-	8,294,936	8,294,936
2014	6,569,843	6,569,843	6,569,843
Sum	6,569,843	14,864,778	14,864,778

SpareBank 1 Boligkreditt AS

Notes to the Financial Statements 2nd quarter 2013

Covered Bonds

Maturity Year	30.06.2013	30.06.2012	2012
2012	-	8,266,926	
2013	12,945,622	16,024,422	13,986,773
2014	7,461,000	9,828,000	9,820,000
2015	18,376,000	18,240,000	18,376,000
2016	25,906,915	23,942,985	25,775,425
2017	21,013,000	21,013,000	21,013,000
2018	20,734,200	2,700,000	12,777,000
2019	25,093,369	10,066,222	20,882,210
2020	9,015,000	-	-
2021	15,540,928	15,407,670	15,343,372
2022	3,233,750	2,983,750	3,233,750
2023	-	-	-
2024	1,201,454	-	1,119,632
2025	-	-	-
2026	1,650,000	1,650,000	1,650,000
Total	162,171,238	130,122,975	143,977,162
Total	176,833,081	152,112,753	167,359,440

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

Liabilities sorted by currency (book value)

NOK 1 000	30.06.2013	30.06.2012	2012
NOK	68,896,826	68,083,846	73,303,519
EUR	80,235,944	65,212,597	68,898,016
USD	35,675,874	22,500,728	28,218,402
SEK	220,050	213,745	224,880
Total	185,028,695	156,010,915	170,644,817

SpareBank 1 Boligkreditt AS

Notes to the Financial Statements 2nd quarter 2013

Note 10 Financial derivatives

NOK 1 000	30.06.2013	30.06.2012	2012
Interest rate derivatives			
Interest rate swaps			
Nominal amount	93,622,788	99,586,945	93,521,163
Asset	3,565,033	4,492,166	5,229,881
Liability	-896,890	-425,074	-609,517
Currency derivatives			
Currency swaps			
Nominal amount	108,806,998	82,532,376	91,838,341
Asset	3,922,519	1,480,152	874,618
Liability	-266,281	-2,326,124	-2,921,796
Total for financial derivatives			
Nominal amount	202,429,786	182,119,321	185,359,505
Asset	7,487,552	5,972,318	6,104,499
Liability	-1,163,171	-2,751,198	-3,531,313

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

SpareBank 1 Boligkreditt AS

Notes to the Financial Statements 2nd quarter 2013

Note 11 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	30.06.2013
Assets					
Other intangible assets				3,646	3,646
Other assets				1,454	1,454
Treasury Bills	5,071,915				5,071,915
Bonds	12,099,621		1,556,695		13,656,316
Lending to and deposits with credit institutions		7,125,187			7,125,187
Lending to customers		166,914,671			166,914,671
Financial derivatives	8,778,292				8,778,292
Total Assets	25,949,828	174,039,858	1,556,695	5,100	201,551,481
Liabilities					
Deferred taxes				100,712	100,712
Debt incurred by issuing securities	136,378,051	48,650,644			185,028,695
Debt to credit institutions		4,706,383			4,706,383
Financial derivatives	1,312,415				1,312,415
Other liabilities				2,267,746	2,267,746
Total liabilities	137,690,466	53,357,027	0	2,368,458	193,415,951
Total equity				8,135,531	8,135,531
Total liabilities and equity	137,690,466	53,357,027		10,503,989	201,551,481

*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	31.12.2012
Assets					
Other intangible assets				2,035	2,035
Other assets				1,552	1,552
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	3,587	186,652,646
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	186,652,646

*Fair value calculation according to market interest rates and currencies

SpareBank 1 Boligkreditt AS

Notes to the Financial Statements 2nd quarter 2013

Note 12 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 indirect (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 30.06.2013

NOK 1 000

	Level 1	Level 2	Level 3	Total
Bonds and bills		17,171,536		17,171,536
Financial Derivatives	0	8,778,292	0	8,778,292
Total Assets	0	19,269,037	0	19,269,037
Bonds	0	136,378,051	0	136,378,051
Financial Derivatives		1,312,415		1,312,415
Total Liabilities	0	137,690,466	0	137,690,466

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

Note 13 Bonds classified as Hold to Maturity

As of 30.06.2013

	Book value 31.12.2012	Investering	Avgang	Amortisering	Exchange rate Valutaeffekter	Amortised cost 30.06.2013
Bonds classified as						
Hold to maturity	1,803,199	0	-250,000	-69	0	1,553,130
Total certificates and bonds	1,803,199	0	-250,000	-69	0	1,553,130

Market value of bonds in hold to maturity portfolio

	Book value	Market value incl exchange rate effects	Effect on result if at fair value
Bonds classified as			
Hold to maturity	1,553,130	1,561,230	8,100
Total certificates and bonds	1,553,130	1,561,230	8,100

SpareBank 1 Boligkreditt AS

Notes to the Financial Statements 2nd quarter 2013

Note 14 Other Liabilities

NOK 1 000	30.06.2013	30.06.2012	2012
Employees tax deductions and other deductions	788	309	526
Employers national insurance contribution	54	464	368
Accrued holiday allowance	383	923	914
Commission payable to shareholder banks	2,201,455	806,096	1,332,547
Deposits*	11,506	11,456	10,348
Pension liabilities	11,046	674	11,046
Other accrued costs	42,513	61,004	13,985
Total	2,267,746	880,925	1,369,734

The Company does not have an overdraft facility or a revolving credit facility as of 30.06.2013

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

Note 15 Asset Coverage Requirement

The asset coverage is calculated according to the Financial Services Act § 2-31 (Covered Bond Legislation). There is a discrepancy between the asset coverage test and the amounts in the balance sheet because for the purposes of the test mortgage loans which may have migrated above the 75% loan to value level are reduced to reflect the decrease in the value of the underlying collateral so that only a maximum loan corresponding to a value of 75% of the collateral is considered. Furthermore, the fact that market values are recorded for all bonds and certificates in the cover pool could have an impact. In addition any defaulted loans, i.e. loans in arrears at or beyond 90 days, are excluded from the test (there have been no occurrences of any defaults starting with the commencement of operations through 30.06.2013). 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	30.06.2013	30.06.2012	2012
Covered Bonds	177,299,176	138,045,566	151,398,813
Repurchased/retained Bonds	-6,812,370	-4,202,925	-4,045,963
Derivatives	-7,848,060	-3,459,703	-2,977,540
Total Covered Bonds	162,638,746	130,382,938	144,375,311
Lending to customers	159,515,216	132,635,486	145,006,745
Treasury Bills	5,071,915	74,735	198,218
Substitute collateral	14,983,875	10,198,674	14,432,542
Total Cover Pool	179,571,005	142,908,895	159,637,505
Asset-coverage	110.4 %	109.6 %	110.6 %

Pool 2

NOK 1 000	30.06.2013	30.06.2012	2012
Covered Bonds	8,556,093	18,114,617	18,113,843
Repurchased/retained Bonds	-998,881	-1,014,086	-1,014,019
Derivatives	-6,724	-35,996	-18,975
Total Covered Bonds	7,550,488	17,064,534	17,080,849
Lending to customers	7,322,561	15,644,370	15,180,144
Treasury Bills	0	1,432,798	1,603,584
Substitute collateral	697,759	180,460	433,229
Total Cover Pool	8,020,321	17,257,628	17,216,957
Asset-coverage	106.2 %	101.1 %	100.8 %

SpareBank 1 Boligkreditt AS

Notes to the Financial Statements 2nd quarter 2013

Note 16 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 second 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 continuous basis in accordance with the international development.

Boligkreditt's parent banks have committed to support a minimum level of the Company's core capital ratio (Tier 1) of 9% pro rata according to their ownership stakes. If one or more banks are not able to pay in capital as needed the commitment takes the form of a joint responsibility where each bank is responsible for up to twice its pro rata ownership in the Company.

Subordinated capital in NOK 1 000	30.06.2013	30.06.2012	2012
Share capital	5,310,548	4,610,548	5,030,548
Premium share fund	2,657,922	2,307,922	2,517,922
Other equity capital	98,050	695	243,936
Total equity capital entered into the balance sheet	8,066,520	6,919,165	7,792,406
Intangible assets	-3,646	-1,573	-2,035
Declared share dividend	0	0	-140,855
100% deduction of expected losses exceeding loss provisions IRB	-174,951	-131,875	-149,491
Core capital (Tier 1)	7,887,923	6,785,717	7,574,771
Supplementary capital	0	0	0
Total capital	7,887,923	6,785,717	7,574,771
Minimum requirements for capital according to Basel II i NOK 1 000	30.06.2013	30.06.2012	2012
Credit risk	1,921,547	1,568,621	1,721,475
Market risk	0	0	0
Operational risk	27,797	23,942	23,942
Depreciation on groups of loans	0	0	0
Difference in capital requirement resulting from transitional period 2007-2009	3,961,474	3,680,139	3,986,810
Minimum requirement for capital	5,910,818	5,272,702	5,732,227
Capital adequacy	30.06.2013	30.06.2012	2012
Core capital ratio (%) (Tier 1)	10.68 %	10.30 %	10.57 %
Total capital ratio (%)	10.68 %	10.30 %	10.57 %

SpareBank 1 Boligkreditt AS

Notes to the Financial Statements 2nd quarter 2013

Note 17 Related parties

Transactions with related parties

The Company has 166 915 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 Boligkreditt AS.

Note 18 Contingencies

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

Note 19 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 the end of June 2013 this collateral amounted to NOK 4,706,382,759. This amount is included in the balance sheet as a deposit, but represents restricted cash.

Note 20 Events after Balance Sheet Date

No events have taken place subsequently to the date of these financial statements, 30.06.2013, which would affect these accounts in any material way.