



SpareBank 

BOLIGKREDITT

# 1st Quarterly Report 2014

Feeling Norway

# Table of contents

Statement of the Board of Directors .....	2
Statement of the members of the board and the chief executive officer .....	5
Income Statement 1st Quarter 2014 .....	6
Statement of Comprehensive Income 1st Quarter 2014 .....	6
Balance Sheet 1st Quarter 2014 .....	7
Statement of Changes in Equity .....	8
Cash Flow Statement .....	9
Quarterly Development 1st Quarter 2014.....	10
Notes to the financial statements for Q1 2014	
Note 1 Accounting Principles.....	12
Note 2 Net interest income.....	13
Note 3 Net Gains on Financial Instruments.....	13
Note 4 Salaries and Remuneration .....	14
Note 5 Administration Expenses.....	14
Note 6 Other Operating Expenses .....	14
Note 7 Other Assets .....	14
Note 8 Lending to Customers.....	15
Note 9 Liabilities incurred by issuing securities.....	16
Note 10 Tier 2 capital notes.....	17
Note 11 Financial Derivatives .....	18
Note 12 Classification of Financial Instruments.....	19
Note 13 Financial Instruments at Fair Value.....	21
Note 14 Bonds classified as Hold to Maturity.....	22
Note 15 Other Liabilities .....	22
Note 16 Asset Coverage Requirement.....	23
Note 17 Capital Adequacy .....	24
Note 18 Related parties.....	25
Note 19 Contingencies .....	25
Note 20 Collateral received .....	25
Note 20 Taxes.....	25
Note 21 Events after Balance Sheet Date.....	25

# Statement of the Board of Directors

## Key events during the first quarter of 2014

During the first quarter of 2014, SpareBank 1 Boligkreditt AS (the "Company") increased its capital by NOK 1 900 million in total, whereby NOK 300 million kroner was in the form of core Tier 1 equity (common equity) and NOK 1 600 million took the form of Tier 2 additional capital, a time limited subordinated loan. This increase was effected in order to meet the requirements for increased capital buffers which were introduced from July 1, 2013. Beyond this capital increase the Company has placed smaller amounts in the debt capital market, mainly in order to refinance maturing senior unsecured debt.

For the quarter as a whole the total lending volume has changed only very moderately.

The Company has implemented new loan-to-value limitations during the first quarter of 2014 and mortgage loans which are acquired from SpareBank 1 banks may now have LTVs of up to 70% for amortizing loans and 60% for flexible loans. The new limitations represent a stricter lending standard compared to the current law pertaining to the Company's business, where the maximal LTV for residential mortgages is 75%.

### **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 with each parent bank regarding the purchase and transfer of commercial mortgages and the services which the parent banks owe to the Company and the Company's customers in this regard ("Transfer and Servicing Agreement").

The Company's issuances of covered bonds take place under the EUR 25,000,000,000 Global Medium Term Covered Note Programme (GMTCN Programme). This Programme was updated on April 15, 2014 and is available on the homepage: [www.spabol.sparebank1.no](http://www.spabol.sparebank1.no).

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.

### **Quarterly Accounts**

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

The Board views the accounts as presented to be a true representation of SpareBank 1 Boligkreditt's operations and financial position at the end of the first quarter 2014.

The total balance sheet amounts to NOK 203 billion vs. NOK 206 billion at the end of the previous year. The Company had during the quarter net interest income of NOK 91 million, including commissions earned by the ownership banks and accrued as an expense to SpareBank 1 Boligkreditt. The cost of operations was NOK 9 million including amortisation and depreciation. No additional amounts have been charged as loan provisions (write offs) during the quarter, in addition to the NOK 8 million in cumulative group loan loss provisions as of 31.12.13. No actual loan losses have occurred. In total the quarter's pre-tax result was NOK 54 million.

Lending to customers amounted to NOK 175 billion as of 31.03.2014, which corresponds to the level at year-end 2013. This development is in accordance with expectations. The cash and cash equivalents at 31.03.2014 amounted to NOK 12 billion.

During the quarter the shareholders' equity increased by NOK 300 million through an ordinary share issuance. Total core Tier

1 equity amounted to NOK 8 111 million. In addition the Company has added 1 600 million Tier 2 additional capital through a maturing subordinated loan. Total capital for Boligkreditt was NOK 9 550 million. The core Tier 1 equity capital ratio for the Company was 10.51% at quarter-end according to the current rules for determining core capital, while the total capital ratio was 12.37%. The capital coverage was 12.5% from April 2, 2014 as a result of planned re-acquisition of residential mortgages from a parent bank.

## **Risk Aspects**

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.

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 portfolio which consists of mortgages up to 75% LTV is the reason for why the Board of Directors assess the credit risk to be lower compared to other banks in general.

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.

At the end of the quarter SpareBank 1 Boligkreditt AS had issued bonds for approximately NOK 89 billion (in EUR), approximately NOK 28 billion (in USD), approximately NOK 64 billion and 0.2 billion (in SEK) . The foreign currency bonds and NOK bonds with a fixed coupon are hedged by financial currency/and or interest rate swaps or through natural hedges, in order to convert the effective cash flow on this this debt to a NOK floating rate (3 months NIBOR).

SpareBank 1 Boligkreditt AS owns bonds and treasury bills at year-end for a total of NOK 5.9 billion and deposits in banks totalling NOK 10.6 billion, most of which is collateral received in derivative transactions. The bonds are mainly Nordic covered bonds with a triple-A rating from Fitch, Moody's or S&P. Deposits are placed in banks with a minimum rating of at least A/A2. Consequently, the Company had as of 31.03.2014 only moderate interest rate risk and immaterial amounts of currency 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. The Company's liquidity situation is good.

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

The Company is focused on identifying, measure and manage and follow up on central areas of risk in such a way that ensures that Boligkreditt achieves its strategic goals. Please reference the annual report for more information on this.

## **Future Prospects of the Company**

SpareBank 1 Boligkreditt's future prospects have not materially changed from the assessment presented in connection with the annual accounts for 2013. Because of the relative low difference in the cost of funding between the parent banks and the Company it may be that parent banks buy back mortgage loans in the future, which may result in a low or negative growth in the Company's balance sheet at times, but which otherwise is not expected to affect the Company's future prospects.

## **Macroeconomic development :**

According to preliminary seasonally-adjusted volume figures, Mainland Norway's gross domestic product (GDP) was up 0.6 per cent from the 3rd to the 4th quarter last year and remains somewhat below trend. Mainland GDP rose 2.0 per cent in 2013,

down from 3.4 per cent in the previous year. A decrease in value added in petroleum activities and ocean transport resulted in an annual growth in total GDP of 0.6 per cent – weaker than GDP for mainland Norway.

Final consumption expenditures in both households and general government showed a slower growth in 2013 compared to the previous year. Gross fixed capital formation (GFCF) continued to increase strongly, in particular within oil-related activities by 18 per cent. Mainland GFCF had a more moderate annual growth rate of 4.7 per cent. Total exports of goods and services were reduced, while imports increased from 2012 to 2013.

Preliminary calculations show that Norway's disposable income in real terms went down 0.8 per cent from 2012 to 2013. The reduction was due to lower production in the oil and natural gas extraction industry and a negative contribution from the terms-of-trade with the rest of the world, mainly a result from a lower oil price. Improving terms-of-trade with the rest of the world has contributed positively to real income through several years.

### Economic outlook<sup>1</sup>:

The moderate growth in activity experienced last year is expected to continue for another few years. Loss of powerful growth impulses from petroleum investments will be replaced by a moderate increase in growth in other demand. Unemployment is expected to rise slightly, to almost 4 per cent in 2015.

Prognoser	2014	2015	2016	2017
GDP growth mainland	1,9	2,4	2,9	2,8
Unemployment rate	3,7	3,9	3,9	3,8
CPI growth	2,3	1,6	1,7	2,1
Annual wages	3,8	3,5	3,5	3,6

<sup>1</sup> Macroeconomic prospects and forecasts have been sourced from Statistics Norway.

The Board of Directors affirms that the financial accounts present a correct and complete picture of the Company's operations and financial position for the first quarter of 2014.

According to a previously existing plan some parent banks have repurchased a smaller part of their mortgage portfolio and as a consequence the total capital coverage was 12.50% from April 2, 2014.

*Stavanger March 31, 2014 / April 30, 2014*




---

**Kjell Fordal**  
Chairman of the Board





---

**Inge Reinertsen**




---

**Tore Anstein Dobloug**




---

**Inger Eriksen**




---

**Merete Kristiansen**




---

**Arve Austestad**  
Chief Executive Officer

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

The Board and the chief executive officer have today reviewed and approved the financial accounts for the first quarter of 2014 for SpareBank 1 Boligkreditt AS. The annual accounts have been prepared in accordance with the International Reporting Standards (IFRS), as adopted by the EU.

To the best knowledge of the board and the chief executive officer the accounts have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company taken as a whole as of 31.03.14.

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

*Stavanger, 30. april 2014*

Member of the board in SpareBank 1 Boligkreditt AS



---

**Kjell Fordal**  
Chairman of the Board




---

**Inge Reinertsen**



---

**Tore Anstein Dobloug**



---

**Inger Eriksen**



---

**Merete Kristiansen**



---

**Arve Austestad**  
Chief Executive Officer

# Income Statement 1st Quarter 2014

NOK 1 000	Note	31.03.14	31.03.13	2013
Total interest income	2	1 123 453	1 163 267	4 682 822
Total interest expenses	2	-1 032 754	-1 089 274	-4 387 634
<b>Net interest income</b>		<b>90 699</b>	<b>73 993</b>	<b>295 188</b>
Net gains/losses from financial instruments	3	-28 287	25 768	36 906
<b>Net other operating income</b>		<b>-28 287</b>	<b>25 768</b>	<b>36 906</b>
<b>Total operating income</b>		<b>62 412</b>	<b>99 762</b>	<b>332 094</b>
Salaries and other ordinary personnel expenses	4	-2 463	-2 613	-10 033
Administration expenses	5	-2 359	-1 375	-10 318
Other operating expenses	6	-3 450	-3 416	-9 374
Depreciation/Amortization		-390	-438	-1 706
<b>Total operating expenses</b>		<b>-8 663</b>	<b>-7 842</b>	<b>-31 430</b>
<b>Net profit before impairment losses</b>		<b>53 750</b>	<b>91 920</b>	<b>300 664</b>
Write-downs on loans and guarantees	8		0	0
Pre-tax operating result		53 750	91 920	300 664
Tax expense		-14 512	-25 737	-77 753
Net profit for the period		39 237	66 182	222 911
<b>Resultat</b>		<b>29 969</b>	<b>5 666</b>	<b>32 767</b>

# Statement of Comprehensive Income 1st Quarter 2014

NOK 1 000	31.03.14	31.03.13	2013
Profit/loss for the year	39 237	66 182	222 911
Items which will not impact the income statement in future periods:			
Estimate deviation for pensions	4 700	-	-563
Tax effect of the estimate deviation	-	-	158
<b>Total profit/loss accounted for in equity</b>	<b>4 700</b>	<b>-</b>	<b>-405</b>
<b>Total profit/loss</b>	<b>43 937</b>	<b>66 182</b>	<b>222 506</b>
Allocation of the profit/loss:			
Declared dividend	-	-	319 630
Other Equity	43 937	66 182	-97 124
<b>Total allocation</b>	<b>43 937</b>	<b>66 182</b>	<b>222 506</b>

# Balance Sheet 1st Quarter 2014

NOK 1 000	Note	31.03.14	31.03.13	2013
<b>Assets</b>				
Lending to and deposits with credit institutions	12, 13	10 545 177	4 677 406	11 882 469
Norwegian Government Treasury Bills	12, 13	967 828	1 612 305	1 261 795
Bonds	12, 13	4 891 483	12 612 044	5 476 099
Lending to customers	8	175 315 196	164 866 968	174 781 222
Financial derivatives	11, 12, 13	11 986 042	6 651 730	12 760 351
Other assets	7	8 845	3 515	4 164
<b>Total assets</b>		<b>203 714 573</b>	<b>190 423 968</b>	<b>206 166 101</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Debt incurred by issuing securities	9, 12, 13	181 362 838	174 827 620	183 146 411
Collateral received under derivatives contracts	20	8 977 523	3 361 575	10 611 584
Financial derivatives	11, 12, 13	761 473	2 514 262	797 417
Deferred tax		80 017	100 712	178 307
Tax payable		20 537	-	-
Additional Tier 1 capital	10	1 604 400	-	-
Other Liabilities	15	2 274 821	1 761 209	3 143 356
<b>Total liabilities</b>		<b>195 081 609</b>	<b>182 565 378</b>	<b>197 877 075</b>
<b>Equity</b>				
Paid in equity capital		7 968 470	7 548 470	7 968 470
Other paid in equity (not yet registered)		300 000	0	
Accrued equity		5 626	98 050	18 450
Net profit		39 237	66 182	
Declared dividend		319 630	145 886	302 105
<b>Total equity</b>		<b>8 632 964</b>	<b>7 858 589</b>	<b>8 289 025</b>
<b>Total liabilities and equity</b>		<b>203 714 573</b>	<b>190 423 968</b>	<b>206 166 101</b>

Stavanger, 30. april 2014

  
 Kjell Fordal  
 Chairman of the Board

  
 Inge Reiersen

  
 Tore Arntsen Dobloug

  
 Inger Eriksen

  
 Merete Kristiansen

  
 Arve Austestad  
 Chief Executive Officer



# Statement of Changes in Equity

NOK 1 000	Share capital	Premium	Proposed dividend	Fund for un-realized gain	Other equity	Total equity
<b>Balance as of 31 December 2012</b>	<b>5 030 548</b>	<b>2 517 922</b>	<b>145 886</b>	<b>97 072</b>	<b>978</b>	<b>7 792 406</b>
Share increase 08 April 2013	280 000	140 000	-	-	-	420 000
Dividend 2012	-	-	-145 886	-	-	-145 886
Result for the period	-	-	319 630	-97 072	353	222 911
OCI - pension - deviation from estimate	-	-	-	-	-405	-405
<b>Balance as of 31 December 2013</b>	<b>5 310 548</b>	<b>2 657 922</b>	<b>319 630</b>	<b>-</b>	<b>925</b>	<b>8 289 025</b>
Share increase 26. February 2014					300 000	300 000
Result for the period					39 237	39 237
OCI - pension - deviation from estimate					4 700	4 700
<b>Balance as of 31 March 2014</b>	<b>5 310 548</b>	<b>2 657 922</b>	<b>319 630</b>	<b>-</b>	<b>344 863</b>	<b>8 632 964</b>

# Cash Flow Statement

NOK 1 000	31.03.2014	31.03.2013	31.12.13
<b>Cash flows from operations</b>			
Interest received	1 419 325	1 186 416	4 626 878
Payments for operations	-14 426	-7 374	-37 484
Paid tax	0	0	0
<b>Net cash flow relating to operations</b>	<b>1 404 899</b>	<b>1 179 042</b>	<b>4 589 394</b>
<b>Cash flows from investments</b>			
Net purchase of loan portfolio	-527 294	-4 599 717	-14 522 291
Net payments on the acquisition of government bills	294 845	198 360	542 536
Net payments on the acquisition of bonds	568 076	-21 523	7 292 705
Net investments in intangible assets	0	0	-2 672
<b>Net cash flows relating to investments</b>	<b>335 627</b>	<b>-4 422 880</b>	<b>-6 689 721</b>
<b>Cash flows from funding activities</b>			
Net receipt/payment from the issuance of certificates		-174 833	465 317
Net receipt/payment from the issuance of bonds	-901 923	2 079 471	3 386 095
Net receipt/payment from the issuance additional Tier 1 capital	1 600 000	0	0
Net receipt/payment from the issuance of loans to credit institutions	-2 595 016	513 841	9 178 564
Equity capital subscription	300 000	0	420 000
Paid dividend	0	0	-145 886
Net interest payments on funding activity	-1 306 772	-1 170 758	-4 283 351
<b>Net cash flow relating to funding activities</b>	<b>-3 078 544</b>	<b>1 887 872</b>	<b>7 936 313</b>
<b>Net cash flow in the period</b>	<b>-1 338 018</b>	<b>-1 355 966</b>	<b>5 835 986</b>
<b>Balance of cash and cash equivalents beginning of period</b>	<b>11 882 469</b>	<b>6 036 499</b>	<b>6 036 499</b>
Net receipt/payments on cash	-1 338 018	-1 355 966	5 835 987
Exchange rate difference	726	-3 127	9 983
<b>Balance of cash and cash equivalents end of period</b>	<b>10 545 177</b>	<b>4 677 406</b>	<b>11 882 469</b>

# Quarterly Development 1st Quarter 2014

## INCOME STATEMENT – QUARTERLY

NOK 1 000	1st quarter 2014	4th quarter 2013	3rd quarter 2013	2nd quarter 2013	1st quarter 2013
Total interest income	1 123 453	1 158 905	1 175 674	1 184 976	1 163 267
Total interest expenses	-1 032 754	-1 055 943	-1 103 951	-1 138 467	-1 089 274
<b>Net interest income</b>	<b>90 699</b>	<b>102 963</b>	<b>71 723</b>	<b>46 509</b>	<b>73 993</b>
Net gains/losses from financial instruments	-28 287	18 378	28 284	-35 524	25 768
<b>Net other operating income</b>	<b>-28 287</b>	<b>18 378</b>	<b>28 284</b>	<b>-35 524</b>	<b>25 768</b>
<b>Total operating income</b>	<b>62 412</b>	<b>121 341</b>	<b>100 007</b>	<b>10 985</b>	<b>99 762</b>
Salaries and other ordinary personnel expenses	-2 463	-2 437	-2 230	-2 753	-2 613
Administration expenses	-2 359	-4 047	-2 701	-2 195	-1 375
Other operating expenses	-3 450	-2 249	-2 087	-1 622	-3 416
Depreciation/Amortization	-390	-391	-390	-487	-438
<b>Total operating expenses</b>	<b>-8 663</b>	<b>-9 123</b>	<b>-7 408</b>	<b>-7 057</b>	<b>-7 842</b>
Net profit before impairment losses	53 750	112 218	92 599	3 928	91 920
Write-downs on loans and guarantees	-	-	-	-	-
<b>Pre-tax operating result</b>	<b>53 750</b>	<b>112 218</b>	<b>92 599</b>	<b>3 928</b>	<b>91 920</b>
Tax expense	-14 512	-130 518	79 602	-1 100	-25 737
<b>Net profit for the period</b>	<b>39 238</b>	<b>87 230</b>	<b>66 672</b>	<b>2 828</b>	<b>66 182</b>
Other income and expense in comprehensive income	4 700	-405	-	-	-
<b>Total net profit for the period</b>	<b>43 937</b>	<b>86 825</b>	<b>66 672</b>	<b>2 828</b>	<b>66 182</b>

## BALANCE SHEET

NOK 1 000	1st quarter 2014	4th quarter 2013	3rd quarter 2013	2nd quarter 2013	1st quarter 2013
<b>Assets</b>					
Deposits and balances due from credit institutions	10 545 177	11 882 469	8 141 726	7 125 187	4 677 406
Certificates issued by the Norwegian government	967 828	1 261 795	5 289 918	5 071 915	1 612 305
Bonds	4 891 483	5 476 099	6 768 991	13 656 316	12 612 044
Loans to customers	175 315 196	174 781 222	169 577 344	166 914 671	164 866 968
Financial derivatives	11 986 042	12 760 351	10 181 153	8 778 292	6 651 730
Other assets	8 845	4 164	4 839	5 100	3 515
<b>Total assets</b>	<b>203 714 573</b>	<b>206 166 101</b>	<b>199 963 972</b>	<b>201 551 481</b>	<b>190 423 968</b>
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Debt incurred by issuing securities	181 362 838	183 146 411	182 065 316	185 028 695	174 827 620
Collateral received under derivatives contracts	8 977 523	10 611 584	5 970 786	4 706 383	3 361 575
Financial derivatives	761 473	797 417	826 967	1 312 415	2 514 262
Deferred tax	80 017	178 307	100 712	100 712	100 712
Tax payable	20 537	-	-	-	-
Additional Tier 1 capital	1 604 400	-	-	-	-
Other Liabilities	2 274 821	3 143 356	2 797 990	2 240 909	1 761 209
<b>Total liabilities</b>	<b>195 081 609</b>	<b>197 877 075</b>	<b>191 761 771</b>	<b>193 389 114</b>	<b>182 565 378</b>

**Equity**

Paid in equity capital	7 968 470	7 968 470	7 968 470	7 968 470	7 548 470	1 305 000
Other paid in equity (not yet registered)	300 000		-	98 050	-	-
Accrued equity	5 626	18 450	98 050	69 010	98 050	863
Net profit	39 237		135 681	-	66 182	-
Declared dividend	319 630	302 105	-	-	145 886	21 924
<b>Total equity</b>	<b>8 632 964</b>	<b>8 289 025</b>	<b>8 202 201</b>	<b>8 135 530</b>	<b>7 858 588</b>	<b>1 327 787</b>
<b>Total liabilities and equity</b>	<b>203 714 573</b>	<b>206 166 101</b>	<b>199 963 972</b>	<b>201 551 481</b>	<b>190 423 967</b>	<b>12 382 081</b>

**Key figures**

Number of shares	53 105 480	53 105 480	53 105 480	53 105 480	50 305 482	10 440 000
<b>Net profit per share</b>	<b>0,82</b>	<b>1,64</b>	<b>1,26</b>	<b>0,05</b>	<b>1,32</b>	<b>0,0074 %</b>

# Notes to the financial statements for Q1 2014

## Note 1 Accounting Principles

### 1.1 Basis of 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 01.01.2014 - 31.03.2014. 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 third quarter of 2013 have been approved by the Board of Directors of SpareBank 1 Boligkreditt on 30.04.2014

### 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 third quarter of 2013 is therefore equal to the retail segment total results.

### 1.3 Presentational 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 2013 Note 3 this risk and management thereof 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 2013.

## Note 2 Net interest income

NOK 1 000	31.03.2014	31.03.2013	2013
<b>Interest income</b>			
Interest income and similar income from loans to and balances with credit institutions	31 041	69 463	264 755
Interest income and similar income from loans to and balances with customers	1 759 866	1 548 670	6 661 490
Interest income treasury bills	3 601	1 170	55 606
Commission expense (payable to shareholder banks) *	-671 056	-456 036	-2 299 029
<b>Total interest income</b>	<b>1 123 453</b>	<b>1 163 267</b>	<b>4 682 822</b>
<b>Interest expense</b>			
Interest expense and similar expenses to credit institutions	14 809	3 635	22 910
Interest expense and similar expenses on issued bonds	996 684	1 057 919	4 259 716
Interest expense and similar expenses on issued certificates	16 855	27 717	104 327
Interest expense and similar expenses on Tier 2 capital	4 400	-	-
Other interest expenses	5	3	682
<b>Total interest expense</b>	<b>1 032 753</b>	<b>1 089 274</b>	<b>4 387 634</b>
<b>Net interest income</b>	<b>90 699</b>	<b>73 993</b>	<b>295 188</b>

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

## Note 3 Net Gains on Financial Instruments

NOK 1 000	31.03.2014	31.03.2013	2013
Net gains (losses) from financial liabilities	-1 030 251	520 182	1 770 926
Net gains (losses) from financial assets	-22 814	72 554	-176 973
Net gains (losses) from financial derivatives, hedging, at fair value	1 024 778	-566 967	-1 557 047
<b>Netto gains (losses)</b>	<b>-28 287</b>	<b>25 768</b>	<b>36 906</b>

## Note 4 Salaries and Remuneration

NOK 1 000	31.03.2014	31.03.2013	2013
Salary	2 212	2 182	11 112
Salaries reinvociced to SpareBank1 Næringskreditt*	-1 331	-853	-4 187
Pension expenses	610	556	1 330
Social insurance fees	760	544	1 445
Other personnel expenses	212	184	334
<b>Total salary expenses</b>	<b>2 463</b>	<b>2 613</b>	<b>10 033</b>

Average number of full time equivalents (FTEs)	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 reinvociced 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 5 Administration Expenses

NOK 1 000	31.03.2014	31.03.2013	2013
IT operation and maintenance	2 060	1 102	8 588
Travel	279	235	1 562
Telephone and postage	19	20	125
Misc other adm expenses	1	18	43
<b>Total</b>	<b>2 359</b>	<b>1 375</b>	<b>10 318</b>

## Note 6 Other Operating Expenses

NOK 1 000	31.03.2014	31.03.2013	2013
Auditing, hired personnel from SpareBank 1 Group, other services	3 487	3 483	9 369
Operating expenses rented offices	142	142	570
Operating expenses reinvociced to SpareBank 1 Næringskreditt	-202	-248	-885
Misc other operating expenses	23	39	320
<b>Total</b>	<b>3 450</b>	<b>3 416</b>	<b>9 374</b>

## Note 7 Other Assets

NOK 1 000	31.03.2014	31.03.2013	2013
Intangible Assets	2 612	2 179	3 002
Account Reveivables from SpareBank 1 Næringskreditt AS	6 233	1 336	1 162
<b>Sum</b>	<b>8 845</b>	<b>3 515</b>	<b>4 164</b>

## Note 8 Lending to Customers

Lending to customers are residential mortgages only. The mortgages generally have a loan to-value and losses have been very low. The total amount of lending to customers at the end of 2013 were NOK 175.3 billion. All mortgages carry a variable interest rate.

NOK 1 000	31.03.2014	31.03.2013	2013
Revolving loans - retail market	66 292 417	65 037 277	66 797 306
Amortising loans - retail market	108 808 528	99 613 799	107 776 344
Accrued interest	221 959	223 600	215 280
Total loans before specified and unspecified loss provisions	175 322 904	164 874 676	174 788 930
Specified loan loss provisions	-	-	-
Unspecified loan loss provisions	7 708	7 708	7 708
<b>Total net loans and claims with customers</b>	<b>175 315 196</b>	<b>164 866 968</b>	<b>174 781 222</b>

### Liability

Unused balances under revolving credit lines	21 634 804	20 255 240	21 528 276
<b>Total</b>	<b>21 634 804</b>	<b>20 255 240</b>	<b>21 528 276</b>

### Defaulted loans

Defaults*	0,0 %	0,0 %	0,0 %
Specified loan loss provisions	0,0 %	0,0 %	0,0 %
Net defaulted loans	0,0 %	0,0 %	0,0 %

### Loans at risk of loss

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

\*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	31.03.2014	31.03.2013	2013
Loan loss provisions starting balance	7 708	7 708	7 708
Change in group loan loss provisions	0	0	0
<b>Loan loss provisions ending balance</b>	<b>7 708</b>	<b>7 708</b>	<b>7 708</b>



## Note 9 Liabilities incurred by issuing securities

NOK 1 000	31.03.2014	Nominal value* 31.03.2013
Short term notes, unsecured	3 225 000	4 950 000
Repurchased short term notes, unsecured	-	-465 000
Senior unsecured bonds	5 291 000	5 172 000
Repurchased senior unsecured bonds	-	-1 077 000
Covered bonds	163 711 657	169 398 575
Withdrawn from the Norwegian Central Bank Swap Facility	6 569 843	14 864 778
Bonds deposited in the Norwegian Central Bank Swap Facility	-7 552 000	-18 100 000
Repurchased Covered bonds	-1 525 600	-4 749 374
<b>Total debt securities in issue</b>	<b>169 719 900</b>	<b>169 993 979</b>

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

NOK 1 000	Book value 31.03.14	Book value 31.03.13
Short term notes, unsecured	3 224 668	4 948 867
Repurchased short term notes, unsecured	-	-464 941
Senior unsecured bonds	5 289 937	5 171 638
Repurchased senior unsecured bonds	-	-1 077 738
Covered bonds	174 221 199	173 111 403
Withdrawn from the Norwegian Central Bank Swap Facility	6 573 961	14 864 778
Bonds deposited in the Norwegian Central Bank Swap Facility	-7 552 000	-18 100 000
Repurchased covered bonds	-1 642 203	-4 933 022
Activated costs incurred by issuing debt	-178 717	-161 844
Accrued interest	1 425 992	1 468 479
<b>Total liabilities incurred by issuing securities</b>	<b>181 362 838</b>	<b>174 827 620</b>

Liabilities categorized by debt instrument and year of maturity (nominal value\*) NOK 1,000:

Senior Unsecured Maturity	31.03.14	31.03.2013
2012	-	3 935 000
2013	-	3 541 000
2014	3 075 000	1 104 000
2015	3 241 000	-
2016	2 200 000	-
<b>Sum</b>	<b>8 516 000</b>	<b>8 580 000</b>

Covered Bonds in Central Bank Swap Facility Maturity	31.03.14	31.03.2013
2013	-	8 294 936
2014	6 569 843	6 569 843
<b>Sum</b>	<b>6 569 843</b>	<b>14 864 778</b>

<b>Covered bonds</b>			
<b>Maturity</b>	<b>31.03.14</b>	<b>31.03.2013</b>	<b>2013</b>
2013	-	12 952 973	-
2014	3 573 500	9 050 000	6 309 000
2015	17 127 000	18 376 000	17 127 000
2016	25 995 625	25 807 195	25 756 158
2017	21 013 000	21 013 000	21 013 000
2018	21 535 000	14 327 000	21 485 000
2019	25 262 122	23 021 317	25 194 564
2020	17 161 148	600 000	17 293 500
2021	15 652 768	15 382 237	15 670 710
2022	3 233 750	3 233 750	3 233 750
2023	-	-	-
2024	1 257 344	1 135 729	1 273 562
2025	1 010 000	-	1 010 000
2026	1 650 000	1 650 000	1 650 000
2027	-	-	-
2028	162 800	-	162 800
<b>Sum</b>	<b>154 634 057</b>	<b>146 549 201</b>	<b>157 179 044</b>
<b>Total</b>	<b>169 719 900</b>	<b>169 993 979</b>	<b>170 824 887</b>

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

<b>NOK 1 000</b>	<b>31.03.14</b>	<b>31.03.2013</b>	<b>2013</b>
NOK	63 605 912	76 233 017	64 499 347
EUR	89 171 021	68 821 797	89 786 425
USD	28 347 761	29 539 629	28 624 959
SEK	238 144	233 176	235 680
<b>Sum</b>	<b>14 667 775</b>	<b>13 542 184</b>	<b>13 218 990</b>

## Note 10 Tier 2 capital notes

<b>NOK 1000</b>	<b>Year of issue</b>	<b>Nominal value</b>	<b>Interest rate</b>	<b>Call option</b>	<b>31.03.14</b>	<b>31.03.13</b>	<b>2013</b>
Tier 2 capital notes	2014	NOK 1 600 000	3 months NIBOR + 2.25	call option 2019	1 600 000	-	-
Accrued interest					4 400	-	-
<b>Book value</b>					<b>1 604 400</b>	<b>-</b>	<b>-</b>

## Note 11 Financial Derivatives

NOK 1 000	31.03.2014	31.03.2013	2013
<b>Interest rate derivative contracts</b>			
<b>Interest rate swaps</b>			
Nominal amount	61 503 228 000	94 647 562	77 804 369
Asset	4 483 703	5 173 459	4 111 612
Liability	-713 078	-620 956	-745 077
<b>Currency derivative contracts</b>			
<b>Currency swaps</b>			
Nominal amount	108 908 926 022	91 839 940	112 350 126
Asset	7 502 340	1 478 271	8 648 739
Liability	-48 395	-1 893 306	-52 340
<b>Total financial derivative contracts</b>			
Nominal amount	170 412 154 022	186 487 503	190 154 495
Asset	11 986 042	6 651 730	12 760 351
Liability	-761 473	-2 514 262	-797 417

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

## Note 12 Classification of Financial Instruments

NOK 1 000	Financial instru- ments accounted for at fair value *	Financial assets and debt accounted for at amortised cost	Financial assets held to maturity	Non-financial assets and liabilities	<b>31.03.14</b>
<b>Assets</b>					
Deposits at and receivables from financial institutions	-	10 545 177	-	-	10 545 177
Norwegian government short term debt certificates	967 828	-	-	-	967 828
Bonds	3 750 679	-	1 140 804	-	4 891 483
Lending to customers	-	175 315 196	-	-	175 315 196
Financial derivatives	11 986 042	-	-	-	11 986 042
Other assets	-	-	-	8 845	8 845
<b>Total Assets</b>	<b>16 704 549</b>	<b>185 860 373</b>	<b>1 140 804</b>	8 845	203 714 573
<b>Liabilities</b>					
Debt incurred by issuing securities	137 922 259	43 440 578	-	-	181 362 838
Collateral received in relation to financial derivatives	-	8 977 523	-	-	8 977 523
Financial derivatives	761 473	-	-	-	761 473
Deferred taxes	-	-	-	80 017	80 017
Taxes payable	-	-	-	20 537	20 537
Tier 2 capital	-	1 604 400	-	-	1 604 400
Other liabilities	-	-	-	2 274 821	2 274 821
<b>Total Liabilities</b>	<b>138 683 732</b>	<b>54 022 501</b>	-	<b>2 375 375</b>	<b>195 081 609</b>
<b>Total Equity</b>	-	-	-	8 632 964	8 632 964
<b>Total Liabilities and Equity</b>	<b>138 683 732</b>	<b>54 022 501</b>	-	<b>11 008 339</b>	<b>203 714 573</b>

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

NOK 1 000	Financial instru- ments accounted for at fair value *	Financial assets and debt accounted for at amortised cost	Financial assets held to maturity	Non-financial assets and liabilities	<b>31.03.13</b>
<b>Assets</b>					
Deposits at and receivables from financial institutions	-	4 677 406	-	-	4 677 406
Norwegian government short term debt certificates	1 612 305	-	-	-	1 612 305
Bonds	11 005 002	-	1 607 041	-	12 612 044
Lending to customers	-	164 866 968	-	-	164 866 968
Financial derivatives	-	-	-	-	-
Other assets	6 651 730	-	-	3 515	6 655 245
<b>Total Assets</b>	<b>19 269 037</b>	<b>169 544 374</b>	<b>1 607 041</b>	3 515	190 423 968
<b>Liabilities</b>					
Debt incurred by issuing securities	127 500 755	47 326 865	-	-	174 827 620
Collateral received in relation to financial derivatives	-	3 361 575	-	-	3 361 575
Financial derivatives	2 514 262	-	-	-	2 514 262
Deferred taxes	-	-	-	100 712	100 712
Taxes payable	-	-	-	-	-
Tier 2 capital	-	-	-	-	-
Other liabilities	-	-	-	1 761 209	1 761 209
<b>Total Liabilities</b>	<b>130 015 017</b>	<b>50 688 440</b>	-	<b>1 861 922</b>	<b>182 565 379</b>
<b>Total Equity</b>	-	-	-	7 858 588	7 858 588
<b>Total Liabilities and Equity</b>	<b>130 015 017</b>	<b>50 688 440</b>	-	<b>9 720 510</b>	<b>190 423 968</b>

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

## Note 13 Financial Instruments at Fair Value

### Methods in order to determine fair value

#### General

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

#### Interest rate and currency swaps

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

#### Bonds

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

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

- Quoted price in an active market for an identical asset or liability (level 1)
- Valuation based on observable factors either direct (prices) or 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 31.03.2014

NOK 1 000	Level 1	Level 2	Level 3	Total
Bonds and bills	3 963 868	754 639	-	4 718 507
Financial Derivatives	-	11 986 042	-	11 986 042
<b>Total Assets</b>	<b>3 963 868</b>	<b>12 740 681</b>	<b>-</b>	<b>16 704 549</b>
Bonds	-	137 922 259	-	137 922 259
Financial Derivatives	-	761 473	-	761 473
<b>Total Liabilities</b>	<b>-</b>	<b>138 683 732</b>	<b>-</b>	<b>138 683 732</b>

The following numbers present the company's assets and liabilities at fair value as of 31.03.2013

NOK 1 000	Level 1	Level 2	Level 3	Total
Bonds and bills	9 776 488	2 840 820	-	12 617 308
Financial Derivatives	-	6 651 730	-	6 651 730
<b>Total Assets</b>	<b>-</b>	<b>9 492 550</b>	<b>-</b>	<b>19 269 038</b>
Bonds	-	127 500 755	-	127 500 755
Financial Derivatives	-	3 531 313	-	3 531 313
<b>Total Liabilities</b>	<b>-</b>	<b>131 032 068</b>	<b>-</b>	<b>131 032 068</b>

## Note 14 Bonds classified as Hold to Maturity

Bonds classified as	Book value 01.01.14	Investments	Matured	Amortising	Exchange rate effects	Amortised cost 31.03.14
Hold to maturity	1 213 050	-	-	-72 246	-	1 140 804
<b>Total certificates and bonds</b>	<b>1 213 050</b>	<b>-</b>	<b>-</b>	<b>-72 246</b>	<b>-</b>	<b>1 140 804</b>

### Market value of bonds in hold to maturity portfolio

Bonds classified as	Book value	Market value incl. currency effect	Effect on net inc if at fair value
Hold to maturity	1 140 804	1 143 837	3 033
<b>Total certificates and bonds</b>	<b>1 140 804</b>	<b>1 143 837</b>	<b>3 033</b>

## Note 15 Other Liabilities

NOK 1 000	31.03.2014	31.03.2013	2013
Employees tax deductions and other deductions	617	292	600
Employers national insurance contribution	369	255	369
Accrued holiday allowance	1 222	1 142	901
Commission payable to shareholder banks	2 155 567	1 700 220	3 115 000
Deposits*	7 020	8 608	8 541
Pension liabilities	12 621	11 046	12 111
Other accrued costs	97 405	39 646	5 834
<b>Total</b>	<b>2 274 821</b>	<b>1 761 209</b>	<b>3 143 356</b>

The Company does not have an overdraft facility or a revolving credit facility as of 31.12.2013

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

## Note 16 Asset Coverage Requirement

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

### Pool 1

NOK 1 000	31.03.2014	31.03.2013	2013
Covered Bonds	168 029 035	156 399 327	171 499 524
Repurchased Bonds	-1 658 763	-5 023 904	-1 859 098
Derivatives	-11 312 327	-4 440 161	-12 005 425
Total Covered Bonds	155 057 946	146 935 262	157 635 002
Lending to customers	169 087 880	149 909 470	167 354 070
Treasury Bills	296 780	0	498 480
Substitute collateral	5 024 587	12 730 842	6 901 444
Total Cover Pool	174 409 247	162 640 312	174 753 993
Asset-coverage	112,5 %	110,7 %	110,9 %

### Pool 2

NOK 1 000	31.03.2014	31.03.2013	2013
Covered Bonds	8 592 678	18 202 534	8 556 515
Repurchased Bonds	-998 923	-1 013 932	-998 894
Derivatives	-40 063	-104 909	-3 043
Total Covered Bonds	7 553 692	17 083 693	7 554 578
Lending to customers	6 110 149	14 913 063	7 273 742
Treasury Bills	671 048	1 612 305	246 487
Substitute collateral	1 097 150	645 817	320 762
Total Cover Pool	7 878 347	17 171 184	7 840 991
Asset-coverage	104,3 %	100,5 %	103,8 %



## Note 17 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 2018. Regulated entities are allowed to reduce by 20% the total sum of risk weighted assets which would otherwise have been in place under the previous Basel I framework. In the following years until the end of 2017, the transitional rules will lead to significantly higher capital requirements than what would otherwise have been applicable under Basel II.

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

<b>Capital, NOK 1 000</b>	<b>31.03.2014</b>	<b>31.03.2013</b>	<b>2013</b>
Share capital	5 310 548	5 030 548	5 310 548
Premium share fund	2 657 922	2 517 922	2 657 922
Other equity capital	625 255	243 936	320 555
Total equity capital entered into the balance sheet	8 593 725	7 792 406	8 289 025
Intangible assets	-2 612	-2 179	-3 002
Declared share dividend	-319 630	-140 855	-302 105
50% deduction of expected losses exceeding loss provisions IRB	-160 661	-160 514	-182 832
Core capital (Tier 1)	8 110 823	7 488 858	7 801 086
Tier 2 capital	1 600 000	-	-
50% deduction of expected losses exceeding loss provisions IRB	-160 661	-	-
<b>Total capital</b>	<b>9 550 162</b>	<b>7 488 858</b>	<b>7 801 086</b>

<b>Minimum requirements for capital according to Basel II i NOK 1 000</b>	<b>31.03.14</b>	<b>31.03.13</b>	<b>2 013</b>
Credit risk	2 932 525	1 783 718	1 846 418
Market risk	0	-	-
Operational risk	35 713	27 797	27 797
Depreciation on groups of loans	0	-	-
Difference in capital requirement due to the Basel I transitional floor	3 206 211	4 071 986	4 299 650
<b>Minimum requirement for capital</b>	<b>6 174 449</b>	<b>5 883 501</b>	<b>6 173 865</b>

### Capital adequacy \*

	<b>31.03.14</b>	<b>31.03.13</b>	<b>2013</b>
Capital adequacy (%)	12,37 %	10,18 %	10,11 %
Tier 1 Capital Adequacy (%)	10,51 %	10,18 %	10,11 %
Core Tier 1 Capital Adequacy (%)	10,51 %	10,18 %	10,11 %

\* The risk weighted total capital coverage was 12.37% and the requirement in effect since July 1, 2014 is 12.50% (including the additional buffer capital requirement) as of 31.03.2014. The capital coverage has increased since year-end 2013 in order to meet the requirements for higher capital buffers which were introduced from July 1, 2013. According to a previously existing plan some parent banks have repurchased a smaller part of their mortgage portfolio and as a consequence the total capital coverage was 12.50% from April 2, 2014. Dividends will be paid out after April 2, 2014.

## Note 18 Related parties

### **Transactions with related parties**

The Company has 175 315 MNOK loans to customers. These are acquired from shareholder banks at market value (i.e. nominal value).

### **SpareBank 1 SR-Bank ASA**

The Company purchases a substantial amount of their support functions from SpareBank 1 SR-Bank ASA.

A complete SLA are established between the Company and SpareBank 1 SR-Bank ASA.

### **SpareBank 1 Alliance**

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

### **SpareBank 1 Næringskreditt AS**

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

## Note 19 Contingencies

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

## Note 20 Collateral received

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 31.03.2014 this collateral amounted to NOK 8 978 million. This amount is included in the balance sheet as a deposit, but represents restricted cash.

## Note 20 Taxes

NOK 20 536 860 has been reclassified as a tax payable from deferred tax during the first quarter of 2014.

## Note 21 Events after Balance Sheet Date

According to a previously existing plan some parent banks have repurchased a smaller part of their mortgage portfolio and as a consequence the total capital coverage was 12.50% from April 2, 2014.