



Boligkreditt

3rd Quarterly Report 2016

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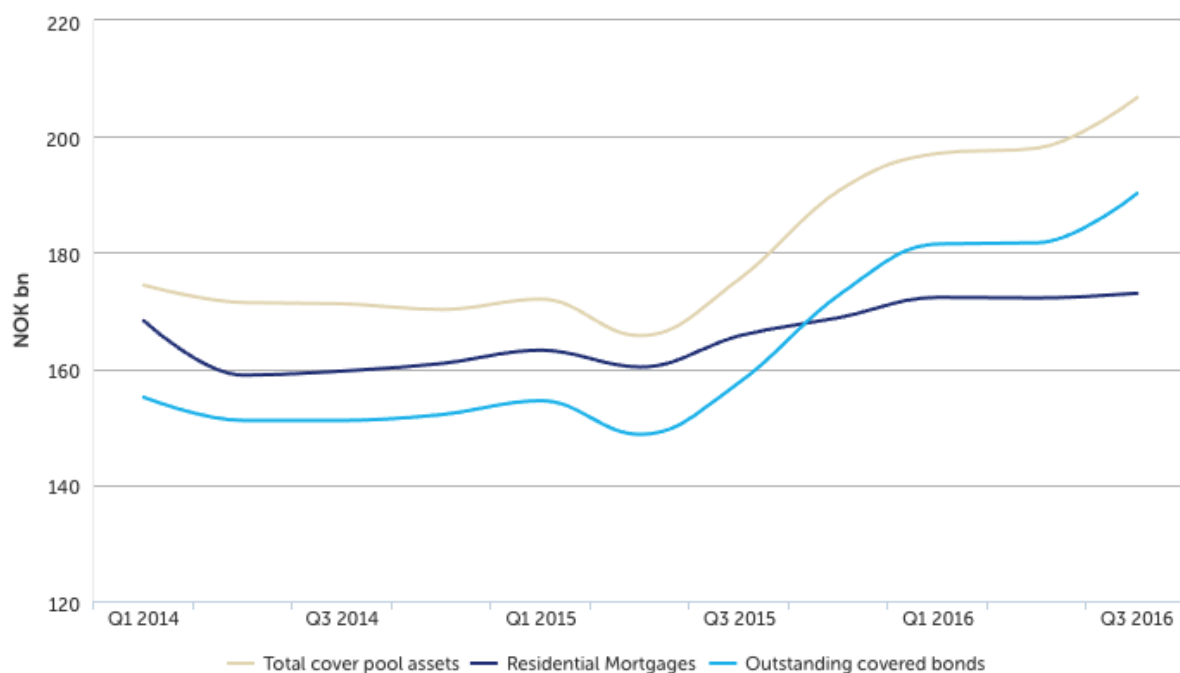
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Report of the Board of Directors as of September 30, 2016

Cover pool and outstanding covered bonds

The cover pool consists of residential mortgages and liquid, highly rated assets (substitute assets). The amount of liquid assets varies over time and the variation is solely a result of the Issuer's liquidity risk management (and regulatory requirements), whereby upcoming redemptions are refinanced early (up to 12 months) with proceeds held as liquid assets (please see the investor reports for details on the composition of liquid assets). Covered bonds are shown inclusive of the market value of the derivatives deployed to hedge currencies and interest rates.



Key figures

	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Weighted Average Current LTV (%)	49.9 %	49.9 %	51.4 %	52.1 %	50.3 %
Weighted Average Original LTV (%)	59.0 %	58.7 %	58.7 %	58.7 %	58.3 %
Average Loan Balance (NOK)	1,306,717	1,286,759	1,272,036	1,251,680	1,221,414
Number of Mortgages in Pool	132,397	133,840	135,432	134,895	135,688
Percentage of non first-lien mortgages	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Overcollateralization	108.6 %	109.0 %	108.6 %	110.4 %	111.2 %

Key developments in the period

SpareBank 1 Boligkreditt issued a new 10 year, Eur 1 billion (NOK 9,32 billion) benchmark covered bond in the euro market during the 3rd quarter of 2016. In NOK no issuance activity took place during the third quarter, but activity has picked up again in October.

The Norwegian krone has appreciated to around 9 NOK/EUR and 8,2 NOK/USD at the end of the third quarter, which means a reduction in the balance sheet value of swaps hedging currency risk on issued covered bonds and a corresponding further reduction in the level of collateral which Boligkreditt holds from swap counterparties.

Total capital coverage is 16.4 per cent as of September 30, 2016, Tier 1 capital coverage is 14.3 per cent and core capital coverage 12.8 per cent. The Company's capital coverage target is to be above the minimum legal requirement. Legal requirement for total capital coverage is 15 per cent from July 1, 2016. The capitalization ratios are currently positively impacted by the accounting for basis swaps which will reverse over time.

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 undertakings ("Finansforetaksloven") chapter 11, section II and the detailed regulations thereof. We expect that the Norwegian Treasury Department will set a minimum overcollateralization level of 2 per cent for covered bond pools in the law's associated regulations.

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 per cent 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. An agreement is signed with each owner bank regarding the purchase and transfer of residential mortgages and the services which the owner 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). The Programme was last updated on June 10, 2016 and is available on the homepage: <https://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.

Accounts for the period

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 third quarter 2016 (corresponding previous year period in brackets).

The total balance sheet amounts to NOK 260 (241) billion. Lending to customers amounted to NOK 173 (166) billion as of 30.09.2016. Loan growth is in accordance with expectations. The Company's liquid assets as of September 30, 2016 amounted to NOK 59 (45) billion, whereof approximately NOK 26 billion are funds received as collateral under ISDA agreements and the remainder is available to the Company as liquid assets.

The Company had during the first nine months net interest income of NOK 322 (311) million, including commissions earned by the ownership banks and accrued as an expense to SpareBank 1 Boligkreditt. The cost of operations for

the first six months was NOK 25.2 (23.0) million including amortisation and depreciation. No additional amounts have been charged as loan provisions (write offs) during the first three quarters of 2016, in addition to the NOK 8 million in cumulative group loan loss provisions as of 31.12.15. No actual loan losses have occurred. The pre-tax result was NOK 38 (503) million. The difference in pre-tax result compared to the same period last year is mostly due to valuation changes of basis swaps, which reduced by NOK 150 million during the third quarter and by a net NOK 97 million during the first three quarters of 2016 (please see note 3 and the annual report for 2015 for further details).

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 per cent LTV, is the reason for why the Board of Directors assess the credit risk to be lower compared to other, universal and deposit taking banks.

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 covered bonds outstanding of NOK 185 billion at original (hedged) exchange rates, of which NOK bonds were approximately 55 billion and the remainder mainly in EUR and USD. All borrowing and investments with a fixed coupon and all borrowing and investments denominated in foreign currency are hedged by financial currency/and or interest rate swaps or through natural hedges, in order to convert the effective cash flow on this debt to a NOK floating rate (3 months NIBOR). The Company receives collateral under the derivatives contracts from its counterparties subject to certain thresholds.

SpareBank 1 Boligkreditt AS records cash, bonds and treasury bills at the end of the period for a total of NOK 59 billion, whereby NOK 26 billion thereof is collateral received from counterparties in swap transactions and is not available as general liquidity. The bonds are Nordic covered bonds, Norwegian government debt and German SSA paper 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.

The Company had as of 30.09.2016 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 maintain a material liquidity reserve with a minimum size of covering all maturities within 6 months, and 50 per cent of all maturities between 6 and 12 months. Additionally 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. SpareBank 1 Boligkreditt AS's liquidity situation is considered to be 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 operational breakdowns. Reputational, legal, ethical and competency risks are also elements of operational risk. This risk is considered to be moderate.

The Company is focused on identifying, measuring and managing central areas of risk which contributes to that Boligkreditt achieves its strategic goals. Reference is made to the annual report 2015 for more information on this.

Future prospects of the Company

The Company has a portfolio of residential mortgage lending with an average loan to value of approximately 50 per cent and no loans are in default. Residential real estate prices have increased overall in Norway by 10 per cent in September 2016 from September 2015, and stand at a high level. However, the house price development in the region dominated by the oil industry is weaker than the national average (down 5.3 per cent). That house prices nationally increase should be seen in the context of declining interest rates in Norway, also for residential mortgages, together with high demand for property, especially in central areas. Even if the unemployment rate is at a relatively low level in Norway (5.0 per cent as of September 2016 according to the unemployment survey, though below 3 per cent on a registered basis) it has generally been on an upward trajectory since late 2014. Despite the current higher uncertainty in the Norwegian economy, the prospects for the Company are considered to be good and stable. The Board base this conclusion on a geographically well diversified loan portfolio without arrears, low LTVs, a strong history and institutional framework in Norway for loan performance, as well as the low unemployment environment.

Macroeconomic development¹: The Norwegian economy expanded in the second quarter 2016 by 2 per cent compared to the same period in 2015 (but following a contraction on a year-over-year basis in the firstquarter). Both private sector investment as well as private (household) consumption shows good growth and is probably indicative of a recovery from a period of weaker development following the downward shift in oil prices. The combination of a depreciated krone, low interest rates and fiscal expansive policies have probably effectively counter balanced the negative demand impulses from the petroleum sector.

Economic outlook: The economic outlook is summarized in the table below. The outlook for the full year economic growth is on balance kept at an unchanged 0.9 per cent expansion in real terms for the mainland Norwegian economy compared to the previous forecast. Due in part to a halt in rate reductions from the Norwegian central bank at both the June and September monetary policy meetings (policy rate at + 0.5 per cent) the krone has appreciated against the Euro and the US Dollar in the third quarter and may shift competitiveness away from the Norwegian exporting sector. On the other hand, the oil price has stabilized above 50 USD and investments in the petroleum sector will reduce as a headwind for economic growth while conditions remain favourable in most Norwegian regions. Inflation in Norway as expressed by the CPI is significantly higher, and was 4 per cent in August. This is a temporary effect as the NOK has been weak leading to higher prices for imports; inflation is expected back to a normal level from 2017. The labour market is expected to tighten from last readings at 5 per cent (September 2016) both for the current year and the years ahead. The actual registered unemployment rate already shows this trend, dropping to 2.8 per cent in September 2016.

Projections (%)	2016	2017	2018	2019
GDP growth, mainland	0.9	2.1	2.2	2.2
Unemployment rate	4.7	4.5	4.3	4.3
CPI growth	3.4	2	2.1	2
Annual wage increase	2.3	2.7	3.1	3.4

¹ Macroeconomic projections have been sourced from Statistics Norway as of September 13, 2016.

The Board of Directors affirms that they consider the financial accounts to present a correct and complete picture of the Company's operations and financial position as of September 30, 2016.

No events have occurred after September 30, 2016 which are expected to have a material impact on the accounts for the period ending September 30, 2016.

Stavanger, September 30, 2016 / October 25, 2016
Board of Directors of SpareBank 1 Boligkreditt AS



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Kjell Fordal
Chairman of the Board



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Inge Reinertsen



A handwritten signature in black ink.

Merete N. Kristiansen



A handwritten signature in black ink.

Tore Anstein Dobloug



A handwritten signature in black ink.

Inger M.S. Eriksen



A handwritten signature in black ink.

Arve Austestad
Chief Executive Officer

SpareBank 1 Boligkreditt AS

- 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 nine months of 2016 for SpareBank 1 Boligkreditt AS. The 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 September 30, 2016.

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 September 30, 2016 / October 25, 2016
The Board of Directors of SpareBank 1 Boligkreditt AS



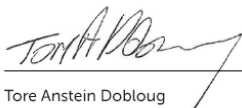
Kjell Fordal
Chairman of the Board



Inge Reinertsen




Merete N. Kristiansen



Tore Anstein Dobloug



Inger M.S. Eriksen



Arve Austestad
Chief Executive Officer

Financial statements

Income statement

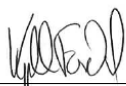
NOK 1 000	Note	3. quarter 2016	3. quarter 2015	01.01.2016 - 30.09.2016	01.01.2015 - 30.09.2015	2015
Total interest income	2	942 275	953 317	2 825 648	2 946 021	3 879 909
Total interest expenses	2	-839 655	-840 875	-2 503 250	-2 634 592	-3 473 052
Net interest income		102 620	112 442	322 398	311 429	406 857
Net gains/losses from financial instruments	3	-181 345	8 027	-259 043	215 366	233 848
Net other operating income		-181 345	8 027	-259 043	215 366	233 848
Total operating income		-78 725	120 469	63 355	526 795	640 704
Salaries and other ordinary personnel expenses	4	-3 160	-2 409	-8 303	-7 077	-10 700
Administration expenses	5	-2 577	-2 419	-7 598	-7 664	-10 625
Other operating expenses	6	-3 557	-2 429	-8 268	-6 756	-9 760
Depreciation/Amortization		-293	-488	-1 013	-1 547	-1 985
Total operating expenses		-9 587	-7 745	-25 182	-23 045	-33 070
Net profit before impairment losses		-88 312	112 725	38 173	503 751	607 635
Write-downs on loans and guarantees	8		0	0	0	0
Pre-tax operating result		-88 312	112 725	38 173	503 751	607 635
Tax expense		22 078	-30 435	-9 543	-136 013	-134 535
Net profit for the period		-66 234	82 289	28 630	367 738	473 100

Statement of comprehensive income

NOK 1 000	3. quarter 2016	3. quarter 2015	01.01.2016 - 30.09.2016	01.01.2015 - 30.09.2015	2015
Profit/loss for the year	-66 234	82 289	28 630	367 738	473 100
Items which will not impact the income statement in future periods:		-	-	-	-
Change in pension expense for an earlier period		-	-	-	-
Estimate change for pension expense		-	-	-	5 685
Tax effect of the estimate change		-	-	-	-1 421
Total profit/loss accounted for in equity		-	-	-	4 264
Total profit/loss	-66 234	82 289	28 630	367 738	477 363

Balance sheet

NOK 1 000	Note	30.09.2016	30.09.2015	2015
Assets				
Lending to and deposits with credit institutions	13	10 261 328	16 896 170	8 083 543
Norwegian Government Treasury Bills	13,14	2 596 035	-	8 705 692
Bonds	13,14	46 446 864	28 522 929	42 113 662
Lending to customers	8	173 328 663	166 201 206	169 338 988
Financial derivatives	12,13,14	27 278 826	37 885 017	40 947 743
Other assets	7	2 262	4 692	3 671
Total assets		259 913 978	249 510 013	269 193 299
Liabilities and equity				
Liabilities				
Debt incurred by issuing securities	10,13,14	220 083 440	201 403 517	218 853 602
Collateral received under derivatives contracts	20	25 331 451	35 800 968	36 950 453
Financial derivatives	12,13,14	1 415 786	392 999	690 315
Deferred tax		380 104	234 604	370 561
Tax payable		-	-	-
Subordinated debt	11	2 684 461	2 434 246	2 434 380
Other Liabilities	16	117 308	305 434	156 116
Total liabilities		250 012 550	240 571 767	259 455 427
Equity				
Paid in equity capital		9 498 470	8 268 470	8 568 470
Other paid in equity (not yet registered)		-	300 000	690 000
Accrued equity		374 328	2 039	374 328
Net profit		28 630	367 738	
Declared dividend			-	105 074
Total equity		9 901 428	8 938 246	9 737 872
Total liabilities and equity		259 913 978	249 510 013	269 193 299



Kjell Fordal
Chairman of the Board




Inge Reinertsen



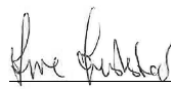
Merete N. Kristiansen



Tore Anstein Dobloug



Inger M.S. Eriksen



Arve Austestad
Chief Executive Officer

Statement of changes in equity

NOK 1 000	Share capital	Premium	Dividend	Fund for unrealized profits	Other equity	Total equity
Balance as of December 31, 2013	5 310 548	2 657 922	319 630	-	925	8 289 025
Share increase February 26	200 000	100 000	-	-	-	300 000
Dividend 2013	-	-	-319 630	-	-	-319 630
Result for the period	-	-	203 890	-	1 149	205 039
Change in pension expense for an earlier period	-	-	-	-	4 700	4 700
OCI - pension - estimate change	-	-	-	-	-4 736	-4 736
Balance as of December 31, 2014	5 510 548	2 757 922	203 890	-	2 038	8 474 399
Dividend 2014	-	-	-203 890	-	-	-203 890
Share increase September 29	200 000	100 000	-	-	-	300 000
Share increase December 22 (not yet registered)	-	-	-	-	690 000	690 000
Result for the period	-	-	105 074	368 026	-	473 100
OCI - pension - estimate change	-	-	-	-	4 263	4 263
Balance as of December 31, 2015	5 710 548	2 857 922	105 074	368 026	696 302	9 737 872
Regsitration of share increase (from Dec. 22, 2015)	460 000	230 000	-	-	-690 000	-
Dividend 2015	-	-	-105 074	-	-	-105 074
Share increase June 29 (registered sept. 19 2016)	160 000	80 000	-	-	-	240 000
Result for the period	-	-	-	-	28 630	28 630
Balance as of Sept 30, 2016	6 330 548	3 167 922	0	368 026	34 931	9 901 428

Cash flow statement

NOK 1 000	30.09.2016	30.09.2015	2015
Cash flows from operations			
Interest received	2 887 496	2 862 982	3 784 335
Paid expences, operations	-29 627	-21 453	-27 767
Paid tax	-	-	-
Net cash flow relating to operations	2 857 870	2 841 528	3 756 568
Cash flows from investments			
Net purchase of loan portfolio	-4 004 428	-5 029 527	-8 168 134
Net payments on the acquisition of government bills	6 025 532	486 578	-8 214 730
Net payments on the acquisition of bonds	-6 772 210	-7 987 891	-21 073 393
Net investments in intangible assets	-642	-1 029	-1 054
Net cash flows relating to investments	-4 751 750	-12 531 869	-37 457 311
Cash flows from funding activities			
Net receipt/payment from the issuance of certificates	949 959	-749 970	-749 970
Net receipt/payment from the issuance of bonds	14 874 673	5 189 522	19 811 929
Net receipt/payment from the issuance subordinated debt	250 000	480 000	480 000
Net receipt/payment from the issuance of loans to credit institutions	-9 468 515	7 810 832	8 412 189
Equity capital subscription	240 000	300 000	990 000
Paid dividend	-105 074	-203 890	-203 890
Net interest payments on funding activity	-2 596 483	-2 644 233	-3 433 837
Net cash flow relating to funding activities	4 144 559	10 182 261	25 306 422
Net cash flow in the period	2 250 679	491 921	-8 394 321
Balance of cash and cash equivalents beginning of period	8 083 543	16 268 940	16 268 940
Net receipt/payments on cash	2 250 679	491 921	-8 394 321
Exchange rate difference	-72 895	135 309	208 925
Balance of cash and cash equivalents end of period	10 261 328	16 896 170	8 083 543

Quarterly development 3rd quarter 2016

Income statement

	3. quarter	2. quarter	1. quarter	4. quarter	3. quarter	2. quarter
NOK 1 000	2016	2016	2016	2015	2015	2015
Total interest income	942 275	924 572	958 801	933 888	953 317	985 788
Total interest expenses	-839 655	-817 253	-846 342	-838 460	-840 875	-889 343
Net interest income	102 620	107 319	112 459	95 428	112 442	96 446
Net gains/losses from financial instruments	-181 345	-112 625	34 927	18 482	8 027	-18 586
Net other operating income	-181 345	-112 625	34 927	18 482	8 027	-18 586
Total operating income	-78 725	-5 306	147 386	113 910	120 469	77 860
Salaries and other ordinary personnel expenses	-3 160	-2 043	-3 100	-3 622	-2 409	-2 075
Administration expenses	-2 577	-2 299	-2 722	-2 961	-2 419	-2 578
Other operating expenses	-3 557	-3 076	-1 635	-3 003	-2 429	-1 904
Depreciation/Amortization	-293	-320	-400	-438	-488	-547
Total operating expenses	-9 587	-7 738	-7 857	-10 025	-7 745	-7 104
Net profit before impairment losses	-88 312	-13 044	139 529	103 885	112 724	70 756
Write-downs on loans and guarantees	-	-	-	-	-	-
Pre-tax operating result	-88 312	-13 044	139 529	103 885	112 724	70 756
Tax expense	22 078	3 261	-34 882	1 477	-30 435	-19 104
Net profit for the period	-66 234	-9 783	104 647	105 362	82 288	51 652
Other income and expense in comprehensive income	-	-	-	4 264	-	-
Total net profit for the period	-66 234	-9 783	104 647	109 626	82 288	51 652

Balance sheet

	3. quarter	2. quarter	1. quarter	4. quarter	3. quarter	2. quarter
NOK 1 000	2016	2016	2016	2015	2015	2015
Assets						
Lending to and deposits with credit institutions	10 261 328	11 257 916	11 442 842	8 083 543	16 896 170	13 049 194
Norwegian Government Treasury Bills	2 596 035	1 656 360	2 833 598	8 705 692	-	19 926
Bonds	46 446 864	44 733 335	45 244 165	42 113 662	28 522 929	16 361 109
Lending to customers	173 328 663	172 616 073	172 626 526	169 338 988	166 201 206	161 072 171
Financial derivatives	27 278 826	32 728 300	36 047 126	40 947 743	37 885 017	27 178 048
Other assets	2 262	1 833	2 571	3 671	4 692	3 696
Total assets	259 913 978	262 993 816	268 196 829	269 193 299	249 510 013	217 684 144
Liabilities and equity						
Liabilities						
Debt incurred by issuing securities	220 083 440	217 597 620	220 439 708	218 853 602	201 403 517	181 577 042
Collateral received under derivatives contracts	25 331 451	31 632 419	34 494 554	36 950 453	35 800 968	24 404 974
Financial derivatives	1 415 786	575 679	428 169	690 315	392 999	682 483
Deferred tax	380 104	370 561	370 561	370 561	234 604	234 604
Tax payable	-	31 621	34 882	-	-	-
Subordinated debt	2 684 461	2 684 337	2 434 192	2 434 380	2 434 246	1 953 999
Other Liabilities	117 308	133 917	152 245	156 116	305 434	275 084
Total liabilities	250 012 550	253 026 155	258 354 310	259 455 427	240 571 767	209 128 186

Equity						
Paid in equity capital	9 498 470	9 258 470	9 258 470	8 568 470	8 268 470	8 268 470
Other paid in equity (not yet registered)	-	240 000	-	690 000	300 000	2 039
Accrued equity	374 328	374 328	374 328	374 328	2 039	285 449
Net profit	28 630	94 864	104 647	-	367 738	-
Declared dividend		-	105 074	105 074	-	8 503 595
Total equity	9 901 428	9 967 662	9 842 519	9 737 872	8 938 246	
Total liabilities and equity	259 913 978	262 993 816	268 196 829	269 193 299	249 510 013	217 612 414

Notes to the financial statements March 31, 2016

Note 1 Accounting principles

1.1 Basis for preparation

SSpareBank 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 01.01.2016 - 30.09.2016. 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 2015. The principles addressed below should be seen in connection with the accounting principles as they were presented in the annual accounts for 2015.

These financial accounts have been approved by the Board of Directors of SpareBank 1 Boligkreditt on 25.10.2016

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 as of the second quarter 2016 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 2015 Note 3 this risk and management thereof is more closely discussed.

1.5 Estimates and assessments regarding the use of accounting principles

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 2015.

Note 2 Net interest income

NOK 1 000	30.09.2016	30.09.2015	2015
Interest income			
Interest income and similar income from loans to and balances with credit institutions	388 957	208 677	300 398
Interest income and similar income from loans to and balances with customers	3 405 653	4 029 793	5 258 746
Interest income treasury bills	8 713	2 449	7 849
Commission expense (payable to shareholder banks) *	-977 674	-1 294 898	-1 687 085
Total interest income	2 825 648	2 946 021	3 879 909
Interest expense			
Interest expense and similar expenses to credit institutions	8 075	26 117	31 291
Interest expense and similar expenses on issued bonds	2 416 106	2 549 733	3 359 422
Interest expense and similar expenses on issued certificates	5 565	1 735	1 735
Interest expense and similar expenses on Tier 2 capital	72 485	56 989	80 584
Other interest expenses	1 020	18	19
Total interest expense	2 503 250	2 634 592	3 473 052
Net interest income	322 398	311 429	406 857

* 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	30.09.2016	30.09.2015	2015
Net gains (losses) from financial liabilities, hedged instruments (1)	-3 557 619	-839 343	-408 266
Net gains (losses) from financial assets, hedged instruments (2)	-601 426	-28 891	-34 613
Net gains (losses) from financial derivatives, hedging, at fair value, hedging instrument (1,3)	3 996 694	703 765	209 580
Net gains (losses) due to changes in basisswapsreads (4)	-96 693	379 836	467 146
Netto gains (losses)	-259 043	215 366	233 848

(1) The Company utilizes hedge accounting as defined in IFRS for issued fixed rate bonds (covered bonds) with derivatives (swaps) which hedges fixed rates to floating and foreign currencies to Norwegian kroner. The hedges are individually tailored to each issued bond and exactly matches the cash flows and duration of the issued bonds.

(2) SpareBank 1 Boligkreditt AS manages its liquidity risk by refinancing its outstanding bonds ahead of expected maturities and keeping proceeds as a liquidity portfolio. The majority of this portfolio is valued according to observed market values (fair value). Fixed rate bonds and bonds in other currencies than Norwegian kroner are hedged using swaps. The latter are valued according to interest rate and foreign exchange rates and are also valued at fair value (though differences may occur because the valuation of the bonds include a credit risk/spread element which the swaps do not contain). A smaller part of the portfolio is classified as hold-to-maturity and consist of bonds in Norwegian kroner at floating rates.

(3) All derivatives are valued at fair value according to changes in market interest rates and foreign exchange rates. Changes in valuations from the previous period is accounted for in profit and loss.

4) The Company utilizes basis swaps, which is the foreign exchange swap that changes foreign currency exposure into Norwegian kroner exposure, and this is entered into at a certain cost (spread over 3 months NIBOR). The change in the spread is used to adjust the valuation of all of the outstanding basis swaps each quarter, along with the change in other transaction charges to enter into the swaps. An increase in the costs for basis swaps results in a positive adjustment (gain), while a reduction in basis swap costs lead to a negative adjustment (loss). The effect of the basis swap valuation adjustments can be material from quarter to quarter because the Company's portfolio of swaps is extensive. All basis swap valuation adjustments will reverse in line with the passage of time and will become zero at the latest at the point of the scheduled swap termination date.

Note 4 Salaries and remuneration

NOK 1 000	30.09.2016	30.09.2015	2015
Salary	7 666	7 824	10 726
Salaries invoiced to SpareBank1 Næringskreditt*	-2 311	-3 828	-3 108
Pension expenses	1 631	1 376	706
Social insurance fees	1 198	1 240	1 736
Other personnel expenses	119	465	640
Total salary expenses	8 303	7 077	10 700
Average number of full time equivalents (FTEs)	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 invoiced to SpareBank 1 Næringskreditt. The company also buys administrative services from SpareBank 1 SR-Bank ASA and SpareBank 1 Gruppen. Pension benefit obligations are covered 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	30.09.2016	30.09.2015	2015
IT operation and maintenance	7 238	7 281	9 705
Travel	473	725	1 087
Telephone and postage	85	106	163
Misc other adm expenses	8	1	10
Cost share with SpareBank 1 Næringskreditt AS	-205	-450	-340
Total	7 598	7 664	10 625

Note 6 Other operating expenses

NOK 1 000	30.09.2016	30.09.2015	2015
Auditing, hired personnel from SpareBank 1 Group, other services	7 829	6 652	9 062
Operating expenses rented offices	447	427	675
Operating expenses reinvoiced to SpareBank 1 Næringskreditt	-326	-461	-462
Misc other operating expenses	318	138	486
Total	8 268	6 756	9 760

Note 7 Other assets

NOK 1 000	30.09.2016	30.09.2015	2015
Intangible Assets	1 510	2 275	1 880
Account Receivables from SpareBank 1 Næringskreditt AS	753	2 416	1 791
Total	2 262	4 692	3 671

Note 8 Lending to customers

Lending to customers are residential mortgages only. The mortgages generally have a loan loan-to-value and losses have been very low. The total amount of lending to customers at the end of the period were NOK 173,3 billion. All mortgages carry a variable interest rate.

NOK 1 000	30.09.2016	30.09.2015	2015
Revolving loans - retail market	53 822 598	54 058 759	54 205 342
Amortising loans - retail market	119 376 324	111 997 128	114 989 151
Accrued interest	137 449	153 028	152 202
Total loans before specified and unspecified loss provisions	173 336 371	166 208 914	169 346 696
Specified loan loss provisions	-	-	-
Unspecified loan loss provisions	7 708	7 708	7 708
Total net loans and claims with customers	173 328 663	166 201 206	169 338 988

Liability

Unused balances under customer revolving credit lines (flexible loans)	13 731 753	19 669 699	18 636 235
Total	13 731 753	19 669 699	18 636 235

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 %
Net other loans at risk of loss	0,0 %	0,0 %	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	30.09.2016	30.09.2015	2015
Loan loss provisions starting balance	7 708	7 708	7 708
Change in group loan loss provisions	0	0	0
Loan loss provisions ending balance	7 708	7 708	7 708

Note 9 Equity capital and shareholders

Shareholders registry as of 30.09.2016

	No of Shares	Onwership	Vote
SpareBank 1 SMN	12 006 847	18,97 %	18,97 %
SpareBank 1 SR-Bank ASA	10 567 191	16,69 %	16,69 %
SpareBank 1 Nord-Norge	9 149 885	14,45 %	14,45 %
Sparebanken Hedmark	6 302 387	9,96 %	9,96 %
Bank 1 Oslo Akershus AS	6 125 894	9,68 %	9,68 %
BN Bank ASA	3 765 027	5,95 %	5,95 %
SpareBank 1 BV	2 835 536	4,48 %	4,48 %
SpareBank 1 Østfold Akershus	2 707 308	4,28 %	4,28 %
Sparebanken Telemark	2 512 410	3,97 %	3,97 %
SpareBank 1 Ringerike Hadeland	2 066 654	3,26 %	3,26 %
SpareBank 1 Nordvest	1 321 458	2,09 %	2,09 %
SpareBank 1 Søre Sunnmøre	808 891	1,28 %	1,28 %
Modum Sparebank	769 326	1,22 %	1,22 %
SpareBank 1 Nøtterøy Tønsberg	761 346	1,20 %	1,20 %
SpareBank 1 Hallingdal	712 309	1,13 %	1,13 %
SpareBank 1 Gudbrandsdal	514 360	0,81 %	0,81 %
Lom og Skjåk Sparebank	378 653	0,60 %	0,60 %
Total	63 305 482	100 %	100 %

The equity capital consists of 63 305 482 shares with a face value of NOK 100 each

Note 10 Liabilities incurred by issuing securities

NOK 1 000	Nominal value* 30.09.2016	Nominal value* 30.09.2015	Nominal value* 2015
Short term notes, unsecured	950 000	-	-
Repurchased short term notes, unsecured	-	-	-
Senior unsecured bonds	3 631 000	6 701 000	6 476 000
Repurchased senior unsecured bonds	-232 000	-38 000	-74 000
Covered bonds	193 760 232	161 367 960	177 244 869
Repurchased Covered bonds	-3 889 085	-4 038 370	-4 917 100
Total debt incurred by issuing securities	194 220 147	163 992 590	178 729 769

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

NOK 1 000	Book value	Book value	Book value
	30.09.2016	30.09.2015	2015
Short term notes, unsecured	949 959	-	-
Repurchased short term notes, unsecured	-	-	-
Senior unsecured bonds	3 630 568	6 700 618	6 475 779
Repurchased senior unsecured bonds	-231 291	-38 036	-73 998
Covered bonds	218 297 071	197 254 281	215 868 978
Repurchased covered bonds	-4 102 595	-4 248 583	-5 125 020
Activated costs incurred by issuing debt	-175 849	-146 547	-158 707
Accrued interest	1 715 578	1 881 784	1 866 571
Total debt incurred by issuing securities	220 083 440	201 403 517	218 853 602

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

Senior unsecured bonds

Due in	30.09.2016	30.09.2015	2015
2015	-	225 000	-
2016	500 000	3 788 000	3 752 000
2017	2 668 000	2 650 000	2 650 000
2018	300 000	-	-
2019	881 000	-	-
Total	4 349 000	6 663 000	6 402 000

Covered bonds

Due in	30.09.2016	30.09.2015	2015
2016	10 252 000	22 360 625	20 621 625
2017	19 480 500	21 013 000	21 013 000
2018	35 754 250	21 785 000	35 754 250
2019	27 530 484	25 410 598	27 167 690
2020	24 958 500	24 458 500	24 958 500
2021	28 458 162	25 385 435	25 402 456
2022	18 698 750	12 648 750	12 648 750
2023	9 211 200	-	-
2024	1 503 651	1 444 882	1 462 848
2025	1 010 000	1 010 000	1 010 000
2026	11 255 000	1 650 000	1 650 000
2027	475 850	-	475 850
2028	1 282 800	162 800	162 800
Total	189 871 147	157 329 590	172 327 769

Total	194 220 147	163 992 590	178 729 769
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* Nominal value is incurred debt at exchange rates (EUR/NOK and USD/NOK) at the time of issuance

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

NOK 1 000	30.09.2016	30.09.2015	2015
NOK	59 885 435	56 133 687	56 218 289
EUR	131 672 207	104 415 443	120 721 290
USD	28 259 485	40 575 319	41 625 965
SEK	266 313	279 068	288 058
Total	220 083 440	201 403 517	218 853 602

Note 11 Subordinated debt

NOK 1000	ISIN	Interest rate	Issued year	Call option	Nominal amount	30.09.2016	30.09.2015	2015
With maturity								
Subordinated debt (Tier 2 capital instrument)	NO0010704109	3M Nibor + 225 bp	2014	07.05.2019	1 600 000	1 600 000	1 600 000	1 600 000
Perpetual								
Hybrid (Tier 1 capital instrument)	NO0010713746	3M Nibor + 310 bp	2014	09.05.2019	350 000	350 000	350 000	350 000
Hybrid (Tier 1 capital instrument)	NO0010745920	3M Nibor + 360 bp	2015	23.09.2020	300 000	300 000	300 000	300 000
Hybrid (Tier 1 capital instrument)	NO0010746191	3M Nibor + 360 bp	2015	29.09.2020	180 000	180 000	180 000	180 000
Hybrid (Tier 1 capital instrument)	NO0010767643	3M Nibor + 450 bp	2016	22.06.2021	250 000	250 000	-	-
Accured interest						4 461	4 246	4 380
Book value					2 680 000	2 684 461	2 434 246	2 434 380

Note 12 Financial derivatives

NOK 1 000	30.09.2016	30.09.2015	2015
Interest rate derivative contracts			
Interest rate swaps			
Nominal amount	77 041 291	77 915 816	80 539 030
Asset	5 113 523	5 637 833	5 345 413
Liability	-521 729	-381 431	-638 503
Currency derivative contracts			
Currency swaps			
Nominal amount	146 579 003	135 100 163	153 531 262
Asset	21 763 245	31 835 744	35 103 579
Liability	-894 056	-11 567	-51 812
Total financial derivative contracts			
Nominal amount	223 620 294	213 015 979	234 070 292
Asset	26 876 768	37 473 577	40 448 992
Liability *	-1 415 786	-392 999	-690 315
All derivative contracts exist for the purpose of hedging changes in interest rates and currency exchange rates.			
Asset	26 876 768	37 473 577	40 448 992
Net gain (loss) on valuation adjustment of basisswap spreads	402 058	411 440	498 751
Net asset derivatives	27 278 826	37 885 017	40 947 743

Basis swaps are currency swaps and are entered into at a certain cost (spread) between SpareBank 1 Boligkredit and banks which offer such swaps and which have signed an ISDA agreement with the Company. Changes in the cost are valued each quarter across all of the Company's swaps in accordance with the IFRS rules. An increase in the cost would result in an increase in the value of the basisswaps while a cost decrease would reduce the value of the basis swaps. The effect may be material from quarter to quarter because the Company's portfolio of swaps is extensive. All basisswap value changes will reverse over time towards the point of termination of the swaps.

Note 13 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	30.09.2016
Assets					
Deposits at and receivables from financial institutions	-	10 261 328	-	-	10 261 328
Norwegian government short term debt certificates	2 596 035	-	-	-	2 596 035
Bonds	46 372 134	-	74 730	-	46 446 864
Lending to customers	-	173 328 663	-	-	173 328 663
Financial derivatives	27 278 826	-	-	-	27 278 826
Other assets	-	-	-	2 262	2 262
Total Assets	76 246 995	183 589 991	74 730	2 262	259 913 978
Liabilities					
Debt incurred by issuing securities	178 880 889	41 202 550	-	-	220 083 440
Collateral received in relation to financial derivatives	-	25 331 451	-	-	25 331 451
Financial derivatives	1 415 786	-	-	-	1 415 786
Deferred taxes	-	-	-	380 104	380 104
Taxes payable	-	-	-	-	-
Subordinated dept	-	2 684 461	-	-	2 684 461
Other liabilities	-	-	-	117 308	117 308
Total Liabilities	180 296 675	69 218 462	-	497 412	250 012 550
Total Equity	-	-	-	9 901 428	9 901 428
Total Liabilities and Equity	180 296 675	69 218 462	-	10 398 840	259 913 978

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

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	30.09.2015
Assets					
Deposits at and receivables from financial institutions	-	16 896 170	-	-	16 896 170
Norwegian government short term debt certificates	-	-	-	-	0
Bonds	28 297 849	-	225 079	-	28 522 929
Lending to customers	-	166 201 206	-	-	166 201 206
Financial derivatives	37 885 017	-	-	-	37 885 017
Other assets	-	-	-	4 692	4 692
Total Assets	66 182 866	183 097 376	225 079	4 692	249 510 013

Liabilities					
Debt incurred by issuing securities	161 719 935	39 683 582	-	-	201 403 517
Collateral received in relation to financial derivatives	-	35 800 968	-	-	35 800 968
Financial derivatives	392 999	-	-	-	392 999
Deferred taxes	-	-	-	234 604	234 604
Taxes payable	-	-	-	-	-
Subordinated debt	-	2 434 246	-	-	2 434 246
Other liabilities	-	-	-	305 434	305 434
Total Liabilities	162 112 933	77 918 795	-	540 038	240 571 766
Total Equity	-	-	-	8 938 246	8 938 246
Total Liabilities and Equity	162 112 933	77 918 795	-	9 478 284	249 510 013

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

Note 14 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:

Level 1: Quoted price in an active market.

Fair value of financial instruments which are traded in active markets are based on the market price at the balance sheet date. A market is considered to be active if the market prices are easily and readily available from an exchange, dealer, broker, industry group, pricing service or regulating authority and that these prices represent actual and regular market transactions on an arm's length basis.

Level 2: Valuation based on observable factors.

Level 2 consist of instruments which are not valued based on listed prices, but where prices are indirectly observable for assets or liabilities, but also includes listed prices in not active markets.

Level 3: The valuation is based on factors that are not found in observable markets (non-observable assumptions). If valuations according to Level 1 or Level 2 are not available, valuations are based on not-observable information. The Company has a matter of principle neither assets nor liabilities which are valued at this level.

The following table presents the company's assets and liabilities at fair value as of 30.09.2016

NOK 1 000

	Level 1	Level 2	Level 3	Total
Bonds and bills	30 189 424	18 778 651	-	48 968 075
Financial Derivatives	-	27 278 826	-	27 278 826
Total Assets	30 189 424	46 057 477	-	76 246 901
Bonds	-	178 880 889	-	178 880 889
Financial Derivatives	-	1 415 786	-	1 415 786
Total Liabilities	-	180 296 675	-	180 296 675

The following table presents the company's assets and liabilities at fair value as of 30.09.2015

NOK 1 000

	Level 1	Level 2	Level 3	Total
Bonds and bills	22 097 884	6 199 965	-	28 297 849
Financial Derivatives	-	37 885 017	-	37 885 017
Total Assets	22 097 884	44 084 982	-	66 182 866
Bonds	-	161 719 935	-	161 719 935
Financial Derivatives	-	392 999	-	392 999
Total Liabilities	-	162 112 933	-	162 112 933

Note 15 Bonds classified as hold to maturity

As of 30.09.2016

Bonds classified as	Book value			Amortizing	Exchange rate effects	Amortized cost 30.09.2016
	01.01.2016	Investments	Matured			
Hold to maturity	224 605	-	-150 000	181	-	74 786
Total certificates and bonds	224 605	-	-150 000	181	-	74 786

Market value of bonds in hold to maturity portfolio

Bonds classified as	Book value	Market value incl currency effects	Effect on net inc if at fair value
Hold to maturity	74 786	75 175	388
Total certificates and bonds	74 786	75 175	388

Note 16 Other liabilities

NOK 1 000	30.09.2016	30.09.2015	2015
Employees tax deductions and other deductions	597	479	1 478
Employers national insurance contribution	210	202	462
Accrued holiday allowance	704	699	1 015
Commission payable to shareholder banks	95 986	127 554	117 921
Deposits*	1 520	13 566	12 977
Pension liabilities	13 073	19 185	12 360
Other accrued costs	5 218	143 748	9 902
Total	117 308	305 434	156 116

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

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

Note 17 Asset coverage test

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. Market values are used for all substitute collateral in the test. 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 30.09.2016).

NOK 1 000	30.09.2016	30.09.2015	2015
Covered bonds	220 025 655	199 137 473	217 752 078
Repurchased bonds	-4 127 576	-4 265 659	-5 155 728
Derivatives	-25 672 251	-37 133 385	-39 848 930
Total covered bonds	190 225 827	157 738 429	172 747 420
Lending to customers	172 845 081	165 829 470	168 792 683
Norwegian gov't short term debt	1 023 873	0	7 210 022
Other substitute assets (see cover pool)	32 782 891	9 638 149	14 664 356
Total cover pool	206 651 845	175 467 618	190 667 061
Asset coverage	108,6 %	111,2 %	110,4 %

Note 18 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.

A new capital requirements directive was introduced in Norway as of January 1, 2007 (Basel II). SpareBank1 Bolkreditt 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. 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. The transitional rules 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 15.0% total capital from July 1, 2016 includes a 11.5% Core Tier 1 capital and 3.5% other capital.

The Company's parent banks have committed themselves to keep the Equity Core Tier 1 capital at a minimum 9% (is currently being reviewed with a target to increase to 11%). Primarily this commitment is pro rata according to the ownership stakes in the Company, but it is a joint and several undertaking if one or more ownership banks are unable to comply, up to the maximum of twice the initial pro rata amount.

Capital. NOK 1 000	30.09.2016	30.09.2015	2015
Share capital	6 330 548	5 510 548	5 710 548
Premium share fund	3 167 922	2 757 922	2 857 922
Other equity capital	374 328	302 039	1 169 402
Common equity	9 872 798	8 570 509	9 737 872
Intangible assets	-1 510	-2 275	-1 880
Declared share dividend	-	-	-105 074
100% deduction of expected losses exceeding loss provisions IRB (CRD IV)	-312 674	-316 059	-326 724
Prudent valuation adjustment (AVA)	-77 738	-66 801	-83 752
Core equity capital	9 480 876	8 185 374	9 220 442
Hybrid bond	1 080 000	830 000	830 000
Tier 1 equity capital	10 560 876	9 015 374	10 050 442
Supplementary capital (Tier 2)	1 600 000	1 600 000	1 600 000
Total capital	12 160 876	10 615 374	11 650 442

Minimum requirements for capital. NOK 1 000	30.09.2016	30.09.2015	2015
Credit risk	3 184 869	3 123 558	3 122 194
Market risk	-	-	-
Operational risk	52 871	41 779	41 779
Depreciation on groups of loans	-	-	-
CVA Risk	107 396	126 289	165 228
Difference in capital requirement resulting from transitional floor	2 576 856	2 461 538	2 463 358
Minimum requirement for capital	5 921 992	5 753 164	5 792 559

Capital coverage

	30.09.2016	30.09.2015	2015
Risk-weighted assets incl. transitional floor	74 024 894	72 313 358	72 406 991
Capital coverage (%)	16,43 %	14,76 %	16,09 %
Tier 1 capital coverage (%)	14,27 %	12,54 %	13,88 %
Core Tier 1 capital coverage (%)	12,81 %	11,38 %	12,73 %
Leverage ratio (%)	4,25 %	3,43 %	3,54 %

Note 19 Related parties

The Company has 173 329 MNOK loans to customers. These are loans acquired from shareholder banks at market values (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 is 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. Twenty percent of the administrative expenses in SpareBank 1 Boligkreditt AS are to 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 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 end of the period 30.09.2016 this collateral amounted to NOK 25 331 million. This amount is included in the balance sheet, but represents restricted cash. According to signed ISDA and CSA agreement, it is not permitted for the parties in derivatives transactions to net amounts amongst various transactions.

Note 21 Contingencies and Events after Balance Sheet Date

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

No events have taken place after the balance sheet date which are expected to have any material impact on the financial statements as of the end of the period 30.09.2016

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