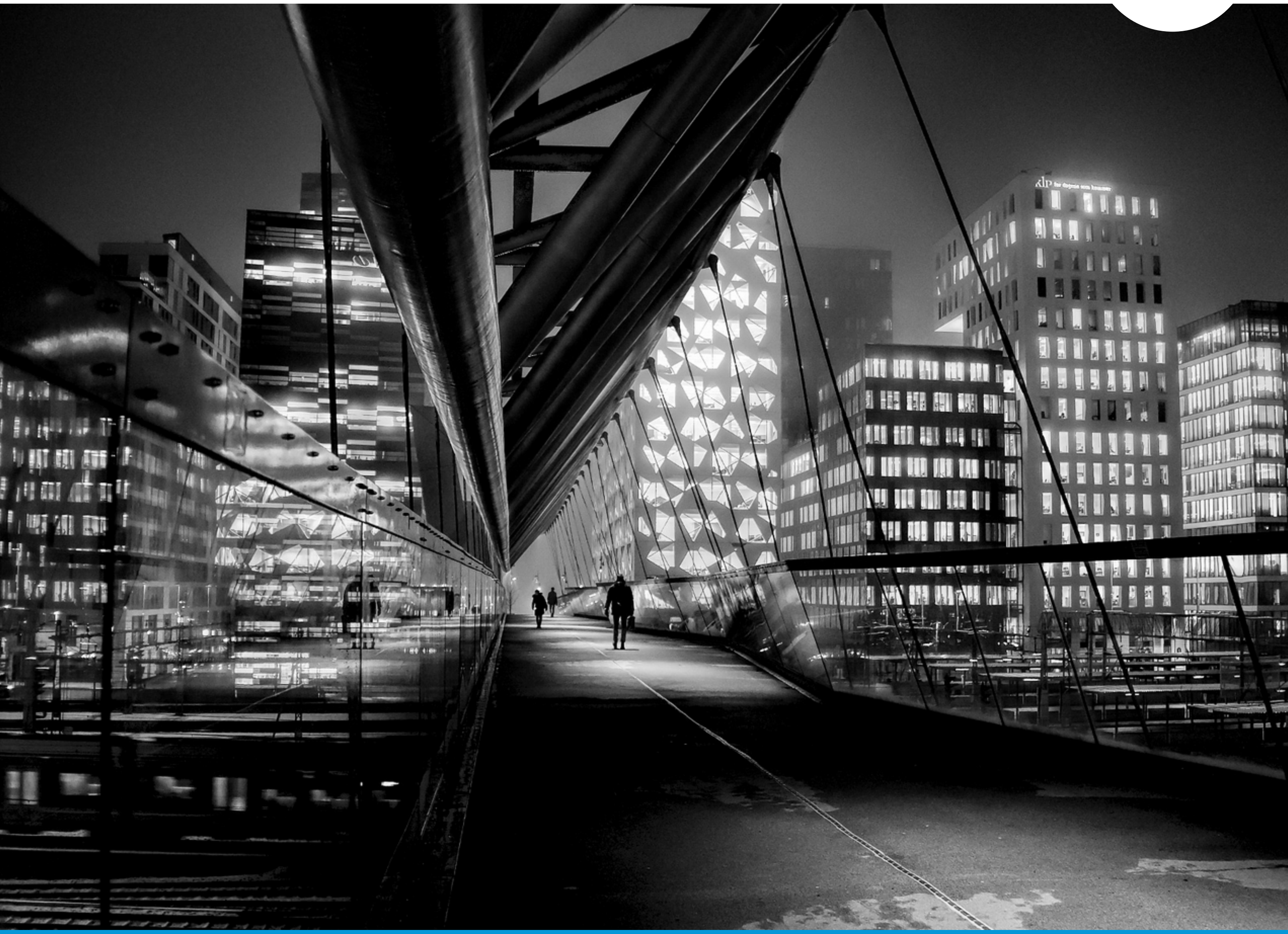

Næringskreditt

Annual Report 2014

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Report of the Board of Directors

Key figures overview

	Q3 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Number of mortages	532	457	455	457	453
Average balance per mortage (NOK mill)	30.1	34.3	34.4	34.3	33.4
Number of borrowers	382	321	317	319	
Average weighted LTV	46.3 %	45.2 %	45.9 %	46.4 %	47.4 %
Cover Pool overcollaterlisation	128.2 %	129.5 %	131.2 %	127.2 %	129.6 %

Key developments in the foruth quarter and in 2014

Gross lending developed moderately during the fourth quarter, increasing 1.9 per cent to 16.1 billion kroner. For all of 2014 lending increased from 15.2 billion to 16.1 billion kroner (an increase og 6 per cent). The work with regards to making SpareBank 1 Næringkreditt accessible to further SpareBank 1 banks is ongoing, and a new bank, SpareBank 1 Nordvest, transferred loans to the Company for the first time in the fourth quarter of 2014. As of December 31, 2014 SpareBank 1 SMN, SpareBank 1 SR and Sparebanken Hedmark as well as BN Bank and SpareBank 1 Nordvest had utilised Næringskreditt. That the lending volume has such a moderate development overall should be seen in the context of that the banks' lending growth for commercial mortgages is relatively low. The banks have also good access to refinancing from other sources at attractive terms and are therefore demanding less refinance from covered bonds.

The Company issued during 2014 approximately 6.1 billion in covered bonds where of 3.6 billion were related to refinancing due to the termination of the central bank swap facility. The remainder was used for lending growth and for building a portfolio of liquid assets. SpareBank 1 Næringskreditt will maintain a liquidity portfolio which effectively functions as an early refinancing of the Company's outstanding debt of 100 per cent of maturities due within 6 months and 50 per cent of the amounts due between 6 and 12 months. This is corresponding to the proposed Net Stable Funding Ratio (NSFR) rule. The liquidity portfolio is a key component of the management of liquidity risk. SpareBank 1 Næringskreditt first covered bond maturity takes place in June 2015.

The Company has in 2014 issued in Euros for the first time and in connection with that prepared and listed a prospectus (a EMTCN programme) on the exchange in Luxembourg. Four issuances in Euros have taken place during the year for a total of 102 million Euro. New issuances of Swedish kroner took place in the second and third quarters of 2014 for a total of 450 million Norwegian kroner.

Nature and the development of the Company's business

SpareBank 1 Næringskreditt AS is a credit institution licensed by the Norwegian Financial Services Authority (Finanstilsynet) and which is managed in accordance with the Norwegian covered bond legislation (Finaniseringsvirksomhetsloven chapter 2, part IV) and associated regulations. The purpose of the Company is to provide funding for the owners by buying commercial mortgages with a loan to value of up to 60 per cent and to finance 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 has been signed with each owner bank regarding the acquisition of commercial mortgages and the services which the banks are obligated to perform for the Company and the Company's customers.

Annual accounts

The annual 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 Næringskreditt's operations and financial position at the end of the year.

The total balance sheet amounts to NOK 18.2 billion compared to 15.8 billion kroner at the end of the previous year. The Company had in 2014 net interest income of NOK 173 million kroner, which includes the deducted commissions for banks who sold loans to the Company, compared with 55 million kroner for 2013. The cost of operations was NOK 12.5 million kroner including depreciation in 2014 and 10 million kroner the previous year. No additional amounts have been charged as loan provisions (write offs) in 2014. Group loan loss provisions from previous years were 6.4 million kroner. No loan losses have occurred. This produced a net result before taxes of 161.3 million kroner compared to 44.5 million kroner for 2013.

Gross lending to customers amounted to NOK 16.1 billion kroner at year-end vs. 15.2 billion kroner at the end of 2013. The cash and cash equivalents at 31.12.2014 amounted to 1.35 billion kroner and is slightly elevated in the expectation of further loan purchases which were postponed to the first quarter of 2015. During 2014 equity increased by 120 million kroner after subscriptions from the owner banks, and is as of December 31, 2014 inclusive of the net result of the year 1.943 billion kroner (thereof 118 million has been reserved as a dividend). The Tier 1 equity for the Company was 11.9 per cent, whereof 10.87 per cent is core equity. Total equity was 13.97 per cent. The capital coverage which has been calculated in accordance with new rules (CRD IV) is higher than the regulatory requirement (including the requirement for buffer capital) of 10 per cent core equity and 13.5 per cent total equity coverage. The Board of Directors view the Company's solidity as good.

Risk aspects

The Company 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 a satisfactory 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 Næringskreditt. The Company's mortgage portfolio of loans with up to 60 per cent LTV results in that the Board of Directors assesses the credit risk to be moderate to low.

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 year the Company had bonds outstanding for approximately 11.4 billion issued in Norwegian kroner, 1.9 billion Norwegian kroner issued in Swedish kroner and 938 million Norwegian kroner issued in Euro. All borrowing and investments with a fixed rate and all borrowing and investments in a foreign currency have been hedged by financial currency- and/or interest rate swap agreements or through natural hedges.

The collective cash flow therefore matches to high degree borrowings in Norwegian kroner with floating rate conditions (NIBOR 3 months). The Company had as of 31.12.2014 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. The Company 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 Næringskreditt AS'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 assessed to be moderate.

It is important to the Company to identify measure and manage central areas of risk in such as way so that the Company can meet its strategic goals. A reference is made to the notes 22 and 23 in the annual report for 2014 for further information.

Employees and the working environment

The Company has the same management as SpareBank 1 Boligkreditt, which had eight employees as of 31.12.2013. The Company employs six males and two females. SpareBank 1 Boligkreditt AS has a Transfer and Servicing Agreement with each shareholder bank which is handling the customer contact and servicing the mortgage portfolio on behalf of the Company. In addition, the Company purchases a significant amount of its support functions from SpareBank 1 SR-Bank ASA, e.g. accounting, HR and IT functions as well as finance related back-office functions.

The working environment is characterised as good and there is no pollution of the physical environment. There has been 0.23% employee absence recorded in 2013 due to sickness. No workplace accidents which might have resulted in property and/or damage to any persons have occurred or been reported during the year.

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

Shareholders and corporate governance

It follows from the statutes paragraph 2 that "shares in the Company may only be owned by banks which have an agreement with the Company to service its loan portfolio". Such an agreement is entered into for the Company by the Board of Directors or the general assembly. Neither the Company, nor any of its employees own any shares in the Company. In a shareholders agreement to which the Company and all shareholders are parties it is regulated that the shares are divided into A-shares, held by banks which transfer their originated loans to the Company, and B-shares, which are held by banks owned jointly by other (SpareBank 1 Alliance) banks. Shareholders are obligated to vote in favour of any additional capital issuances targeted at additional SpareBank 1 banks which have or want to sell and transfer additional loans to the Company. By equity rights increases, shareholders are obligated to subscribe to additional shares according to their existing pro rata ownership shares in the Company.

According to the shareholders' agreement shareholders are obligated to maintain the Company's core tier 1 capital ratio at a minimum 9%. This can be achieved by a change or reduction in the Company's balance sheet, though if required banks in the SpareBank 1 Alliance have committed themselves to pay in additional equity capital within three months. The commitment is initially calculated pro rata based on each bank's shareholding in the Company, but in the second instance it is a joint and several commitment which is limited upwards to twice each bank's initial commitment.

The Company is not a party to any agreements which become effective, are changed or voided as a consequence of a merger or acquisition.

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

Social responsibility

SpareBank 1 Næringskreditt is an issuer of covered bonds and has, despite the size of its balance sheet, a very limited activity. The nature of the business consists of buying mortgage loans from its shareholder banks in the SpareBank 1 Alliance, and to finance this activity by issuing covered bonds. The owner banks have meaningful roles as pillars of society in their regional areas, and we make a reference to the annual accounts of the banks for a closer description of the social responsibility of SpareBank 1. The Company thus chooses not to maintain special guidelines and principles tied to social responsibility.

Future prospects of the company

The prospects of the Company is good and stable. The loans outstanding has a good geographical diversification and also reflects that Oslo is the largest market for office buildings. The average loan to value in the Company's portfolio is 46 per cent. This is well below the maximum legislative requirement of 60 per cent. There are no losses and no loans in late payment. The unemployment rate is at a low level of 3.7 per cent in November 2014 according to Statistics Norway. Even if the unemployment rate has increased some since May 2014 (3.2 per cent), the Company does not expect a large increase in 2015. This is despite of that the uncertainty for the Norwegian economy has increased materially as a result of the decline in the oil price. Residential real estate prices which to a large extent reflects the household sector's financial position and confidence in the prospects thereof, have been relatively stable and increased by 8.1 per cent from December 2013 to December 2014. Even if this is a high growth rate, it must be seen in connection with the reduction of 0.5% in the real estate price index for 2013. The lending for commercial property purposes in the SpareBank 1 banks is positive, but reduced compared to previous years. It is however expected that a higher growth in the Company's lending will take place in 2015. This means that the SpareBank 1 banks and BN Bank (which is owned by the SopareBank 1 banks) are planning to sell more mortgages to the Company from their existing balances during 2015. There is a high degree of uncertainty attached to the prognosis for such growth. The average customer interest rate has been reduced from 4.05 per cent in December 2013 to 3.68 per cent in the fourth quarter of 2014, and this reduces the margin. The margin is however still at a high level in a historical perspective. The market for the Company's bonds now reflects a lower credit spread than for past issuances so that the Company by refinancings and new issuances can expect to reduce the average finance costs further. Average funding costs is also expected to decline at interest rate resets during the first quarter of 2015 because the 3 month NIBOR rate is materially reduced towards the end of 2014.

Macroeconomic development[1]:

According to preliminary seasonally-adjusted volume figures, Mainland Norway's gross domestic product (GDP) was up 0.4 per cent in the third quarter compared with the previous quarter. This reflects the moderate growth rate which Norway has experienced over the last 18 months. Household total consumption expenditures declined 0.1 per cent in the 3rd quarter this year, after increasing 0.7% in the previous quarter. The previous fast pace of growth in the oil based investments was halted a year ago and declined some in the 3rd quarter of 2014, while residential and public investment were weak and industrial investments at the same level as in the 2nd quarter.

Economic outlook:

Reduced demand from the oil sector and a continued weak international development is dampening the growth in the Norwegian economy for some time. A material depreciation in the exchange rate of the Norwegian krone should help the traditional (non-oil and gas related) export goods and services. Somewhat higher growth in demand from mainland Norway has not been sufficient to prevent that GDP for mainland Norway is expected to increase at a slower pace in 2015 compared with 2014, and that the unemployment rate probably will increase some for the time ahead. Statistics Norway is forecasting a markedly improved growth in 2016, but points to increased uncertainty for the Norwegian economy. The Norwegian central bank reduced its monetary policy rate to 1.25 per cent on the 11th of December 2014 and there is an expectation of a further reduction in March 2015.

Forecast (%)	2014	2015	2016	2017
Mainland GDP growth	2.6	1	2.2	2.7
Unemployment rate	3.5	3.9	4	3.7
CPI growth	2.1	2.6	2	1.7
Annual wage growth	3.3	3.1	3.3	3.3

[1]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 2014. The financial accounts including notes thereto are produced under the assumption of a going concern. 118.3 million kroner of the annual net income will be distributed as a dividend to the shareholders.

There have been no incidents of a material nature after year-end which are expected to impact the annual accounts for 2014.

Stavanger, 31. December 2014 / Oslo, 12. February 2015
The Board of Directors of SpareBank 1 Næringskreditt AS

Kjell Fordal
Chairman of the Board

Rolf Eigil Bygdnes

Knut Oscar Fleten

Merete Eik

Heidi Larsen

Arve Austestad
Chief Executive Officer

SpareBank 1 Næringskreditt 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 2014 for SpareBank 1 Næringskreditt 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 31.12.14.

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, 31. December 2014 / Oslo, 12. February 2015
The Board of Directors of SpareBank 1 Næringskreditt AS

Kjell Fordal
Chairman of the Board

Rolf Eigil Bygdnes

Knut Oscar Fleten

Merete Eik

Heidi Larsen

Arve Austestad
Chief Executive Officer

Annual accounts 2014

Income statements

NOK 1 000	**Note**	**2014**	**2013**
Total interest income	5	554 399	385 796
Total interest expenses	5	381 495	330 776
Net interest income		**172 904**	**55 020**
Net gains/losses from financial instruments	6	853	-531
Net other operating income		**853**	**-531**
Total operating income		173 757	54 489
Salaries and other ordinary personnel expenses	7, 8	5 377	4 227
Administration expenses	9	4 285	2 904
Other operating expenses	10	2 058	2 069
Depreciation and amortization	12	764	809
Total operating expenses		**12 484**	**10 009**
Operating result before losses		**161 273**	**44 480**
Write-downs on loans and guarantees	13	0	0
Pre-tax operating result		**161 273**	**44 480**
Taxes	11	43 543	11 713
Profit/loss for the year		**117 730**	**32 767**

Balance sheet 2014

NOK 1 000	Note	2014	2013
Assets			
Lending to and deposits with credit institutions	22	459 908	357 888
Norwegian Government Treasury Bills		183 932	36 774
Bonds		702 915	-
Lending to customers	13	16 111 887	15 238 915
Financial derivatives	18	698 574	135 983
Other intangible assets	12	3 899	156
Total assets		**18 161 115**	**15 769 716**
Liabilities and equity			
Liabilities			
Debt incurred by issuing securities	16	15 621 116	13 218 990
Subordinated debt	17	522 265	522 287
Financial derivatives	18	-	16 048
Deferred tax	11	38 489	19 912
Tax payable	11	24 966	-
Other Liabilities	21	10 655	253 849
Total Liabilities		**16 217 491**	**14 031 086**
Equity			
Contributed equity	14,15	1 825 000	1 705 000
Accrued equity	15	388	894
Declared dividends	15	118 236	32 736
Total equity		**1 943 624**	**1 738 630**
Total liabilities and equity		**18 161 115**	**15 769 716**

Oslo, 12.02.2015

Kjell Fordal
Chairman of the Board

Rolf Eigil Bygdnes

Knut Oscar Fleten

Merete Eik

Heidi Larsen

Arve Austestad
Chief Executive Officer

Changes in equity

NOK 1 000	Share capital	Premium reserve	Declared dividend	Fund for unrealised profits	Other equity	Total equity
Balance sheet as of 31 December 2010	**584 000**	**146 000**	**8 877**	**-**	**34**	**738 911**
Capital increase 05.01.2011		30 000	-	-	-	30 000
Capital increase 05.01.2011		60 000	-	-	-	60 000
Dividend paid for 2010		-	-8 877	-	-	-8 877
Result for the period		-	23 128	-	900	24 028
Balance sheet as of 31 December 2011		**236 000**	**23 128**	**-**	**934**	**260 062**
Dividend paid for 2011	-	-	-23 128	-	-	-23 128
Capital increase 20.09. 2012	100 000	25 000	-	-	-	125 000
Result for the period		-	21 924	-	-71	21 853
Balance sheet as of 31 December 2012		**261 000**	**21 924**	**-**	**863**	**283 787**
Capital Increase 27.02.2013		15 000	-	-	-	15 000
Capital Increase 25.04.2013		5 000	-	-	-	5 000
Capital Increase 28.05.2013		20 000	-	-	-	20 000
Dividend paid for 2012		-	-21 924	-	-	-21 924
Capital increase 15.10.2013		40 000	-	-	-	40 000
Result for the period		-	32 736	-	31	32 767
Balance sheet as of 31 December 2013		**341 000**	**32 736**	**-**	**894**	**374 630**
Capital increase 31.01.2014		4 000	-	-	-	4 000
Dividend paid for 2013 06.06.2014		-	-32 736	-	-	-32 736
Capital increase 16.09.2014		20 000	-	-	-	20 000
Result for the period		-	118 236	-	-506	117 730
Balanse per 31. desember 2014		**365 000**	**118 236**	**-**	**388**	**483 624**

Cash flow statement

NOK 1 000	**2014**	**2013**
Cash flows from operations		
Interest received	548 122	352 180
Payments for operations	-10 522	-10 238
Paid tax	-	558
Net cash flow relating to operations	**537 600**	**342 500**
Cash flows from investments		
Net purchase of loan portfolio	-874 089	-4 200 836
Net payments on the acquisition of government bills	-146 651	509 207
Net payments on the acquisition of bonds	-702 044	350 453
Net investments in intangible assets	-4 508	-
Net cash flows relating to investments	**-1 727 292**	**-3 341 176**
Cash flows from funding activities		
Net receipt/payment from the issuance of certificates	-	-
Net receipt/payment from the issuance of bonds	1 842 869	2 289 595
Net receipt/payment from the issuance of subordinated debt	-	519 000
Net receipt/payment from the issuance of loans to credit institutions	-244 393	100 142
Equity capital subscription	120 000	400 000
Paid dividend	-32 736	-21 924
Net interest payments on funding activity	-394 028	-323 101
Net cash flow relating to funding activities	**1 291 712**	**2 963 712**
Net cash flow in the period	**102 020**	**-34 964**
Balance of cash and cash equivalents beginning of period	**357 888**	**392 866**
Net receipt/payments on cash	**102 020**	**-34 964**
Exchange rate difference		**-14**
Balance of cash and cash equivalents end of period	**459 908**	**357 888**

Quarterly income statements and balance sheets

Income statements

NOK 1 000	4th Quarter 2014	3rd Quarter 2014	2nd Quarter 2014	1st Quarter 2014	4th Quarter 2013
Total interest income	139 594	139 934	141 903	132 968	104 450
Total interest expenses	93 903	94 527	105 413	87 651	81 945
Net interest income	**45 691**	**45 407**	**36 490**	**45 317**	**22 505**
Net gains/losses from financial instruments	-1 262	298	2 556	-739	580
Total operating income	**44 429**	**45 705**	**39 046**	**44 578**	**19 925**
Salaries and other ordinary personnel expenses	1 187	1 722	1 009	1 459	897
Administration expenses	1 109	717	1 033	1 426	614
Other operating expenses	509	537	447	565	454
Depreciation and amortization	358	258	74	74	202
Total operating expenses	**3 163**	**3 234**	**2 564**	**3 524**	**2 167**
Operating result before losses	**41 266**	**42 471**	**36 482**	**41 054**	**17 758**
Write-downs on loans and guarantees			-	-	-
Pre-tax operating result	**41 266**	**42 471**	**36 482**	**41 054**	**17 758**
Taxes	**11 142**	**11 467**	**9 850**	**11 085**	**4 233**
Profit/loss for the year	**30 125**	**31 004**	**26 632**	**29 969**	**13 525**

Balance sheets

NOK 1 000	4th Quarter 2014	3rd Quarter 2014	2nd Quarter 2014	1st Quarter 2014	4th Quarter 2013
Assets					
Lending to and deposits with credit institutions	459 908	923 151	163 526	547 428	357 888
Norwegian Government Treasury Bills	183 932	99 450	-	131 617	36 774
Bonds	702 915	777 653	146 986	610 642	-
Lending to customers	16 111 887	15 774 540	15 760 696	15 773 020	15 238 915
Financial derivatives	698 574	285 939	202 038	199 682	135 983
Other intangible assets	3 899	3 606	1 507	82	156
Total assets	**18 161 115**	**17 864 339**	**16 274 753**	**17 262 471**	**15 769 716**
Liabilities and equity					
Liabilities					
Debt incurred by issuing securities	15 621 116	15 079 913	13 667 387	14 667 775	13 218 990
Subordinated debt	522 265	522 309	522 316	522 172	522 287
Financial derivatives	-	71 807	24 752	9 453	16 048
Deferred tax	38 489	**19 912**	19 912	19 912	19 912
Tax payable	24 966	32 402	20 935	11 085	-
Other Liabilities	10 655	224 497	236 955	243 475	253 850
Total Liabilities	**16 217 491**	**15 950 840**	**14 492 257**	**15 473 872**	**14 031 086**

Equity					
Contributed equity	1 825 000	1 725 000	1 725 000	1 705 000	1 705 000
Other contributed equity (not yet registered)	-	100 000	-	20 000	-
Accrued equity	388	894	894	894	894
Declared dividends	118 236	-	-	32 736	32 736
Net profit	-	87 605	56 602	29 969	-
Total equity	**1 943 624**	**1 913 499**	**1 782 496**	**1 788 599**	**1 738 630**
Total liabilities and equity	**18 161 115**	**17 864 339**	**16 274 753**	**17 262 471**	**15 769 716**

Key Figures					
Number of shares	14 600 000	14 600 000	13 800 000	13 800 000	13 640 000
Period's result per share	**0,2063 %**	**0,2124 %**	**0,1930 %**	**0,2172 %**	**0,0992 %**

Deloitte.

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of SpareBank 1 Næringskreditt AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of SpareBank 1 Næringskreditt AS, which comprise the statement of financial position as at December 31, 2014, and the income statement, the statement of total profit/loss, changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of SpareBank 1 Næringskreditt AS as at December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

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

Opinion on Registration and Documentation

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

Stavanger, 12 February 2015
Deloitte AS

Bjarte M. Jonassen
State Authorised Public Accountant (Norway)

Translation has been made for information purposes only

The opportunity cost of capital in the Norwegian commercial real estate market

Basale is Scandinavia's largest and most professional independent Real Estate management and development company. Our mission is to create added value through the lifespan of an investment through proactive management and development. We have over 25 years of experience creating value for demanding domestic real estate funds, pension funds, HNWI and foreign investment funds.

An essential part of estimating the value of a property, or the value of any other investment, is the required expected return or the opportunity cost of capital. The opportunity cost of capital is the highest available return on alternative investments with equal risk and it represents the discount rate used to discount future expected cash flow and calculate the net present value. The opportunity cost of capital is made up of the risk free rate and a risk premium. It increases with risk, the higher risk the investor is exposed to the higher is the opportunity cost of capital.

Risk free rate

The risk free rate is the absolute minimum of opportunity cost of capital since there is no point in taking risk if you can get a better return on a risk free investment. Government bonds and swap rates are the most often used references for the risk free rate in real estate investments. For the real opportunity cost of capital it's essential to subtract the inflation.

Lately the Norwegian economy has been affected both by the negative trend in Europe (low growth low interest rates) and especially the negative development in the oil price. The risk free rate has been decreasing.

Risk premium

The risk premium that investors demand to take on risk is made up of market risk (systematic risk) and company specific risk (unsystematic risk). Market risk represents the general market, the macroeconomic volatility and cyclicality of the market. The company-specific risk is what makes the investment more or less attractive than the general market of the relevant industry, in this case real estate.

According to financial theory the company specific risk can be eliminated by diversified investments. For this reason company specific risk is assumed not relevant in economic models. Our experience on the other hand is that a typical real estate investor does not have a diversified portfolio, and since the Norwegian commercial real estate market is probably less transparent and probably less liquid than comparable markets in larger economies, we are of the opinion that company specific risk is relevant in the Norwegian commercial real estate market. We however believe that as much as possible of the company specific risk should be placed in the expected cash flow. This could for example be expected changes in rent, vacancy and expected future upgrades of a building to maintain rent levels.
In general, the risk premium as part of the opportunity cost of capital should reflect only the systematic risk that does affect all investors' cash flow. More specifically we believe that risk premium for real estate should reflect:

- The general risk premium for investing in different kind of real estate
- Possible credit risk
- Possible geographical risk/ illiquidity premium
- Possible contract risk /bankruptcy risk

The last two can be considered both systematic and unsystematic risk.

The general risk premium when investing in real estate

The general risk premium for investing in real estate should compensate for the higher risk compared to other alternative investments with less risk. The best properties with good tenants and high technical standard located in CBD (Central Business District) is assumed to have minimal risk, and represents what we call prime yield properties. Prime yield is the real opportunity cost of capital for the most attractive buildings in the CBD of the big cities.

Credit risk premium

Supply and demand of the real estate market is sensitive to the terms of external financing. We believe that the margins on the money market rate or swap rate represent a good estimate of this risk premium. We consider that this lies today between 1.2% and 2%.

Geographic risk premium/ illiquidity risk premium

In the end of 2014 the prime yield in CBD in Oslo was estimated to be 4.75 %. During 2014 the prime yield has been reduced with approximately 50 bps, which reflects the changes of the risk free rates in Norway over the same period. This yield has no other risk than the systematic risk (market risk). The prime yield is calculated on the basis of the best properties in CBD only, and it is observed other properties in Oslo CBD where the yield can be 75 bps above the prime yield. Additional risk for not prime properties depends on the credit-, geographic- and contract risk.

In Norway a yield of 4.75 % just applies to a few properties in Oslo (CBD). The prime yield in the other big cities has regional geographic risk in addition to CBD prime yield in Oslo. The geographic risk for Bergen, Trondheim and Stavanger on prime properties is estimated to be 100 – 125 bps above Oslo I per(prime yield 5.75 – 6.00 %). The yield levels in these cities will often have more variation than for properties in the center of Oslo. We also see a great variety of yield-levels in peripheral zones of Oslo where the contract risk and geographic risk will increase significantly.

Contract- and bankruptcy risk premium

Commercial real estate has a relatively predictable future income, however there is a bankruptcy risk. However, different tenants will represent very different bankruptcy risk. For example a government/public sector tenant would have zero or very little bankruptcy risk compared to most private firms. We believe that one should evaluate and rank the tenants in an investment project adding a contract- /bankruptcy risk premium only to the tenants where this is relevant. The total risk premium then becomes a weighted average of tenants in the specific property.

Prospects for Norwegian commercial property

We believe in a positive investment outlook for the commercial real estate in Norway throughout 2015. The interest rate is low, the forward rates are declining and the demand for real estate is increasing throughout the major cities. We observe that investment capital is allocating to commercial real estate in negative correlation with the oil price. In accordance with this general observation, the total commercial real estate transaction market was NOK 63 billion for 2014, up from NOK 43 billion in 2013. We believe that this is due to yield seeking by investors, both foreign and domestic in an otherwise low-yielding environment. This indicates a higher than normal temperature in the commercial real estate market for 2015 as well. We believe the Norwegian market is attractive for foreign investors due to a stable macroeconomic climate. There are downside risks with regards to investments and employment and thus demand for commercial real estate with the observed shift in the oil price in particular, but Norway is well suited to absorb this risk within its political and strong fiscal framework.

We observe that the yield gap, the difference between the cost of external financing and expected return, is at an all-time high on average and relative to the last decade, indicating additional investment opportunities.

Karoline P. Lofstad

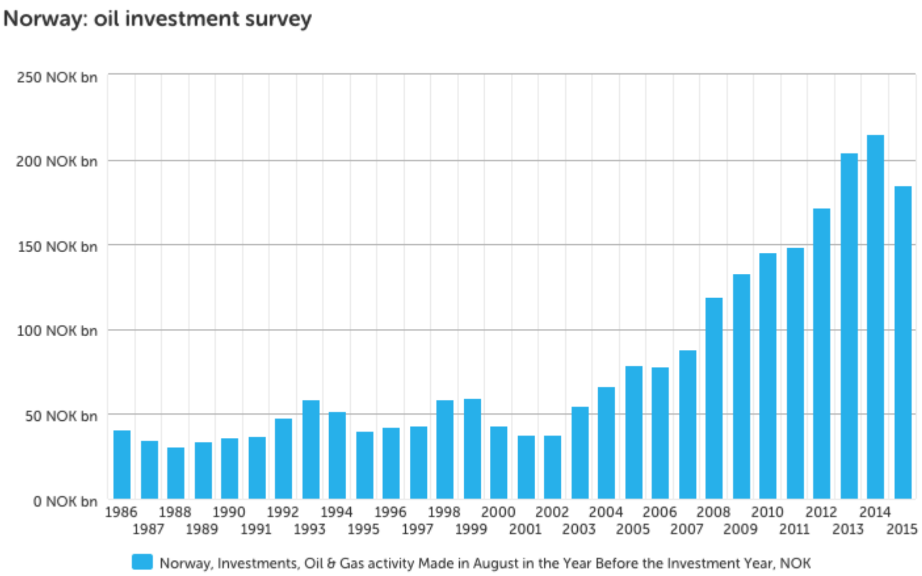
Analyst at Basale AS

Basale is Scandinavia's largest and most professional independent Real Estate management and development company. Our mission is to create added value through the lifespan of an investment through proactive management and development. We have over 25 years of experience creating value for demanding domestic real estate funds, pension funds, HNWI and foreign investment funds.

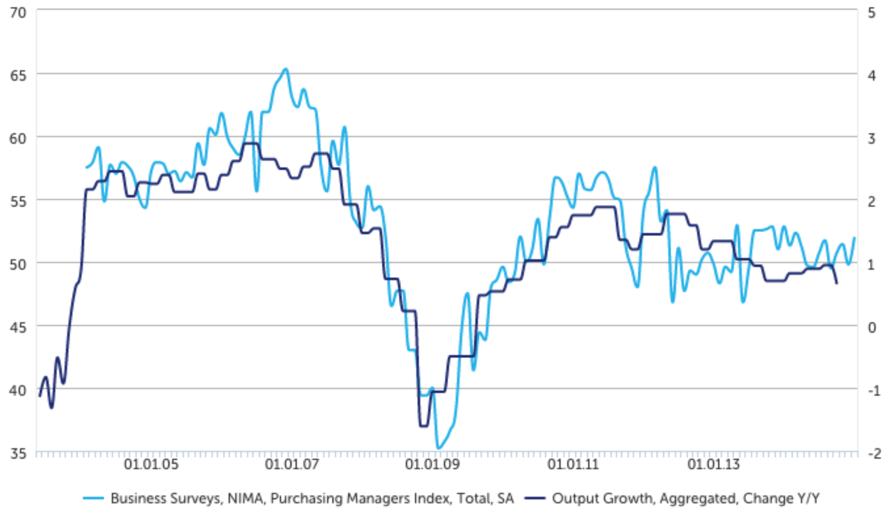
Barcode, Oslo

Norwegian economic outlook

The Norwegian economy is entering a period with lower growth compared to the recent few years. In Norway, oil sector investments have increased by nearly 9 per cent in each of the last three years. This has created activity and employment growth in the mainland economy, and has also contributed to rising immigration for employment purposes and increasing real estate prices. This year oil based investments are expected to decline by approximately 15% and exhibit a further drop of 7% in 2016. Due to these declines the Norwegian economy is losing an important growth driver. However, a weaker Norwegian krone exchange rate will contribute positively to growth in traditional (non-oil) export industries. Another effect of a weaker currency is that private consumption expenditures are likely to be shifted more towards domestically produced goods and services, and non-Norwegian residents will probably perceive added value with regards to holidays in Norway. There is ample room for increasing public investments if the growth trajectory should disappoint. The banking sector has increased its capital coverage over the last few years and will be able to withstand a period with weaker growth and a potential increase in credit losses. Norway's mainland GDP growth will probably be approximately 1% this year and 1.5% in 2016.



Norway: Business sentiment survey



Source: SpareBank1, Macrobonds

A falling price of oil and shrinking investments hampers the pace of growth in the Norwegian economy

It remains uncertain exactly how large the negative effects of the decline in the oil sector investments are likely to be. The estimates range from a modest negative impact to great consequences for employment with an associated large decline in residential real estate values. The household sector carries a high debt load relative to income and this, together with an increase in uncertainty about future employment and income, may lead to an increase in personal saving rates. The average ratio of debt to disposable income of 200% may lead to increasing savings even with lower interest rates. This lower interest rate however is a catalyst for higher residential real estate prices in the years ahead, despite increases in the level of unemployment. The unemployment rate is likely to be around 4% in 2016, while wage growth is likely to stabilize at 3% for the next couple of years.

The implications of oil for the Norwegian economy

There are mainly four channels through which the price of oil influences the Norwegian economy:

1. Oil sector investments
2. Government oil related revenue and spending over the annual budget
3. The employment market and wage settlements
4. The exchange rate value of the Norwegian krone

Investments

Statistics Norway highlights in a recent analysis that one third of the growth in the mainland economy in 2013 can be attributed to increased petroleum sector investments. The number of oilfields which are contributing to the aggregated oil production has increased from 43 in 2004 to 68 today. With that the number of employees on the fields has increased and increased building and maintenance work is required. The number of persons engaged in administrating processes around the oil production has also increased significantly. Despite an increasing activity level the net operating profit margin in the oil producing companies has come under some pressure. When the price of oil declines it becomes necessary to adjust the cost base. The effects of these cuts will be felt mostly by western Norwegian regions and the Stavanger area in particular.

Government oil related revenue and spending over the annual budget

With the significant increase in the price of oil over the past 10-15 years the Norwegian sovereign wealth fund (oil fund) has grown materially. The drop in the price of oil lately has on the other hand led to that lower taxes are now paid by the oil producing companies. Lower prices and volume declines will reduce the government's tax take in the future, and the continued rise of the oil fund be paused. At the same time, cheaper oil will spur growth in the world economy and thus positively affect the equity markets, which in turn Norway's large fund will benefit from.
As the fund's mandate is to invest outside of Norway, a weaker NOK will appreciate the value of the fund in NOK. According to the fiscal spending rule adhered to by successive Norwegian governments, more than 4 per cent of the size of the fund may be withdrawn for certain periods. In 2015 the Norwegian administration planned to spend an amount equal to 3 per cent of the fund's size. There is therefore ample room to stimulate the economy in the short term if the need is deemed to have occurred.

The employment market and wage settlements

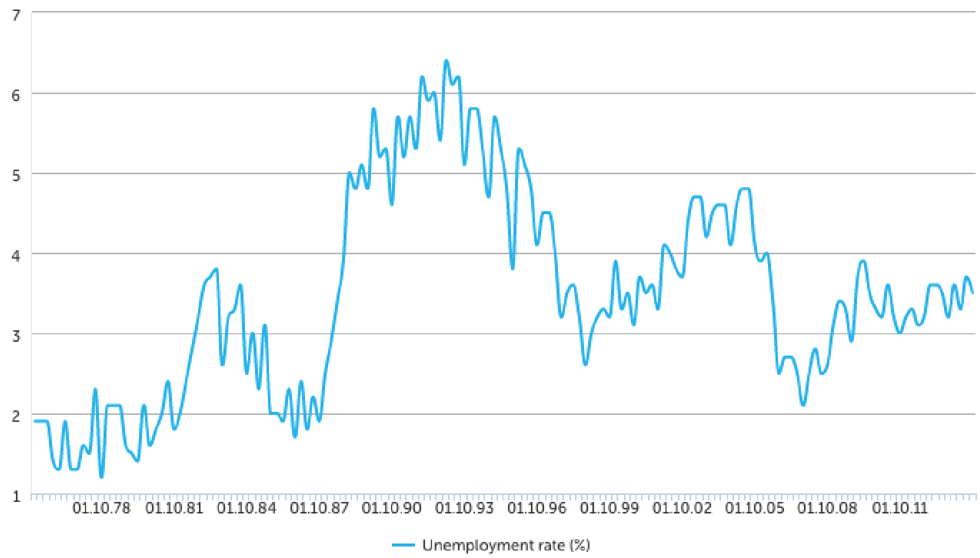
Because the oil sector is in that part of the labour market which negotiates wage settlements first it sets the tone and creates a reference point for wage settlements throughout the economy. With a cooling oil ector the wage growth is likely to moderate in the time ahead. In 2014 wage growth probably ended close to 3.5%. With inflation at close to 2% that means a real wage growth of approximately 1.5%. In 2015 inflation will increase temporarily as a consequence of imported price growth when the NOK exchange rate is weak. This will probably result in a more modest real wage growth this yea. Unemployment will increase, but probably not beyond 4% in the next few years. The labour market in Norway is flexible in the sense that high employment related immigration has been the norm in the recent past. When unemployment rises this trend is likely to reverse and workers in Norway may choose take up employment elsewhere.

Lesser growth provides an opportunity to increase competitiveness

Slower growth will let the inflation pressure in Norway abate and contribute to a lower exchange rate for the NOK. This is important for the export industries. A weak exchange rate contributes to higher price growth in Norway, as approximately a third of what Norwegians consume is imported goods and services. This pares real wage growth to a more moderate number compared to that which Norwegians have experienced in recent years. This again will contribute to a further cooling of economic conditions.

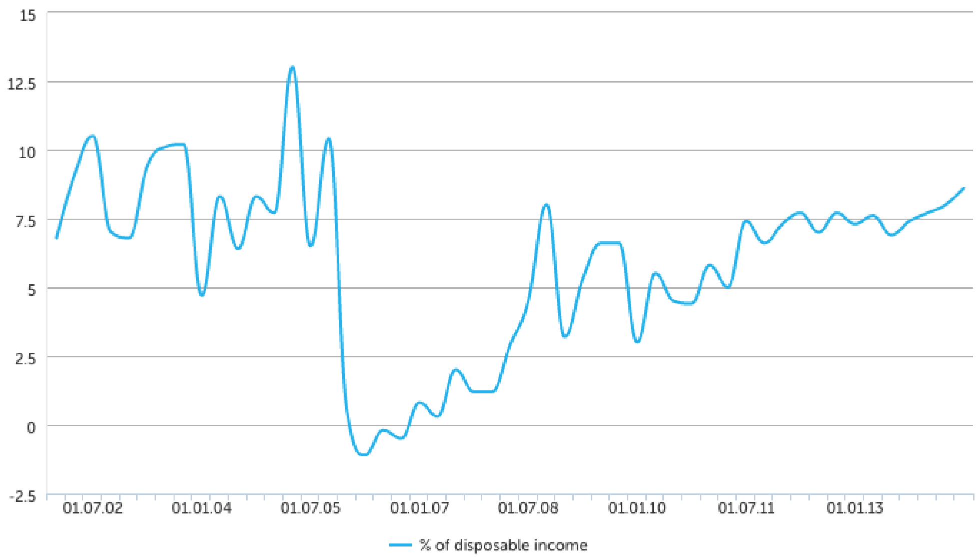
A weaker exchange rate is the mechanism which will assist the transformation of Norwegian industry in a time of decreased oil-related activities. A weak exchange rate makes all exporting businesses more competitive. At the same time it will become easier for non-oil areas of Norwegian industry to attract qualified personnel. Norway's central bank has signalled that with decreasing oil-related activities the monetary policy rate will be further reduced from todays' level of 1.25 per cent. A rate cut is expected in March and further that the policy rate is heading towards 0.5 per cent over the course of the next couple of years.

Norway: unemployment rate, survey (AKU)



Source: SpareBank1, Macrobonds

Norway: saving ratio, % of disposable income



Source: SpareBank1, Macrobonds

Elisabeth Holvik

Elisabeth Holvik is the Chief Economist at SpareBank 1.

The status of Norwegian savings banks

Norwegian savings banks have a particularly strong position in the Norwegian banking landscape with a combined market share of lending of 33 per cent in the market for private customers (households) and 30 per cent in the corporate market. SpareBank 1 represents the largest single group of savings banks with a market share of approximately 20 and 17 per cent in the market for individuals and corporates, respectively.

A decline in the price of oil of 60 per cent in the second half of 2014 has increased the uncertainty for the Norwegian economy. We believe however that both Norway as a nation and Norwegian banks in particular are well suited to meet the challenges associated with the decrease of activity in the petroleum sector:

- The equity components of Norwegian banks' balance sheets has doubled from 2008 to 2014 through equity issuance, reduced lending and reduced dividends to shareholders

- Losses on residential mortgages are historically low over time for Norwegian banks. Credit risk in the covered bond issuers (Boligkreditt) which finance residential mortgages up to 75 per cent loan to value therefore seems particularly low

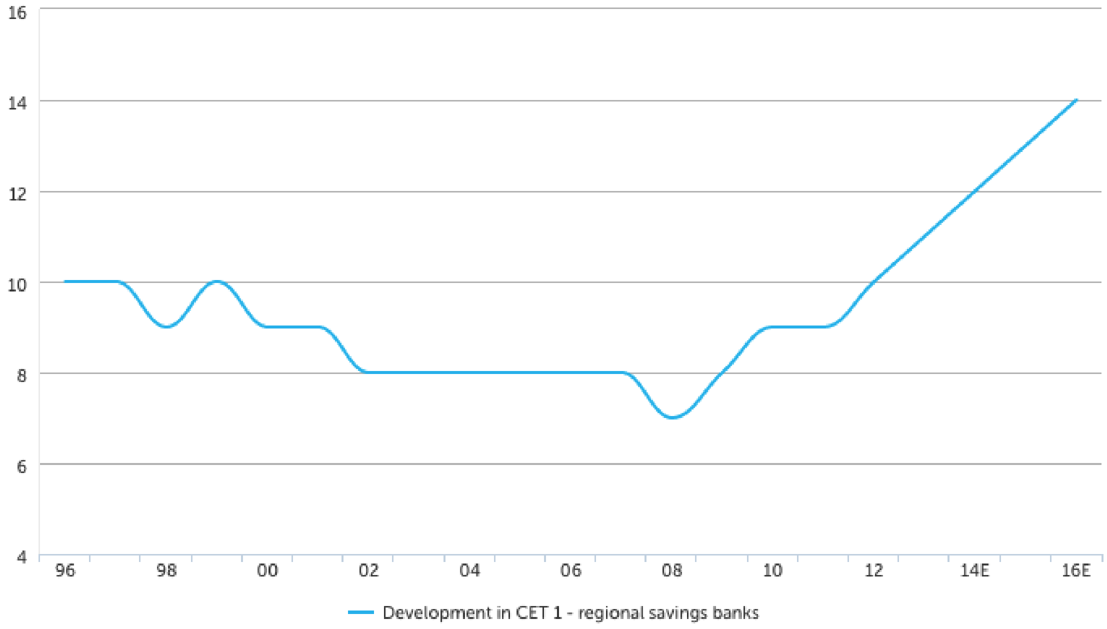
- The share of long-term financing has increased meaningfully and banks are able to run for 12 to 18 months without needing to access external financing

- The banks' lending margins have increased over the last few years and therefore also their capability to absorb potential losses over the P&L.

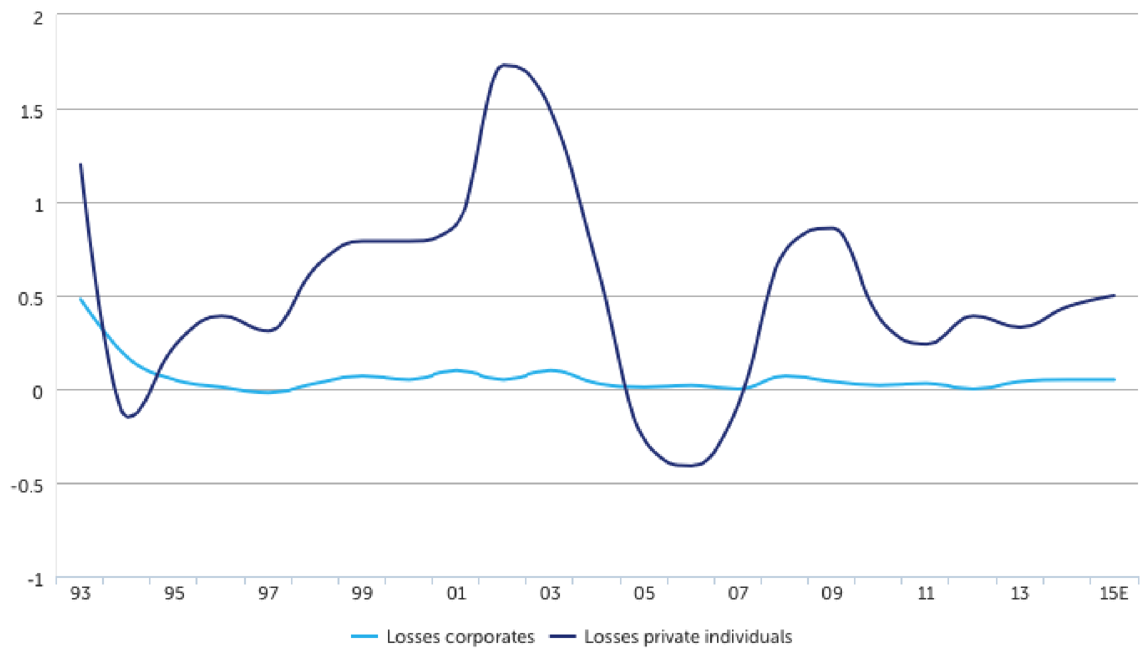
- Norwegian authorities has shown a high level of vigilance when it comes to the banking sector; not only in the sense that a very effective funding mechanism was developed in 2008-09 when the wholesale funding markets seized up (the swap facility) but also the fact that the Norwegian regulator of banks (Finanstilsynet) has launched strict new lending conditions for residential mortgages in the last few years and effectively requires more equity capital to be held in Norwegian banks than that which is regulated in CRD IV.

- Very limited deployment of the oil revenue stream in the government's budgets over the last few decades and the corresponding funding of the Norwegian sovereign wealth fund (the 'oil fund') with a current size of NOK 6,700 billion (NOK 1,3 million per resident) allows for a large fiscal measures to be taken to counter the effects of the decline in the oil price

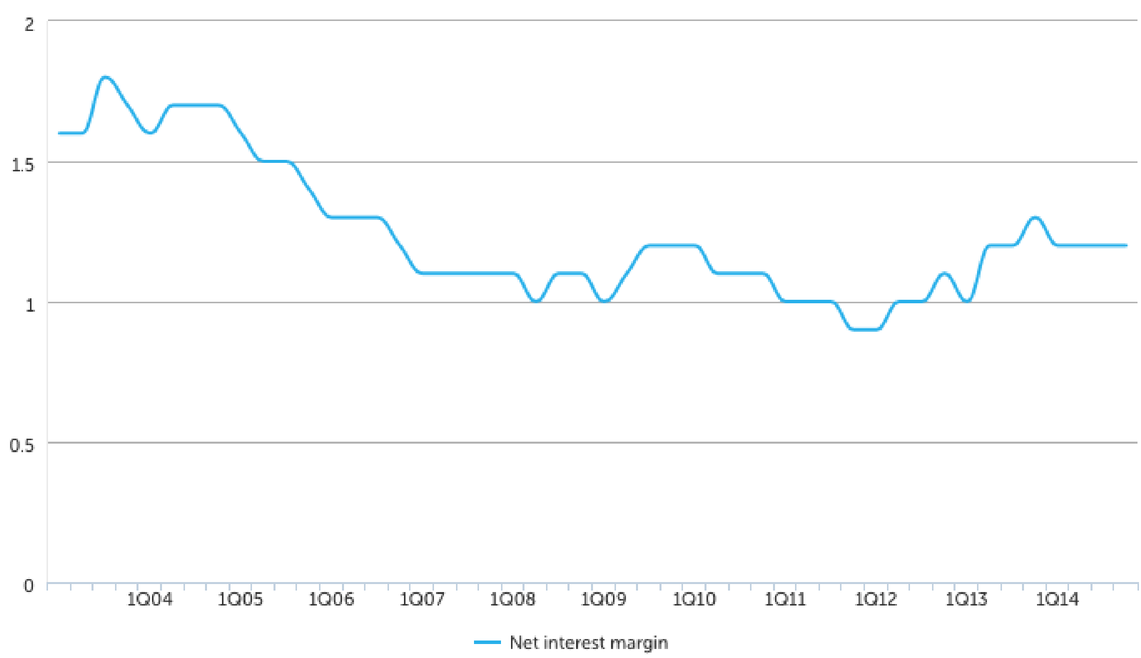
Development in CET 1 - regional savings banks



Loan losses



Net interest margin



Nils Christian Øyen

Nils Christian Øyen is a Financial analyst at SpareBank 1 Markets.

Notes to the Accounts

Note 1 General information

SpareBank 1 Næringskreditt 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 Næringskreditt main office is located in Stavanger, visiting address Bjergsted Terrasse 1.
The accounts are prepared in accordance with "International Financial Reporting Standards" (IFRS), as determined by the EU and published by "International Accounting Standards Board" (IASB).

The Financial Statements for 2014 is approved by the Board of Directors on February 12th 2014.

Note 2 Summary of significant accounting policies

Presentation currency
The presentation currency is Norwegian Kroner (NOK), which is also the Company's functional currency. All amounts are given in NOK thousand unless otherwise stated.

Recognition and de-recognition of assets and liabilities on the balance sheet
Assets and liabilities are recognised on the balance sheet at the point in time when the Company establishes real control over the rights of ownership to assets and becomes effectively responsible for the discharge of a liabilities. Assets are de-recognised at the point in time when the real risk of the assets has been transferred and control over the rights to the assets has been terminated or expired. Liabilities are de-recognised when they have been effectively discharged.

Lending
Lending is measured at amortised cost. Amortised cost is the acquisition cost less any repayments on the principal, adding or subtracting any cumulative amortisation from an effective interest rate method, and less any loss of value or risk of loss. The effective rate of interest is the interest that exactly discounts estimated future positive or negative cash payments made prior to the financial instrument's maturity. Assessment of loans is thus carried out in accordance with the "lending regulation dated 21 December 2004" c.f. circular no 10/2005 from The Financial Supervisory Authority of Norway.

Evaluation of impairments (write downs) on mortgage loans
The Company evaluates the occurrence of impairment to loans or groups of loans at 31 December each year. Impairment has occurred if there is an objective proof of a reduction in value that can lead to a reduction in the future cash flow needed to service the debt. Impairment must result from one or more events that has occurred after the first entering into of a loan or group of loans (a loss incident), and the result of the loss incident (or incidents) must also be measured reliably. Objective proof that the value of a loan or a group of loans has been impaired includes observable data that is known to the group on the following loss incidents:
- Substantial financial difficulties for the Issuer or with the borrower
- Default on the contract, such as missing instalments or interest payments

- The Company grants the borrower particular terms on the basis of financial or legal circumstances related to the borrower's financial situation
- The probability that the debtor will enter into debt negotiations or other financial re-organisations
- The active market for the financial assets cease to exist due to financial difficulties, or observable data indicates that there is a measurable reduction in the future cash flow from a group of loans since they were first entered into, even though the reduction cannot be attributed to a single loan in the group, including;
  - an unfavourable development in the payment status of the borrowers in the group, or
  - national and/or local financial conditions correlating to the default of the assets in the group.

The Company will first evaluate whether there exists individual objective proof of impairment for loans that are individually significant. For loans that are not individually significant, the objective proof of impairment will be evaluated either on an individual basis or collectively. If the Company concludes that there does not exist objective proof of impairment for an individually evaluated loan, whether it is significant or otherwise, the asset will be included in a group of loans having the same credit risk characteristics. This group will then be evaluated collectively for a possible impairment. Assets that are being evaluated individually for signs of impairment, and where an impairment is identified, or continues to be observed, will not be a part of a collective evaluation of impairment.

If objective proof of the occurrence of impairment exist, the magnitude of the loss will be considered to be the gap between the asset's book value and the present value of the estimated cash flow (exclusive of any future credit loss that has not yet occurred) discounted by the loan's last given effective interest rate. The book value of a loan will be reduced and the loss will be reflected in the income statement.

The future cash flow from a group of loans that has been collectively evaluated for impairment, will be estimated in accordance with the contractual cash flow of the group as well as any historical loss on assets with a similar credit risk. Historic losses will be adjusted in accordance with existing observable data in order to allow for the effects of any current circumstances that were not present at the time of the historic losses, as well as the adjustment of the effects of circumstances that are not currently present.

In December 2014 the Company distributed amended Servicing and Transfer agreements, which were effective from 31.12.2014. As of 31.12.14 not all banks have signed the amended agreement, but it is expected that they will do so with effect from 31.12.14. According to the amended agreement SpareBank 1 Næringskreditt has the right to off-set any losses incurred on individual mortgage loans against the commissions due to all banks for the remainder of the calendar year. The Company has not since the commencement of its operations had any instances of off-sets against the commissions due to its owner banks.

Segment
Segments are organised by business activities and the Company has only one segment, mortgage lending for commercial property. All of the mortgages have been acquired from the SpareBank 1 Alliance banks.
The Company's entire result for 2014 is therefore the result of the mortgage lending for commercial properties.

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

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

Hedge accounting
The company has implemented fair value hedge accounting for bonds with fixed rates and bonds in foreign currencies. These bonds are entered into a hedging relationship with individually tailored interest swaps and currency swaps. The company values and documents the efficacy of the hedge both at first entry and consecutively. In fair value hedging both the hedging instrument and the hedged object are entered into the accounts at fair value with respect to the relevant interest rate curve and currency, and changes in these values from the opening balance are recorded in net income. The cash flow is therefore known for the entire contractual duration after the hedging relationship has been established. Because the hedging relationship is intended to remain in place throughout the life of the hedged instrument, only those changes which the interest rate and currency swap agreements are intended to hedge have an influence on the valuation of the hedging instrument.

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

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

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

Though the issuer hedges all material interest rate and currency risk on its balance sheet, net unrealised gains (losses) from financial instruments may occur for the following reasons:

- Temporary mark-to-market differences in the value of an interest rate swap smay occur depending on the difference between the level at which the 3 months floating rate leg in the swap was last fixed and the3 months interest rate level at the financial reporting date.
- There is a credit risk element which forms a part of the fair value of the assets in the trading portfolio, which is not reflected in the value of the associated interest and/or currency swaps hedging the trading portfolio assets.
- There may be floating rate assets (bonds) in the held-to-maturity portfolio denominated in foreign currency which are hedged via a corresponding foreign exchange liability (issued debt) also on an effective floating rate basis. In such natural asset liability hedges there may be a small element of foreign currency risk which may impact the P&L in that the floating rate coupons on the asset and the liability are not reset on the same dates and/or may be of different magnitude.

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

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

Taxes
Tax in the income statement consists of tax payable on the annual taxable result before tax and deferred tax. Deferred tax is calculated in accordance with the liability method complying with IAS 12. With deferred taxes the liability or asset is calculated based on temporary differences, which is the difference between tax due according to the statutory tax calculations and tax calculated according to the financial accounts, as long as it is probable that there will be a future taxable income and that any temporary differences may be deducted from this income. In terms of deferred taxes, assets will only be included if there is an expectation that a future taxable result makes it possible to utilise the tax relief. The assessment of this probability will be based on historic earnings and the future expectations regarding margins.

Pensions
SpareBank 1 Næringskreditt AS has no employees. The pension obligations are maintained in SpareBank 1 Boligkreditt AS through participation in SpareBank 1 SR-Bank ASA's pension scheme.

Cash flow statement
The cash flow statement has been presented according to the direct method, the cash flows are grouped by sources and uses. The cash flow statement is divided into cash flow from operational, investment and finance activities.

Reserves
The Company will create reserves when there is a legal or self-administered liability following previous events, it is likely that this liability will be of a financial character, and it can be estimated sufficiently accurately. Reserves will be assessed on every accounting day and subsequently adjusted to reflect the most accurate estimate. Reserves are measured at the present value of the expected future payments required to meet the obligation. An estimated interest rate which reflects the risk free rate of interest in addition to a specific risk element associated with this obligation will be used as the pre-tax rate of discount.

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

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

Commission expense
Commissions are paid by the Company to its parents banks and represent most of the net interest margin earned in Næringskreditt.

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

Events after the balance sheet date
The annual accounts are deemed to be approved for publication when the Board of Directors have discussed and approved them. The General Meeting and any regulatory authorities may subsequently refuse to approve the annual accounts, but they cannot change them. Events up until the annual accounts are deemed to be approved for publication and that concern issues already known on the accounting day, will be part of the information that the determination of accounting estimates have been based on, and as such will be fully reflected in the accounts. Events that concern issues not known on the accounting day, will be commented upon, provided that they are of

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

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

Fair value measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realizable value for the purpose of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from 1 January 2013. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated statements.

Adoption of New and Revised International Financial Reporting Standards (IFRSs)
For the previous year, no new or revised IFRS have been incorporated into the Company's accounts

Standards issued but not yet effective
Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The new and revised IFRSs are not mandatorily effective for the year ended December 31, 2014. The Company intends to adopt these standards when they become effective. The Company is targeting implementing IFRS 9 early when this is possible.

Financial instruments: Classification and measurement
IFRS 9 issued in November 2009 introduced new requirements for the classification of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recogniting and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at

FVTOCI. All other debt investments and equity investments are measured at their fair value ant the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit and loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedginginstruments and the type of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The mandatory effective date of IFRS 9 is 1 January, 2018. IFRS 9 has not yet been endorsed for application in the European Union.

It is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Company undertakes a detailed review.

IFRS 15 Revenue from Contracts with Customers
In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 and the related interpretation when it becomes effective.

The mandatory effective date of IFRS 15 is 1 January, 2017. IFRS 15 has not yet been endorsed for application in the European Union. (expected approval in Q2 2015). It is expected that the effects of IFRS 15 will be minor and no effect would have been expected as of the date of these accounts.

Note 3 Risk Management

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

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

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

- A risk culture characterised through high awareness about types of risk and the management thereof
- A competent risk analysis and control environment
- A good understanding of which material risks the Company is exposed to

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

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

- The Board of Directors determines the main principles for risk management, including determining the risk profile, limits and guidelines. The Board also carries the responsibility to review capital levels in accordance with the risk profile and the requirements of the regulatory authorities.
- The Chief Executive Officer is responsible for the day to day administration of the Company's business and operations according to laws, statutes, powers of attorney and instructions from the Board. Strategic items or operational items of an unusual nature or importance are discussed with and presented to the Board of Directors. The CEO may however decide a matter in accordance with a power of attorney from the Board. The CEO is responsible for implementing the Company's strategy and in cooperation with the Board to also develop and evolve the strategy.
- The risk manager reports both directly to the CEO and to the Board. The risk managere is tasked withdeveloping the framework for risk managament including risk models and risk management systems. The poistion is further responsible for the independent evaluation and reporting of risk exposure in addition to maintaing all relevant laws and regulations.
- The balance sheet committee is an advisory council for the operational management of the Company's balance sheet within the framework determined by the Board of Directors. The committee is a an important component of Næringskreditt's operative management of liquidity risks. The balance sheet committee is headed by the CEO and consists of the CFOs of the largest banks in the SpareBank 1 Alliance in addition to one representative from the smaller Alliance banks (Samspar).
- The investment committee is an advisory council for the evaluation of counterparty exposure limits and for the composition of the liquidity portfolio. The committee is headed by the CEO and consists of Boligkreditt's financial director and director for asset liability management. The committee advises on credit limits for counterparties and the composition of the liquidity portfolio. The CEO has been tasked by the Board to make decisions regarding credit limits for counterparties and individual investments.

Risk categories:

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

- Credit Risk: The risk of loss as a result of that counterparties are unwilling and/or unable to meet their obligations to the Company. Credit risk management is detailed in the Company's credit risk policy and this policy is approved by the Board of Directors annually.
- Liquidity Risk: The risk that the Company is unable to meet its obligations and/or finance its assets
- Market Risks: The risk of loss as a result of changes in observable market variables such as interest rates, foreign exchange rates and securities.

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

Further details about risk categories are discussed in later Notes

Note 4 Important estimates and considerations regarding application of accounting policies

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

Loss on loans and guarantees
The Company makes loan provisions for individual loans if an objective incident has occurred which can be identified in relation to a single exposure, and the objective incident reduces the future expected cash flow for repayment of the exposure. Objective incident may be the default, bankruptcy, lack of liquidity or other material financial problems. Individual loan loss provisions are calculated as the difference between the book value of the loan and the net present value of the future cash flow based on the effective interest rate at the time of the initial calculation of the individual write off. Subsequent changes in interest rates are considered for loan agreements with floating interest rates to the extent this impacts expected cash flow. Group loss provisions are estimated on groups of loans where there are objective evidence that an incurrence of loss has taken place following the initial accounting recognition of these loans on the balance sheet. Objective evidence include observable data which allows for a conclusion that the future cash flow from the group of loans is reduced. The development in probability of default over time is one such objective evidence which is utilised in order to identify a need for a group loan loss provision. Where a requirement for a group write down exists, the loss on the group of loans is calculated as the difference between the book value and the net present value of the future estimated cash flow. In order to calculate this difference (which equates to the amount of write downs) the starting point is the expected loss for the group of loans. The estimates of individual and group loan loss provisions are always evaluated and formulated with a considerable degree of uncertainty. Futures estimates based on historical incidents may prove to be erroneous because it is uncertain which relevance historical data have as a predictior for the future. Where loans are secured on collateral in stressed situations, such as when certain objects or industries are in distress, the proceeds from sales of collateral in relative illiquid markets may be subject to a high degree of uncertainty.

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

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

Note 5 Net interest income

NOK 1 000	2014	2013
Interest income		
Interest income and similar income from loans to and balances with credit institutions	26 542	35 852
Interest income and similar income from loans to and balances with customers	622 716	520 651
Commission expense (payable to shareholder banks) *	-94 859	-170 707
Total interest income	**554 399**	**385 796**
Interest expense		
Interest expense and similar expenses on issued debt	356 176	327 416
Interest expense and similar expenses on subordinated debt	25 355	3 287
Other interest expense	-36	73
Total interest rate expense	**381 495**	**330 776**
Net interest income	**355 372**	**295 188**

** 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 6 Net gains from financial instruments

NOK 1 000	2014	2013
Net gains (losses) from financial liabilities	-580	-2 089
Net gains (losses) from financial assets	-410 436	38 028
Net gains (losses) from financial derivatives, hedging, at fair value	411 868	-36 470
Netto gains (losses)	**852**	**-531**

Note 7 Salaries and remuneration

NOK 1 000	2014	2013
Employees compensation*	4 770	3 694
Other personnel expenses	607	533
Total salary expenses	**5 377**	**4 227**

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

Note 8 Salaries and other remuneration of management

Paid in 2014

NOK 1 000	Total compensation	Bonus	Other compensation	Pension cost	Accrued Pensions	Employee mortgage loan
Management						
Chief Executive Office - Arve Austestad	2 197	144	162	616	5 178	2 788
Director, Head of Finance & Risk - Henning Nilsen	1 350	88	36	173	1 183	1 433
Chief Operating Officer - Eivind Hegelstad	1 467	96	67	-	-	4 261
Total for Management	**5 014**	**328**	**265**	**789**	**6 361**	**8 482**
The Board of Directors						
Kjell Fordal	97	-	-	-	-	-
Knut Oscar Fleten	76	-	-	-	-	-
Rolf Eigil Bygdnes	76	-	-	-	-	-
Merete Eik	76	-	-	-	-	-
Hilde Vatne	76	-	-	-	-	-
Trond Sørås (Observatør)	14	-	-	-	-	-
Geir-Egil Bolstad (Observatør)	16	-	-	-	-	-
Total for the Board of Directors	**431**	**-**	**-**	**-**	**-**	**-**
The Control Committee						
Ola Neråsen	10	-	-	-	-	-
Brigitte Ninauve	10	-	-	-	-	-
Ivar Listerud	10	-	-	-	-	-
Kjersti Hønstad	13	-	-	-	-	-
Total for the Control Committee	**43**	**-**	**-**	**-**	**-**	**-**
The Committee of Representatives						
NIls Arne Norheim	2	-	-	-	-	-
Hanne J. Nordgaard	2	-	-	-	-	-
Arne Henning Falkenhaug	9	-	-	-	-	-
Gudrun Michelsen	2	-	-	-	-	-
Kjersti Hønstad	2	-	-	-	-	-
Total for the Committee of Representatives	**17**	**-**	**-**	**-**	**-**	**-**

The bonus shown is for 2013, but paid out in 2014. All employees have an offer of an employee mortgage loan from SpareBank 1 SR-Bank. The terms and conditions for this include an interest rate one percentage point below the standard rate as determined by the Norwegian Treasury Department from time to time.

Paid in 2013

NOK 1 000	Total compensation	Bonus	Other compensation	Pension cost	Accrued Pensions	Employee mortgage loan
Management						
Chief Executive Office - Arve Austestad	2 061	167	169	475	2 783	2 913
Director, Head of Finance & Risk - Henning Nilsen	1 255	98	42	121	646	1 483
Chief Operating Officer - Eivind Hegelstad	1 363	113	67	-	-	4 254
Total for Management	**4 679**	**378**	**278**	**595**	**3 430**	**8 649**
The Board of Directors						
Kjell Fordal	94	-	-	-	-	-
Knut Oscar Fleten	73	-	-	-	-	-
Rolf Eigil Bygdnes	73	-	-	-	-	-
Merete Eik	73	-	-	-	-	-
Hilde Vatne	73	-	-	-	-	-
Trond Sørås (Observatør)	16	-	-	-	-	-
Geir-Egil Bolstad (Observatør)	13	-	-	-	-	-
Total for the Board of Directors	**414**	**-**	**-**	**-**	**-**	**-**
The Control Committee						
Ola Neråsen	9	-	-	-	-	-
Brigitte Ninauve	12	-	-	-	-	-
Ivar Listerud	7	-	-	-	-	-
Kjersti Hønstad	9	-	-	-	-	-
Total for the Control Committee	**38**	**-**	**-**	**-**	**-**	**-**
The Committee of Representatives						
NIls Arne Norheim	2	-	-	-	-	-
Sveinung Hestnes	2	-	-	-	-	-
Elisabeth Johansen	9	-	-	-	-	-
Gudrun Michelsen	2	-	-	-	-	-
Kjersti Hønstad	2	-	-	-	-	-
Total for the Committee of Representatives	**15**	**-**	**-**	**-**	**-**	**-**

The bonus shown is for 2012, but paid out in 2013. All employees have an offer of an employee mortgage loan from SpareBank 1 SR-Bank. The terms and conditions for this include an interest rate one percentage point below the standard rate as determined by the Norwegian Treasury Department from time to time.

Note 9 Administrative expenses

NOK 1 000	2014	2013
Consulting services	4 179	2 885
Travel	106	19
Sum	**4 285**	**2 904**

Auditor

Auditing fees and expensed compensation for Deloitte AS and cooperating companies are allocated in the following manner:

NOK 1 000	2014	2013
Legally required audited	250	374
Other attestation services, including examination, test sampling of loan documentation, comfort letter	321	291
Total (incl VAT)	**571**	**665**

Note 10 Other operating expenses

NOK 1 000	2014	2013
IT operations and maintenance	1 779	1 871
Other operating expenses	279	198
Total	**2 058**	**2 069**

Note 11 Taxes

NOK 1 000	**2014**	**2013**
Tax payable	24 966	-
Change in deferred tax	18 577	12 271
Insufficient/excessive tax allocation previously in the period*	-	-558
Tax expense	**43 543**	**11 713**
Temporary differences as of 31.12		
Unrealised gains/losses, net	142 553	104 410
Total temporary differences that affect the tax base	**142 553**	**104 410**
Tax deficit to be carried forward	-	-30 663
Total temporary differences that affects the tax base	**-**	**-30 663**
Tax reducing temporary differences, net	-	-30 663
Tax increasing temporary differences, net	142 553	104 410
Net temporary differences	142 553	73 747
Net deferred tax benefit (-) / deferred tax (+)	**38 489**	**19 912**
Assets - deferred tax	-	-
Liabilities - deferred tax	38 489	19 912
Tax reducing temporary differences, net		
28% of the income before tax	43 543	12 454
Peemanent differences (28%)	-	-3
Change deferred tax from 28% to 27%	-	-738
Too little / too much deferred tax previous years	-	-
Too little / too much recognised tax expense previous years	-	-
Tax expense	**43 543**	**11 713**
Effective tax rate	**27,00 %**	**26,34 %**

Note 12 Intangible assets

NOK 1 000	Computer systems and software
Acquisition cost 01.01.2013	5 120
Acquisitions	-
Disposals	-
Acquisition cost 31.12.2013	**5 120**

* Intangible assets

NOK 1 000	
Acquisition cost 01.01.2013	28 121
Acquisitions	2 673
Disposals	
Acquisition cost 31.12.2013	**30 794**
Accumulated depreciation and write-downs 01.01.2013	4 155
Periodical depreciation	809
Periodical write-down	-
Disposal ordinary depreciation	-
Accumulated depreciation and write-downs 31.12.2013	4 964
Book value as of 31.12.2013	**156**
Acquisition cost 01.01.2014	5 120
Acquisitions	4 507
Disposals	-
Acquisition cost 31.12.2014	**9 627**
Accumulated depreciation and write-downs 01.01.2014	4 964
Periodical depreciation	764
Periodical write-down	-
Disposal ordinary depreciation	-
Accumulated depreciation and write-downs 31.12.2014	5 728
Book value as of 31.12.2014	**3 899**
Financial lifespan	3 years
Depreciation schedule	linear

Note 13 Lending to customers

NOK 1 000	2014	2013
Amortising loans	16 003 246	15 129 157
Accrued interest	115 037	116 154
Total loans before specified and unspecified loss provisions	**16 118 283**	**15 245 311**
Specified loan loss provisions	-	-
Unspecified loan loss provisions	6 396	6 396
Total net loans and claims with customers	**16 111 887**	**15 238 915**

Defaulted loans		
Defaults*	0,0 %	0,0 %
Specified loan loss provisions	0,0 %	0,0 %
Net defaulted loans	**0,0 %**	**0,0 %**
Loans at risk of loss		
Loans not defaulted but at risk of loss	0,0 %	0,0 %
- Write downs on loans at risk of loss	0,0 %	0,0 %
Net other loans at risk of loss	**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	2014	2013
Loan loss provisions as of 01.01	6 396	6 396
Change in group loan loss provisions	0	0
Loan loss provisions as of 31.12	**6 396**	**6 396**

Loan portfolio concentration

The largest exposure as of 31.12.2014 was 3.1 per cent of all lending, while the 10 largest exposures were 22.4% of all lending.

Changes to loan loss provisions

NOK 1 000	2014	2013
Loan loss provisions as of 01.01	7 708	7 708
Change in group loan loss provisions	0	0
Loan loss provisions as of 31.12	**7 708**	**7 708**

Loans sorted according to geography (Norwegian counties) *

NOK 1 000		Lending 2014*	Lending 2014 in %	Lending 2013*	Lending 2013 in %
NO03	**Oslo**	6 181 043	38,62 %	6 174 472	40,81 %
NO02	**Akershus**	3 005 495	18,78 %	2 883 295	19,06 %
NO16	**Sør Trøndelag**	1 560 409	9,75 %	1 288 358	8,52 %
NO11	**Rogaland**	837 999	5,24 %	691 361	4,57 %
NO15	**Møre og Romsdal**	751 094	4,69 %	121 918	0,81 %
NO04	**Hedmark**	731 837	4,57 %	838 279	5,54 %
NO12	**Hordaland**	685 968	4,29 %	868 678	5,74 %
NO01	**Østfold**	591 855	3,70 %	554 983	3,67 %
NO08	**Telemark**	483 511	3,02 %	941 034	6,22 %
NO06	**Buskerud**	455 805	2,85 %	349 675	2,31 %
NO17	**Nord Trøndelag**	339 342	2,12 %	6 544	0,04 %
NO05	**Oppland**	176 339	1,10 %	194 860	1,29 %
NO07	**Vestfold**	80 069	0,50 %	93 745	0,62 %
NO10	**Vest-Agder**	44 000	0,27 %	49 008	0,32 %
NO19	**Troms**	38 000	0,24 %	51 900	0,34 %
NO09	**Aust Agder**	23 550	0,15 %	-	0,00 %
NO18	**Nordland**	9 963	0,06 %	12 906	0,09 %
NO20	**Finnmark**	6 966	0,04 %	8 142	0,05 %
SUM		**16 003 246**	**100,0 %**	**15 129 157**	**100,0 %**

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

Note 14 Share capital and shareholder information

List of shareholders as of 31.12.2014

	No of Shares	A-Shares	B-Shares	Ownership	Share of votes
SpareBank 1 SMN	4 909 200	1 200 000	3 709 200	33,62 %	33,62 %
SpareBank 1 SR-Bank ASA	3 913 034	1 200 000	2 713 034	26,80 %	26,80 %
SpareBank 1 Nord-Norge	3 041 400	400 000	2 641 400	20,83 %	20,83 %
Sparebanken Hedmark	560 000	560 000	-	3,84 %	3,84 %
SpareBank 1 Ringerike Hadeland	455 646	-	455 646	3,12 %	3,12 %
SpareBank 1 BV	321 589	-	321 589	2,20 %	2,20 %
SpareBank 1 Østfold Akershus	277 072	-	277 072	1,90 %	1,90 %
Sparebanken Telemark	270 165	-	270 165	1,85 %	1,85 %
SpareBank 1 Hallingdal Valdres	171 156	-	171 156	1,17 %	1,17 %
SpareBank 1 Nordvest	140 200	-	140 200	0,96 %	0,96 %
Modum Sparebank	115 127	-	115 127	0,79 %	0,79 %
SpareBank 1 Nøtterøy Tønsberg	102 592	-	102 592	0,70 %	0,70 %
SpareBank 1 Søre Sunnmøre	101 568	-	101 568	0,70 %	0,70 %
SpareBank 1 Gudbrandsdal	86 473	-	86 473	0,59 %	0,59 %
Lom og Skjåk Sparebank	81 869	-	81 869	0,56 %	0,56 %
Sparebanken Vest	52 909	-	52 909	0,36 %	0,36 %
Total	**14 600 000**	**3 360 000**	**11 240 000**	**100 %**	**100 %**

"The share capital consists of 3,200,000 A-shares and 10,440,000 B-shares each with a nominal value of NOK 125. The A-shares reflect that part of the loan portfolio which a bank has reserved for potensial transfer, under the condition/assumption that the Company wil accept the loans. The B-shares reflects that part of the loan portfolio which banks (as of today only BN-Bank ASA) that are owned by the other shareholders collectively, have reserved for the potential transfer of loans. The B-shares are allocated to the bank in question according to this bank's direct or indirect ownership stakes in these banks. The A- and B-shares have equal rights in every aspect, with the exception that a differentiation is made with regards to the basis for calculating the dividend for the two classes of shares."

Note 15 Equity

NOK 1 000

	Share capital	Premium share fund	Declared dividend	Fund for unrealised profits	Other equity capital	Total equity capital
Equity Capital as of 01.01.2014	1 364 000	341 000	32 736		894	1 738 630
Changes during the year						
Capital increase 31.01.2014	16 000	4 000	-	-	-	20 000
Paid dividend 06.06.2014	-	-	-32 736	-	-	-32 736
Capital increase 16.09.2014	80 000	20 000	-	-	-	100 000
Profit for the year	-	-	118 236	-	-506	117 730
Equity Capital as of 31.12.2014	**1 460 000**	**365 000**	**118 236**	**-**	**388**	**1 943 624**

Note 16 Liabilities incurred by issuing securities

NOK 1 000	Nominal value * 2014	Nominal value * 2013
Senior unsecured Bonds	1 355 000	1 870 000
Repurchased senior unsecured bonds	-16 000	-519 000
Covered bonds	13 758 330	12 116 900
Withdrawn from the Norwegian Central Bank Swap Facility	-	3 759 168
Bonds deposited in the Norwegian Central Bank Swap Facility	-	-4 042 500
Repurchased covered bonds	-50 000	-75 000
Total liabilities incurred by issuing securities	**15 047 330**	**13 109 568**

* Nominal value is incurred debt at exchange rates at the time of issuance

NOK 1 000	Book value 2014	Book value 2013
Senior unsecured Bonds	1 354 882	1 870 000
Repurchased senior unsecured bonds	-15 997	-518 936
Covered bonds	14 219 182	12 126 071
Withdrawn from the Norwegian Central Bank Swap Facility	-	3 758 999
Bonds deposited in the Norwegian Central Bank Swap Facility	-	-4 042 500
Repurchased covered bonds	-54 963	-73 298
Activated costs incurred by issuing debt	-500	-909
Accrued interest	118 512	99 563
Total liabilities incurred by issuing securities	**15 621 116**	**13 218 990**

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

Senior Unsecured

Matures in year	2014	2013
2015	85 000	1 351 000
2016	1 254 000	-
2017	-	-
Total	**1 339 000**	**1 351 000**

Covered Bonds in Central Bank Swap Facility

Matures in year	2014	2013
2014	-	6 569 843
Total	**-**	**6 569 843**

Covered Bonds

Matures in year	2014	2013
2015	820 000	875 000
2016	959 400	949 600
2017	600 000	600 000
2018	2 189 700	1 524 800
2019	3 650 000	2 000 000
2020	2 200 000	-
2021	980 300	700 000
2022	-	-
2023	550 000	550 000
2024	108 180	-
2025	200 000	200 000
2026	-	-
2027	-	-
2028	1 000 000	600 000
2029	450 750	-
Sum	**13 708 330**	**7 999 400**
Grand Total	**15 047 330**	**13 109 568**

* Nominal value is incurred debt at exchange rates at the time of issuance

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

NOK 1 000	2014	2013
NOK	12 760 938	11 823 712
EUR	1 922 201	1 395 278
SEK	937 977	-
Total	**15 621 116**	**13 218 990**

Note 17 Subordinated debt

NOK 1 000

Amount		Terms	Final Maturity Forfall	Initial Maturity	2014	2013
Non-perpetual Tier 2						
364 000	NOK	3 mnd Nibor + margin	2023	2018	346 000	346 000
Total for bonds with a due date					346 000	346 000
Perpetual Tier 1						
173 000	NOK	3 mnd Nibor + margin	Perpetual	2018	173 000	173 000
Total subordinated perpetual					173 000	173 000
Accrued Interest					3 265	3 287
Total subordinated debt					**522 265**	**522 287**

Of a total NOK 519 million in subordinetd debt, NOK 173 million is recognised as tier 1 capital and 346 million are subordinated tier 2 debt with a maturity date Costs incurred to issue debt is amortised over the life of the issue. Non-perpetual subordinated tier 1 debt may be a total 15% of the tier 1 capital while 35% of subordinated perpetual tier 1 debt may be included as tier 1 capital. Subordinated tier 1 debt exceeding these limits, and therefore not eligible as tier 1 capital, may be included in the total capital as tier 2 capital.

Tier 2 and Additional Tier 1 capital	2014	2013
Tier 2 capital, nominal value	346 000	346 000
Additional Tier 1, nominal value	173 000	173 000
Valuation adjustments	-	-
Accrued interest	3 265	3 287
Total Tier 2 and Additional Tier 1 capital	**522 265**	**522 287**

Changes in liabilities incurred by issuing Tier 2 / Additional Tier 1	Balance 31.12.2013	Issued 2014	Matured/repaid 2014	FX and other changes 2014	Balance 31.12.2014
Tier 2 capital, nominal value	346 000	-	-	-	346 000
Additional Tier 1, nominal value	173 000	-	-	-	173 000
Valuation adjustments	-	-	-	-	-
Accrued interest	3 287	-	-	-	3 265
Total Tier 2 and Additional Tier 1 capital	**522 287**	**-**	**-**	**-**	**522 265**

Note 18 Financial derivatives

Please also refer to Note 2, Accounting Principles: sections on "Hedge Accounting" and "Valuation of Derivatives and other Financial Instruments".

NOK 1 000	2014	2013
Interest rate contracts		
Interest rate swaps		
Nominal Amount	4 550 000	2 950 000
Asset	527 121	108 102
Liability	-	-16 048
Currency Contracts		
Currency swap		
Nominal Amount	2 838 330	1 424 400
Asset	171 453	27 882
Liability	-	-
Total for financial derivatives		
Nominal Amount	7 388 330	4 374 400
Asset	698 574	135 984
Liability	**-**	**-16 048**

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

Note 19 Classification of financial instruments

NOK 1 000	Financial instruments accounted for at fair value *	Financial assets and debt accounted for at amortised cost	Non-financial assets and liabilities	2014
Assets				
Deposits at and receivables from financial institutions	-	459 908	-	459 908
Norwegian government short term debt certificates	183 932	-	-	183 932
Bonds	702 915	-	-	702 915
Lending to customers	-	16 111 887	-	16 111 887
Financial derivatives	698 574	-	-	698 574
Other assets	-	-	3 899	3 899
Total Assets	**1 585 421**	**16 571 795**	**3 899**	**18 161 115**
Liabilities				
Debt incurred by issuing securities	7 942 977	7 678 139	-	15 621 116
Subordinated debt	-	522 265	-	522 265
Financial derivatives	-	-	-	-
Deferred taxes	-	-	38 489	38 489
Taxes payable	-	-	24 966	24 966
Other liabilities		6 718	3 937	10 655
Total Liabilities	**7 942 977**	**8 207 122**	**67 392**	**16 217 491**
Total Equity	**-**	**-**	**1 943 624**	**1 943 624**
Total Liabilities and Equity	**7 942 977**	**8 207 122**	**2 011 016**	**18 161 115**

*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	Non-financial assets and liabilities	**2013**
Assets				
Deposits at and receivables from financial institutions	-	357 888	-	357 888
Norwegian government short term debt certificates	36 774	-	-	36 774
Bonds	-	-	-	-
Lending to customers	-	15 238 915	-	15 238 915
Financial derivatives	135 983	-	-	135 983
Other assets	-	-	156	156
Total Assets	**172 757**	**15 596 803**	**156**	**15 769 716**
Liabilities				
Debt incurred by issuing securities	9 337 902	3 881 088	-	13 218 990
Subordinated debt	-	522 287	-	522 287
Financial derivatives	16 048	-	-	16 048
Deferred taxes	-	-	19 911	19 911
Taxes payable	-	-	-	-
Other liabilities	-	251 111	2 739	253 850
Total Liabilities	**9 353 950**	**4 654 486**	**22 650**	**14 031 086**
Total Equity	**-**	**-**	**1 738 630**	**1 738 630**
Total Liabilities and Equity	**9 353 950**	**4 654 486**	**1 761 280**	**15 769 716**

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

Note 20 Financial instruments at fair value

Methods 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 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

Lending
For loans the fair value is established through deployment of valuation techniques whereby the future cash flow is discounted to find the present value. A risk free rate is found in the market as the interest rate between banks with a high credit standing

Bonds
For issued debt the fair value is established through deployment of valuation techniques whereby the future cash flow is discounted to find the present value. A risk free rate is found in the market as the interest rate between banks with a high credit standing

The presentation of fair value measurement is according to three levels:

- Quoted price in an active market for an identical asset or liability (Level 1). 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. In this category are, amongst others, debt certificates and covered bonds listed on an exchange in the Eurozone and the US.
- Valuation based on observable factors either direct (prices) or indirected (deduced from prices used in level 1) other than quoted price for the asset or liability (Level 2). Level 2 consist of instruments which are valued using information which is not listed prices, but where the prices are directky or indirectly observable for assets or liabilities or, and which also include prices in active markets. In this category are included covered bonds issued in NOK and listed on the Oslo stock exchange or ABM. The valuation of these instruments are largely affected by the change in interest rate curves and credit spreads. Where prices are not directly observable these have been derived from observable interest rate curves and credit spreads produced by the Association of Fund Managers (VFF).
- The valuation is based on factors that are not found in observable markets (non-observableassumptions) (level 3). If valuations according to Level 1 or Level 2 are not available, valuations are based on not-observable information. The Company has a a matter of principle neither assets norliabilities which are valued at this level.

The following numbers present the company's assets and liabilities at fair value as of 31.12.2014

NOK 1 000

	Level 1	Level 2	Level 3	Total
Bonds and bills	183 932	702 915	-	886 847
Financial Derivatives	-	698 574	-	698 574
Total Assets	183 932	1 401 489	-	1 585 421
Bonds	-	7 942 977	-	7 942 977
Financial Derivatives	-	-	-	-
Total Liabilities	**-**	**7 942 977**	**-**	**7 942 977**

The following table presents the Company's financial assets and liabilities at fair value as of 31.12.2013

NOK 1 000

	Level 1	Level 2	Level 3	Total
Bonds and bills	36 774	-	-	36 774
Financial Derivatives	-	135 983	-	135 983
Total Assets	**36 774**	**135 983**	**-**	**172 757**
Bonds	-	9 337 902	-	9 337 902
Financial Derivatives	-	16 048	-	16 048
Total Liabilities	**-**	**9 353 950**	**-**	**9 353 950**

Note 21 Other liabilities

NOK 1 000	**2014**	**2013**
Due to SpareBank 1 Boligkreditt AS	1 042	1 140
Other liabilities incl. amounts due to Boligkreditt	2 895	1 598
Total other liabilities	**3 937**	**253 849**

The Company does not have an overdraft facility or a revolving credit facility as of 31.12.2014

Note 22 Credit risk

Credit risk is defined as the risk that losses can occur as a consequence of that customers and others do not have the ability or willingness to meet their obligations to SpareBank 1 Næringskreditt as and when agreed. Credit risk mainly includes loans to customers which are collateralised by commercial property, but also includes credit risk in the derivatives contracts (counterparty credit risk) and investment in bonds within the Company's liquidity portfolio.

In December 2014 the Company distributed amended Servicing and Transfer agreements, which were effective from 31.12.2014. As of 31.12.14 not all banks have signed the amended agreement, but it is expected that they will do so with effect from 31.12.14. According to the amended agreement SpareBank 1 Næringskreditt has the right to off-set any losses incurred on individual mortgage loans against the commissions due to all banks for the remainder of the calendar year. The Company has not since the commencement of its operations had any instances of off-sets against the commissions due to its owner banks.

The Company purchases commercial mortgage loans, secured by commercial properties, with an LTV of maximum 60 %. Næringskreditt will only puchase loans to customers that have a high servicing capacity. The purpose of the Credit Policy is to keep the risk profile of the mortgage portfolio at a very low level.

SpareBank 1 Næringskreditt AS utilizes the IT platform of the SpareBank 1 Alliance in addition to customized systems which assist in analysing and managing the acquisition of commercial mortgage loans from its shareholder banks in the SpareBank 1 Alliance. Credit risk is monitored by measuring the development of the mortgage portfolio, details regarding late payments, defaults and overdrafts. Risk reporting to the Board is conducted on a monthly basis.

Credit Exposure

NOK 1 000	**2014**	**2013**
Loans to customers	16 111 887	15 238 915
Loans to and deposits with credit institutions	459 908	357 888
Government certificates	183 932	36 774
Bonds	702 915	-
Financial derivatives	**698 574**	**135 983**
Total assets	18 157 216	15 769 560
Received collateral In connection derivative	-	-
Total credit exposure	**18 157 216**	**15 769 560**

Loans to and deposits with credit institutions

SpareBank 1 Næringskreditt AS only has deposits with SpareBank 1 SR-Bank ASA, SpareBank 1 SMN and BN Bank ASA.

Lending to customers

The risk classification of the Company's lending is conducted on the basis of an evaluation of the exposures.
The evaluation is based on the following main criteria:

- Ability of the customer to pay (income and debt)
- Willingness to pay (payment remarks)
- Size of the loan
- Loan to value (maximum loan to collateral value is 60% and the collateral must be valued by an independent source; valuations are updated annually for the whole loan portfolio)
- Location

The Company purchases commercial mortgage loans, secured by commercial properties, with an LTV of maximum 60 %. Næringskreditt will only purchase loans to customers that have a high servicing capacity. The purpose of the Credit Policy is to keep the risk profile of the mortgage portfolio at a low level. This implies that the loans bought by the Company are in lower risk groups. The Company utilizes the same risk classifications systems as the other banks in the SpareBank 1 Alliance. Presented below is an overview that shows how loans are allocated over the risk groups. The allocation in risk groups is based on probability of default.

Lending to customers (residential mortgage loans)

Distribution of lending by risk group - based on probability of default

Risk group	2014	2013	2014	2013
Lowest	52 %	56 %	8 340 557	8 526 736
Lowest	21 %	13 %	3 344 167	1 975 760
Medium	25 %	22 %	3 942 405	3 391 317
High	2 %	8 %	367 148	1 235 344
Very high	0 %	0 %	8 968	-
Defaulted **	0 %	0 %	-	-
Totalt	**100 %**	**100 %**	**16 003 246**	**15 129 157**

* Total exposure is before accrued interest and before group loan loss provisions

** Default is defined as missed payment by more than 90 days

Lending to and receivables from credit institutions

SpareBank 1 Næringskreditt AS only maintains deposits with financial institutions with a minimum rating of A-/A2

Loans to and deposits with credit institutions

SpareBank 1 Boligkreditt only has deposits with financial institutions rated A-/A2 or higher as of 31.12.2014

Bonds and certificates

Rating class		2014	2013
AAA/Aaa	Covered Bonds	702 915	-
	Norw. Government bills	183 932	36 774
Total		**886 847**	**36 774**

Fitch and Moody's ratings have been used. The lowest rating is used in case of a split rating. All the bonds are listed on an exchange.

Derivate Contracts

Derivative contracts are only entered into with counterparties with an required credit rating. If the value of the derivative exceeds the credit limits held by SpareBank 1 Næringskreditt for counterparty risk in derivative contracts the counterparty must post cash collateral. SpareBank 1 Næringskreditt is not required to post collateral if the value of the contract should be in favour of the counterparty. Collateral received is included in the balance sheet under receivables with and debt to credit institutions.

Note 23 Financial risk

Liquidity risk
Liquidity risk is defined as the risk that the business is not able to meet its obligations at maturity. SpareBank 1 Næringskreditt AS issues covered bonds at shorter maturities than the commercial mortgages which make up the largest portion of assets on the Company's balance sheet. The Liquidity risk which arises is closely monitored and is in compliance with the Norwegian covered bond legislation which amongst other things requires that the cash flow from the cover pool is sufficient to cover outgoing cash flows for holders of preferential claims on the cover pool (holders of covered bonds and counterparties in associated hedging contracts (swaps).
In order to manage the liquidity risk certain limits and liquidity reserves have been approved by the Board of Directors. SpareBank 1 Næringskreditt AS maintains a liquidity reserve which will cover undrawn amounts under revolving loans, a theoretical temporary halt to incoming interest payments from the mortgage loans and at any point in time cover bond maturities for the next six months (100 per cent) and 50 per cent for maturities between 6 and 12 months, according to the proposals for a new Net Stable Funding Ratio (NSFR). Liquidity risk is monitored on a regular basis and weekly reports are presented to the management and monthly reports to the Board.

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

Liquidity risk - all amounts in 1000 NOK

	31.12.14	**No set term**	**Maturity 0 to 1 month**	**Maturity 1 to 3 months**	**Maturity 3 to 12 months**	**Maturity 1 to 5 years**	**Maturity more than 5 years**
Loans to credit institutions	1 162 823	459 908	0	0	40 121	611 884	50 910
Lending to customers	16 111 887		300 023	108 641	675	911 766	14 790 782
Derivatives	698 574					296 718	401 856
Treasury Bills	183 932			84 822	99 111		
Other assets with no set term	3 899	3 899					
Total Assets	18 161 115	463 807	300 023	193 463	139 906	1 820 368	15 243 548
Liabilities incurred when issuing securities	-15 621 116	0	0	0	-819 934	-8 965 443	-5 835 739
Other liabilities with a set term	0	0	0				
Derivatives	0	0	0	0	0	0	0
Liabilities with no set term	-74 110	-74 110					
Subordinated debt	-522 265						-522 265
Equity	-1 943 624	-1 943 624					
Total liabilities and equity	-18 161 115	-2 017 734	0	0	-819 934	-8 965 443	-6 358 004
Net total all items	0	-1 553 927	300 023	193 463	-680 028	-7 145 075	8 885 543

Interest rate risk

The interest rate risk is the risk of a negative profit effect due to rate changes. In accordance with the Norwegian legislation applicable to Covered Bonds and internal guidelines, SpareBank 1 Næringskreditt hedges all interest rate risk by utilising interest rate swaps. The interest rate sensitivity shows expected effect on revenues from a one per cent (100 basis points) parallel shift in the interest rate curve. SpareBank 1 Næringskreditt's balance sheet consists mainly of loans secured by commercial real estate with a floating interest rate which can be reset with a two week notice. The Company's borrowings consist mainly of covered bonds and borrowings from related banks in addition to senior unsecured bonds and certificates. The interest rate on all of these are hedged by interest swaps and are reset every three months.

Interest Rate Risk - all amounts in 1000 NOK

	31.12.14	No set term	Maturity 0 to 1 month	Maturity 1 to 3 months	Maturity 3 to 12 months	Maturity 1 to 5 years	Maturity more than 5 years
Loans to credit institutions	1 162 823		510 806	652 016	0	0	0
Lending to customers	16 111 887		310 484	15 801 403			
Treasury Bills	183 932			84 822	99 111		
Other assets with no set term	3 899	4 164					
Total Assets	17 462 541	4 164	821 291	16 538 241	99 111	0	0
Liabilities incurred when issuing securities	-15 621 116	0	-2 156 284	-7 624 403	-451 920	-2 209 667	-3 179 342
Other liabilities with a set term	0	0					
Liabilities with no set term	-74 110	-3 328 096					
Subordinated debt	-522 265						
Equity	-1 943 624	-8 282 592					
Total liabilities and equity	-18 161 115	-11 610 688	-2 156 284	-7 624 403	-451 920	-2 209 667	-3 179 342
Net interest rate risk							
before derivatives	-698 574	0	-1 334 994	8 913 837	-352 809	-2 209 667	-3 179 342
Derivatives	698 574	0	-471 013	-4 671 346	451 920	2 209 667	3 179 346
Net interest rate risk		0	-1 806 006	4 242 491	99 110	0	4
% of total assets		0 %	10 %	23 %	1 %	0 %	0 %

Currency risk

The foreign exchange risk is the risk of a negative P&L impact as a result of changes in foreign currencies. SpareBank 1 Næringskreditt AS balance consists mainly of lending to customers in Norwegian kroner and bonds issued in the Norwegian or international bond markets. In accordance with the Norwegian covered bond legislation and its internal guidelines the Company hedges all currency risk, either by the utilisation of currency swaps or by way of matching asset with liability positions so that currency net positions are eliminated. Weekly risk reports are monitored by the management team and reports to the Board of Directors have a monthly frequency. The currency risk (sensitivity) is calculated by adding the exposure in the various currencies. No other currencies than the NOK had a material net position on the Company's balance sheet at the end of the year.

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

Sensitivity to net interest expense in NOK 1 000

Currency	Change in basis points	2014	2013
NOK	100	9 812	4 569

Currency risk

		Net currency risk in NOK 1 000
Currency	**2014**	**2013**
SEK	-	-1
- Bank Deposits	-	-
- Issued Bonds	-1 922 201	-1 428 368
- Derivatives	1 922 201	1 428 367
- Bond investments	-	-
EUR	**3**	**-**
- Bank Deposits	-	-
- Issued Bonds	-937 977	-
- Derivatives	937 980	-
- Bond investments	-	-
Total	**3**	**-1**

			Net result effect before taxes in NOK 1 000
Currency	**Change in the exchange rate, per cent**	**2014**	**2013**
SEK	+10	-	-
EUR	+10	-	-
SUM		**-**	**-**

Note 24 Asset coverage requirement

The asset coverage requirement is according to the covered bond law § 2-31

Operational risk

The operational risk in SpareBank 1 Næringskreditt AS is limited due to the low complexity of operations. The Company is only engaged in commercial mortgage lending, the investment of liquid assets in high qulity debt instruments and the funding of these activities. In addition the majority of the operational risk is associated with the management of the mortgage loans in the individual SpareBank 1 banks which also act as servicers of the mortgage loans. This relationship between Næringskreditt and the shareholder banks is regulated in the Transfer and Service Agreement which the Company has signed with each bank individually.

The Company has a contious focus on the evolution of the Company's own structure, systems and processes. Many of the daily operational tasks have been outsourced to SpareBank 1 SR-Bank ASA, which by the nature of being a larger and more complex financial institution than the Company have many overlaps between its operational activities and those activities outsourced to it from the Company. In addition there is a close working relationship between SpareBank 1 Næringskreditt AS and several of its larger shareholder banks.

In connection with changes in the operations of the Company, a specialist banking vehicle such as SpareBank 1 Næringskreditt AS is faced with the fact that for example the expansion of operations, introduction of new products or replacement of IT systems will represent such a large and significant change that it will nearly always be necessary with heightened scrutiny risk assessment and analysis. The Company has established a practice whereby annually all areas of risk or identified as carrying risk are evaluated. The Company's management of operational risk is considered to be satisfactory.

Based on the aspects discussed above, Management is of the opinion that the utilisation of the standard approach to measuring operational risks provides for more than adequate equity coverage for the actual operational risks that the business carries.The Company therefore employs the standard appraoch with the capital adequacy framework (Basel II, Pilar 1) as the effective method for calculation the necessary amount of capital to cover operational risks. This method uses a level of statistical confidence of 99.9%.

The capital requirement as calculated on 31.12.2014 is approximately NOK 7,5 million (refer also to the note on capital adequacy) and is seen as adequate.

NOK 1 000	2014	2013
Covered Bonds	14 333 327	12 220 072
Repurchased Bonds	-56 016	-74 353
Derivatives	-698 574	-119 936
Total Covered Bonds	13 578 737	12 025 783
Lending to customers	16 057 724	15 196 289
Derivatives	183 932	36 774
Substitute collateral	1 162 824	357 971
Total Cover Pool	17 404 480	15 591 034
Asset-coverage	128,2 %	129,6 %

Note 25 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 Næringskreditt AS employs the standardised approach to calculate the Pilar 1 capital requirements.

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 13.5% total capital from July 1, 2014 includes a 10% Core Tier 1 capital and 3.5% additional capital.

The Company's parent banks have committed themselves to keep the Equity Core Tier 1 capital at a minimum 9%. 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. "

New CRD IV calculation

Primary capital in sufficient 1 000	CRD IV 2014	Basel II 2013
Share	1 460 000	1 364 000
Premiums	365 000	341 000
Other equity	894	863
Dividends	-118 236	
Resultat	117 730	32 767
Adjustments to clean kjernkapital	-1 585	
intangible assets	-3 899	
Total common equity	1 819 904	1 738 630
Intangible assets		-156
Deferred taxes	-	-
Declared share dividend		-32 736
Additional tier 1 capital	173 000	173 000
Total tier 1 capital	**1 992 904**	**1 878 738**
Supplementary Capital		
Additional tier 1 (exceeding 15% and 35 %)	-	-
Additional tier 2 capital	346 000	346 000
Total supplementary capital (tier 2)	**346 000**	**346 000**
Total capital	**2 338 904**	**2 224 738**

Minimum requirements for capital NOK 1 000	2 014	2 013
Credit risk	1 286 988	1 191 767
Market risk	-	-
Operational risk	7 465	5 489
CVA adjustment derivatives	45 261	
Depreciation on groups of loans	-512	-512
Minimum capital requirement	**1 339 201**	**1 196 744**

Capital adequacy	2014	2013
Capital adequacy	16 740 014	14 959 300
Depreciation on groups of loans	13,97 %	14,87 %
Minimum capital requirement	11,91 %	12,56 %
Core Tier 1 capital coverage (%)	10,87 %	11,40 %

Note 26 Related parties

SpareBank 1 Næringskreditt AS has entered into a number of transactions with the shareholder banks, i.e. the purchase of commercial mortgage loans, deposits placed with the shareholder banks, and unsecured debt from the shareholder banks to the Company. As per the reporting date the Company has purchased loans from BN Bank ASA og SpareBank1 SR Bank ASA og SpareBank 1 SMN, SpareBank 1 Nordvest og Sparebanken Hedmark. The Company has a Transfer and Servicing agreement in place with each individual bank regulating amongst other things the servicing of mortgage loans.

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. In addition SpareBank 1 Næringskreditt AS purchases certain IT-solutions and sevices from BN Bank ASA.

SpareBank1 Næringskreditt AS hires employees (part-time) from SpareBank1 Boligkreditt 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.

SpareBank 1 Næringskreditt AS has for the year 2014 calculated a commission payable of 94.8 million kroner and the payable amount thereof as of 31.12.2014 is 6.7 million kroner. The commission is calculated based on the difference between lending rates and borrowing rates for SpareBank 1 Næringskreditt AS with a deduction for administrative costs.

Note 27 Contingencies

SpareBank 1 Næringskreditt As is not a party to any ongoing legal proceedings.

Note 28 Events after balance sheet date

No events have taken place subsequently to the date of these financial statements, December 31, 2013, which would affect these accounts in any material way.

The dividend is proposed to be NOK 2.64 per A-share and 9.73 per B-share per share and the total dividend is thus NOK 118,2 million.

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