NÆRINGSKREDITT

Annual Report 2013

Feeling Norway

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Statement of the Board of Directors 2013

Overview of the previous year

SpareBank 1 Næringskreditt has in 2013 arranged for more of the SpareBank 1 banks to be in a position to transfer mortagage loans to the Company. As of year-end the Company has purchased loans from BN Bank, SpareBank 1 SR-Bank, SpareBank 1 SMN, SpareBank 1 Nord-Norge and Sparebanken Hedmark. More banks are expected to sell and transfer mortgage loans in 2014.

The Company has issued several bonds in the Norwegian and Swedish market place. The issuance activity has increased amongst other reasons because the Company has refinanced a material portion of its outstanding debt in the so-called swap facility. The remaining part of this debt is maturing in 2014.

Nature and development of the Company's business

SpareBank 1 Næringskreditt AS is a credit institution licensed by the Norwegian Financial Services Authority (Finanstilsynet). The purpose of the Company is to provide funding for the owners by buying loans originated by them and financing these primarily through the issuance of covered bonds. The Company which is based in Stavanger, is owned by banks which are members of the SpareBank 1 Alliance.

The Board of Directors affirms that the conditions for presenting the accounts under the assumption of a going concern are fulfilled.

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 Boligkreditt AS strives to achieve an even distribution between the genders in recruiting for the staff and the Board.

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 15.8 billion. The Company had in 2013 net interest income of NOK 55.0 million, including NOK 170.7 million earned by the ownership banks and accrued as a cost (commissions) to SpareBank 1 Næringskreditt. The cost of operations was NOK 10.0 million including depreciation. No additional amounts have been charged as loan provisions (write offs) in 2013, but the NOK 6.4 million in cumulative loan loss provisions as of 31.12.12 have been maintained. In total the year's result before tax was NOK 44.5 million.

Lending to customers amounted to NOK 15.2 billion at year-end. The cash and cash equivalents at 31.12.2013 amounted to NOK 357.9 million. Net cash flow for the year was negative NOK 35 million due to that investments in increased lending was larger than the cash flow from financial and operational activities.

During the year the shareholders' equity increased to NOK 1,739 million from NOK 1,328 million. Equity available for distribution amounts to NOK 33.6 million. The core capital ratio for the Company was 12.56%. The Board of Directors is of the opinion that the Company's financial strength is good.

The Board proposes that out of net income after tax of NOK 32.7 million, NOK 32.7 million is distributed to shareholders (NOK 2.4 per share). After paying this dividend, available equity for distribution is NOK 0.9 million.

Risk aspects

General considerations

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.

The Company strives to identify, measure, control and manage central sources of risk in such a way that its goals are achieved. A credit committee, consisting of credit experts resident in the parent banks, has been established which approves loans. This process ensures that the loans have a risk profile which corresponds to the credit risk strategy.

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.

The Company buys commercial mortgages within 60% of the value of the objects on which the mortgages are secured. The mortgages are granted to customers with a high degree of ability to service their debts. The credit policy of the Company aims to keep the portfolio of loans within well-defined and low levels of risk. The risk classification system is used to manage the portfolio of mortgage assets according to the overall strategy.

During 2013 the total portfolio of mortgages amounts to NOK 15.2 billion, inclusive of accrued interest. The portfolio consists exclusively of mortgages secured with a first lien on commercial property. The average size of a mortgage is approximately NOK 32.5 million. The average loan to value is approximately 46% at year-end 2013. No mortgages were above 90 days in arrears as of year-end. The portfolio of mortgages is distributed throughout Norway, with the main concentrations in Oslo (40%), Akershus (17%), Sør Trøndelag (11%) and Rogaland (5%).

The Board is of the opinion that SpareBank 1 Næringskreditt AS's portfolio represents a lower degree of credit risk than that found in ordinary banking and credit institutions.

Market risks

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. The Company is subject to strict rules regarding market risk in the national legislation covering issuers of covered bonds. The Board of SpareBank 1 Næringskreditt AS has decided on moderate and specific limits for market risk. Market risk arises mainly as a consequence of covered bonds issued or investments made in fixed income in NOK or other currencies. The limits formulated by the Board means that all bond issuances or investments which incur market risk are hedged by the use of derivatives, or natural hedges were investments are made in the same currency as the issued bonds to ensure that the currency and interest rate risk are limited. The policy set by the Board allows for the use of derivatives only for hedging purposes.

Approximately NOK 3.8 billion of the Company's issued covered bonds have been retained by the Company and utilised in the swap facility which the Norwegian Government has offered to banks and credit institutions through Norway's central bank. In addition the Company has issued senior unsecured debt (approximately NOK 1.4 bn) and covered bonds (approximately NOK 8.0 bn) which has been issued in the debt capital market.

The Company had as of 31.12.2013 very limited currency risk and a low interest rate risk. All assets and liabilities are hedged to a floating rate within three months.

Liquidity risk

Liquidity risk is defined as the risk that the Company is not able to meet its obligations at maturity or to be able to finance the purchase of loans at normal terms and conditions. Liquidity risk is managed based upon a liquidity strategy approved by the Board.

According to the strategy, SpareBank 1 Næringskreditt AS shall survive for a minimum of twelve months, also under stressed market conditions, without accessing external financing. In addition the Company shall at any point in time be able to meet its interest payments, including derivatives, which come due in the next three months under a scenario where no interest payments are received from the loan portfolio. At the start of 2014 SpareBank 1 Næringskreditt AS's liquidity situation is characterised as good.

Operational risk

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

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 development of the Company's financial and operating condition is amongst other things dependent on the development of financial markets and the achievable yields required there on the Company's issued bonds. Furthermore the Company's development is dependent on the customers' ability to service their debt and of the development in commercial real estate prices and rent levels.

The outlook for the Norwegian economy in 2014 is characterised by some uncertainty, tied primarily to international conditions which may have an impact on Norway and on the Company's access to international or domestic finance. The Norwegian economy seems to remain strong compared to other comparable countries, though signs exists that growth may slow down some. The Company's portfolio of commercial mortgages is well diversified amongst rental sectors and type of real estate. Though a negative economic cycle, increased unemployment, increased interest rates and a significant decline in real estate prices may have a negative effect on the ability of customers to service debt. The Company will continue to have a focus on monitoring its portfolio of loans. The growth in the Company's loan book in 2014 will come through acquiring existing loans on the books of banks in the SpareBank 1 Alliance.

SpareBank 1 Næringskreditt AS has a high quality and low credit risk portfolio of residential mortgages. The average weighted loan to value is approximately 46%. The portfolio is consequentially well built to withstand potential setbacks in the Norwegian economy.

The Company is expected to enter into agreements with additional SpareBank 1 banks to transfer and service commercial mortgage loans in 2014. Prior to that additional banks can sell loans to the Company, necessary capital increases will be required of new banks in order that the Company shall remain adequately capitalized at all times.

The Company's business is only to a small degree subject to competition because SpareBank 1 Næringskreditt AS is obtaining commercial mortgage loans exclusively from its owners.

No material change of operating conditions except from the factors which have been discussed above is expected.

* * *

The Board of Directors affirms that the financial accounts present a correct and complete picture of the Company's operations and financial position. There have been no incidents of a material nature after year-end 2013 which are expected to impact the annual accounts for 2014.

Stavanger/Hamar December 31, 2013 / March 4, 2014

Kjell Fordal
Styrets leder

Rolf Eigil Bygdnes

Knut Oscar Fleten

Merete Eik

Heidi Larsen

Arve Austestad
Adm direktør

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 2013 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 31.12.13.

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.

Hamar, March 4 2014

The Board of Directors of SpareBank 1 Næringskreditt AS

Kjell Fordal
Styrets leder

Rolf Eigil Bygdnes

Knut Oscar Fleten

Merete Eik

Heidi Larsen

Arve Austestad
Adm direktør

Income statement 2013

NOK 1 000	Note	2013	2012
Interest	5	385 796	332 268
Interest expense	5	330 776	284 919
Net interest income		55 020	47 349
Net gains / losses on financial instruments	6	-531	972
Total other operating income		-531	972
Total revenue		54 489	48 321
Salaries and other personnel expenses	7	4 227	4 979
Administration costs	8	2 904	3 376
Other operating expenses	9	2 069	1 515
Depreciation	11	809	1 703
Total operating expenses		10 009	11 573
Operating profit before depreciation		44 480	36 748
Impairment losses on loans and guarantees	12	0	-6 396
Operating profit before tax		44 480	30 352
Taxes	10	11 713	8 499
Profit for the year		32 767	21 853

Statement of total profit/loss for the year 2013

NOK 1 000		2013	2012
Profit for the year	14	32 767	21 853
Total Results		32 767	21 853
Allocations:			
Allocated to dividend	14	32 736	21 924
Other equity	14	31	-71
Total appropriations		32 767	21 853

Balance sheet 2013

NOK 1 000	Note	2013	2012
Assets			
Loans and advances to credit institutions	22	357 888	392 866
Government Guaranteed certificate		36 774	546 507
Bonds		-	350 728
Loans to customers	12	15 238 915	11 004 463
Financial derivatives	17	135 983	86 551
Other intangible assets	11	156	965
Total assets		15 769 716	12 382 081
Equity and liabilities			
For the issuance of securities	15	13 218 990	10 891 907
Subordinated debt	16	522 287	-
Liabilities to credit institutions		251 111	150 969
Financial derivatives	17	16 048	-
Deferred tax	10	19 912	7 641
Current tax	10	-	-
Other liabilities	20	2 738	3 777
Other Liabilities		14 031 086	11 054 294
Equity			
Paid-in capital	13, 14	1 705 000	1 305 000
Retained earnings	14	894	863
Proposed dividend	14	32 736	21 924
Total equity		1 738 630	1 327 787
Total liabilities and equity		15 769 716	12 382 081

Hamar, March 4th, 2014

Kjell Fordal
Styrets leder

Rolf Eigil Bygdnes

Knut Oscar Fleten

Merete Eik

Heidi Larsen

Arve Austestad
Adm direktør

Statement of 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
Share increase 05.01.2011	120 000	30 000	-	-	-	150 000
Share increase 05.01.2011	240 000	60 000	-	-	-	300 000
Dividend 2010	-	-	-8 877	-	-	-8 877
Resultat for perioden	-	-	23 128	-	900	24 028
Balance sheet as of 31 December 2011	944 000	236 000	23 128	-	934	1 204 062
Dividend 2011	-	-	-23 128	-	-	-23 128
Share 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	1 044 000	261 000	21 924	-	863	1 327 787
Share Increase 27.02.2013	60 000	15 000	-	-	-	75 000
Share Increase 25.04.2013	20 000	5 000	-	-	-	25 000
Share Increasee 28.05.2013	80 000	20 000	-	-	-	100 000
Dividend 2012	-	-	-21 924	-	-	-21 924
Share Increase 15.10.2013	160 000	40 000	-	-	-	200 000
Result for the period	-	-	32 736	-	31	32 767
Balance sheet as of 31 December 2013	1 364 000	341 000	32 736	-	894	1 738 630

Cash flow statement 2013

NOK 1 000	2013	2012
Cash flows from operations		
Interest received	352 180	323 324
Payments to operations	-10 238	-8 889
Paid tax	558	-10 219
Net cash flow relating to operations	342 500	304 215
Cash flows from investments		
Net purchase of loan portfolio	-4 200 836	-2 103 251
Net payments on the acquisition of government bills	509 207	-545 936
Net payments on the acquisition of bonds	350 453	-350 453
Net investments in intangible assets	-	-102
Net cash flows relating to investments	-3 341 176	-2 999 743
Cash flows from funding activities		
Net receipt/payment from the issuance of certificates	-	-
Net receipt/payment from the issuance of bonds	2 289 595	2 873 196
Net receipt/payment from the issuance of subordinated debt	519 000	-
Net receipt/payment from the issuance of loans to credit institutions	100 142	28 215
Equity capital subscription	400 000	125 000
Paid dividend	-21 924	-23 128
Net interest payments on funding activity	-323 101	-285 000
Net cash flow relating to funding activities	2 963 712	2 718 283
Net cash flow in the period	-34 964	22 756
Balance of cash and cash equivalents Jan 1, 2013	392 866	370 110
Net receipt/payments on cash	-34 964	22 756
Exchange rate difference	-14	-
Balance of cash and cash equivalents Dec 31, 2013	357 888	392 866

Notes to the Accounts 2013

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 2013 is approved by the Board of Directors on March 4th 2014.

Note 2 Accounting Principles

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.

Recording and exipration of assets and liabilities on the balance sheet

Assets and liabilities are recorded on the balance sheet at the time the Company assumes actual control of the rights to the assets and assumes a real obligation. Assets are excluded at the time actual risk relating to the assets is transferred and control of rights to the assets is annulled or expired.

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 with the issuer or 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 there is objective proof of the occurrence of impairment, 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 the case of losses on individual mortgage loans, SpareBank 1 Næringskreditt AS has a right to offset these in the commission paid out to banks which have originated and sold such loans to the Company. The amount that can be offset is limited to a maxium of the last 12 months worth of commission due. SpareBank 1 Næringskreditt AS defers payment of the commission to the shareholder banks for 18 months in order to establish whether any losses have occured which should be offset. The Company has since the commencement of operations in 2007 not had any incidents of reduced or offset commissions.

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) utilizing 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 utilizing the fair 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 unrealized 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 the 3 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 directly employed staff. The pension obligation is covered by SpareBank 1 Boligkreditt AS under the pension Scheme of SpareBank 1 SR Bank ASA

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 Boligkreditt.

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 Day
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.

Adoption of New and Revised International Financial Reporting Standards (IFRSs)
The following new and revised standards and interpretations have been adopted in the Company's financial statements and have affected the amounts reported in these financial statements.

New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements
In the current year, the Company has applied some new and revised IFRSs issued by the International Accounting Standards

Board (IASB) and adopted by EU that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

Financial Statement Presentation – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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 recognized in the consolidated statements.

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, 2013. The Company intends to adopt these standards when they become effective.

Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. Under IFRS 9, all recognized financial assets that are currently within the scope of IAS 39 Financial Instruments: Recognition and Measurement will be subsequently measured at either amortised cost or fair value. In 2010, a revised version of IFRS 9 was issued. The revised version of IFRS 9 mainly adds the requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. In December 2011, the IASB issued Amendments to IFRS 9 and IFRS 7. The amendments defer the mandatory effective date of IFRS 9 from January 1, 2013 to January 1, 2015. IFRS 9 has not yet been endorsed for application in the European Union. Phase two and three of the financial instruments project, being the impairment of financial assets and hedge accounting phases respectively, are still a work in progress. It's not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

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 a strong rating 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 controlling environment

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 Exceutive 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. Staretgic 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 develep and evolve the strategy.

The Risk Manager reports both directly to the CEO and to the Board. The risk managere is tasked with developing 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 Næringskreditt'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 the 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 for 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.

Pensions

Net pension obligations are based on a number of estimates including future investment returns, future interest rate and inflation levels, developments in compensation, turnover, development in the “G” amount (the basic level of pension as determined by the public pension system and used as a yardstick in several calculations nationally) and the general development in the number of disabled persons and life expectancy are of significant importance. The uncertainty is primarily related to the gross obligation for pensions and not the net amount which is recorded in the financial accounts (balance sheet). Changes in pension obligation estimates which may result from changes in the factors mentioned above will be charged directly against the Company’s recorded equity.

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 and recorded amounts for deferred taxation in the period where the difference is established.

Note 5 Net Interest Income

NOK 1 000	2013	2012
Interest income		
Interest income and similar income from loans to and balances with credit institutions	35 852	20 776
Interest income and similar income from loans to and balances with customers	520 651	418 401
Commission expense (payable to shareholder banks) *	-170 707	-106 909
Total interest income	**385 796**	**332 268**

* 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.

Interest expense		
Interest expense and similar expenses to credit institutions	3 360	53
Interest expense and similar expenses on issued bonds	327 416	284 866
Total interest expense	**330 776**	**284 919**
Net interest income	**55 020**	**47 349**

Note 6 Net Gains from Financial Instruments

NOK 1 000	2013	2012
Net gains (losses) from financial liabilities	-2 089	-23 432
Net gains (losses) from financial assets	38 028	-39 701
Net gains (losses) from financial derivatives, hedging, at fair value	-36 470	64 105
Netto gains (losses)	**-531**	**972**

Note 7 Salaries and Remuneration

NOK 1 000	2013	2012
Employees compensation*	3 694	3 955
Other personnel expenses	533	1 024
Total salary expenses	**4 227**	**4 979**

Number of full-time employees		
Number of part-time employees	4	4
Number of temporary employees		
Number of man-years	3	3
Average number of man-years	3	3

* 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 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 (Observer)	16	-	-	-	-	-
Geir-Egil Bolstad (Observer)	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	-	-	-	-	-
Hanne J. Nordgaard	2	-	-	-	-	-
Arne Henning Falkenhaug	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.

Paid in 2012

NOK 1 000	Total compensation	Bonus	Other com- pensation	Pension cost	Accrued Pensions	Employee mortgage loan
Management						
Chief Executive Office - Arve Austestad	2 033	140	179	686	1 928	3 025
Director, Head of Finance & Risk - Henning Nilsen	1 210	79	36	194	385	2 606
Chief Operating Officer - Eivind Hegelstad	1 303	72	76	69	0	5 476
Total for Management	**4 546**	**291**	**291**	**949**	**2 313**	**11 107**
The Board of Directors						
Kjell Fordal	90	-	-	-	-	-
Knut Oscar Fleten	70	-	-	-	-	-
Rolf Eigil Bygdnes	70	-	-	-	-	-
Merete Eik	70	-	-	-	-	-
Hilde Vatne	70	-	-	-	-	-
Trond Sørås (Observer)	13	-	-	-	-	-
Geir-Egil Bolstad (Observer)	15	-	-	-	-	-
Total for the Board of Direc- tors	**398**	**-**	**-**	**-**	**-**	**-**
The Control Committee						
Ola Neråsen	7	-	-	-	-	-
Brigitte Ninauve	12	-	-	-	-	-
Ivar Listerud	9	-	-	-	-	-
Kjersti Hønstad	9	-	-	-	-	-
Total for the Control Commit- tee	**37**	**-**	**-**	**-**	**-**	**-**
The Committee of Represent- atives						
NIls Arne Norheim	2	-	-	-	-	-
Sveinung Hestnes	9	-	-	-	-	-
Elisabeth Johansen	2	-	-	-	-	-
Gudrun Michelsen	2	-	-	-	-	-
Kjersti Hønstad	2	-	-	-	-	-
Total for the Committee of Representatives	**15**	**-**	**-**	**-**	**-**	**-**

The bonus shown is for 2011, but paid out in 2012. 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 Administration Expenses

NOK 1 000	2013	2012
IT operation and maintenance	2 885	3 365
Travel	19	11
Total	**2 904**	**3 376**

Note 10 Other Operating Expenses

NOK 1 000	2013	2012
Auditing, hired personnel from SpareBank 1 Group, other services	1 871	1 188
Misc other operating expenses	198	327
Total	**2 069**	**1 515**

Auditing

Remuneration to Deloitte AS and cooperating companies is allocated as follows:

NOK 1 000	2013	2012
Legally required audit	374	351
Other attestation services	190	175
Other services outside auditing	101	81
Total (incl VAT)	**665**	**607**

Note 11 Taxes

NOK 1 000	2013	2012
Tax payable	-	-
Change in deferred tax	12 271	8 499
Insufficient/excessive tax allocation previously in the period*	-558	-
Tax expense	**11 713**	**8 499**
Temporary differences as of 31.12		
Assets	-	-
Unrealised losses, net	104 410	60 585
Total temporary differences that affect the tax base	**104 410**	**60 585**
Tax deficit to be carried forward	-30 663	-31 304
Corrections to be carried forward	-	-1 993

Total temporary differences that affects the tax base	**-30 663**	**-33 297**
Tax reducing temporary differences, net	-30 663	-31 304
Tax increasing temporary differences, net	104 410	58 592
Net temporary differences	73 747	27 288
Net deferred tax benefit (-) / deferred tax (+)	**19 912**	**7 641**
Assets - deferred tax	-	-
Liabilities - deferred tax	19 912	7 641
Reconcilliation of tax expense		
28% of the income before tax	12 454	8 499
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	**11 713**	**8 499**
Effective tax rate	**26,34%**	**28,00%**

Note 12 Intangible Assets

NOK 1 000	**Computer systems and software**
Acquisition cost 01.01.2012	5 018
Acquisitions	102
Disposals	-
Acquisition cost 31.12.2012	**5 120**
Accumulated depreciation and write-downs 01.01.2012	2 451
Periodical depreciation	1 704
Periodical write-down	-
Disposal ordinary depreciation	-
Accumulated depreciation and write-downs 31.12.2012	4 155
Book value as of 31.12.2012	**965**
Acquisition cost 01.01.2013	5 120
Acquisitions	-

Disposals	-
Acquisition cost 31.12.2013	**5 120**
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**
Financial lifespan	3 years
Depreciation schedule	linear

Note 13 Lending to Customers

NOK 1 000	2013	2012
Amortising loans	15 129 157	10 928 322
Accrued interest	116 154	82 538
Total loans before specified and unspecified loss provisions	**15 245 311**	**11 010 860**
Specified loan loss provisions	-	-
Unspecified loan loss provisions	6 396	6 396
Total net loans and claims with customers	15 238 915	11 004 464

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	2013	2012
Loan loss provisions as of 01.01	6 396	0
Change in group loan loss provisions	0	6 396
Loan loss provisions as of 31.12	**6 396**	**6 396**

Loans sorted according to geography (Norwegian counties) *

NOK 1 000		*Lending 2013*	*2013 in %*	*Lending 2012*	*2012 in %*
NO01	**Østfold**	554 983	3,67%	425 237	3,89%
NO02	**Akershus**	2 883 295	19,06%	2 376 134	21,74%
NO03	**Oslo**	6 174 472	40,81%	4 697 872	42,99%
NO04	**Hedmark**	838 279	5,54%	294 113	2,69%
NO05	**Oppland**	194 860	1,29%	55 217	0,51%
NO06	**Buskerud**	349 675	2,31%	307 955	2,82%
NO07	**Vestfold**	93 745	0,62%	101 955	0,93%
NO08	**Telemark**	941 034	6,22%	336 734	3,08%
NO10	**Vest-Agder**	49 008	0,32%	-	0,00%
NO11	**Rogaland**	691 361	4,57%	609 225	5,57%
NO12	**Hordaland**	868 678	5,74%	51 296	0,47%
NO15	**Møre og Romsdal**	121 918	0,81%	408 160	3,73%
NO16	**Sør Trøndelag**	1 288 358	8,52%	1 010 484	9,25%
NO17	**Nord Trøndelag**	6 544	0,04%	185 949	1,70%
NO18	**Nordland**	12 906	0,09%	13 213	0,12%
NO19	**Troms**	51 900	0,34%	47 125	0,43%
NO20	**Finnmark**	8 142	0,05%	7 654	0,07%
SUM		**15 129 157**	**100,0 %**	**10 928 322**	**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 31.12.2013

	No of Shares	A-Shares	B-Shares	Ownership	Share of votes
SpareBank 1 SMN	4 645 000	1 200 000	3 445 000	34,05%	34,05%
SpareBank 1 SR-Bank ASA	3 719 913	1 200 000	2 519 913	27,27%	27,27%
SpareBank 1 Nord-Norge	2 853 500	400 000	2 453 500	20,92%	20,92%
SpareBank 1 Ringerike Hadeland	422 433	-	422 433	3,10%	3,10%
Sparebanken Hedmark	400 000	400 000	-	2,93%	2,93%
SpareBank 1 Buskerud Vestfold	298 148	-	298 148	2,19%	2,19%
SpareBank 1 Østfold Akershus	256 877	-	256 877	1,88%	1,88%
Sparebanken Telemark	250 473	-	250 473	1,84%	1,84%

SpareBank 1 Hallingdal	158 680	-	158 680	1,16%	1,16%
SpareBank 1 Nordvest	129 981	-	129 981	0,95%	0,95%
Modum Sparebank	106 735	-	106 735	0,78%	0,78%
SpareBank 1 Nøtterøy Tønsberg	95 114	-	95 114	0,70%	0,70%
SpareBank 1 Søre Sunnmøre	94 165	-	94 165	0,69%	0,69%
SpareBank 1 Gudbrandsdal	80 170	-	80 170	0,59%	0,59%
Lom og Skjåk Sparebank	75 902	-	75 902	0,56%	0,56%
Sparebanken Vest	52 909	-	52 909	0,39%	0,39%
BN Bank ASA	-	-	-	0,00%	0,00%
Totalt	**13 640 000**	**3 200 000**	**10 440 000**	**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 Share Capital

NOK 1 000

	Share capital	Premium share fund	Declared dividend	Fund for unrealised profits	Other equity capital	Total equity capital
Equity Capital as of 01.01.13	1 044 000	261 000	21 924		863	1 327 787
Changes during the year						
capital increase 27.02.2013	60 000	15 000	-	-	-	75 000
capital increase 25.04.2013	20 000	5 000	-	-	-	25 000
capital increase 28.05.2013	80 000	20 000	-	-	-	100 000
Betalt utbytte 29.05.2013	-	-	-21 924	-	-	-21 924
capital increase 15.10.2013	160 000	40 000	-	-	-	200 000
Profit for the year	-	-	32 736	-	31	32 767
Equity Capital as of 31.12.13	**1 364 000**	**341 000**	**32 736**	**-**	**894**	**1 738 630**

Note 16 Liabilities incurred by issuing Securities

NOK 1 000	Nominal value * 2013	Nominal value * 2012
Senior unsecured Bonds	1 870 000	1 620 000
Repurchased senior unsecured bonds	-519 000	-
Covered bonds	12 116 900	9 674 500
Withdrawn from the Norwegian Central Bank Swap Facility	3 759 168	6 392 915
Bonds deposited in the Norwegian Central Bank Swap Facility	-4 042 500	-6 874 500
Repurchased covered bonds	-75 000	-25 000
Total liabilities incurred by issuing securities	13 109 568	**10 787 915**

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

NOK 1 000	Book value 2013	Book value 2012
Senior unsecured Bonds	1 870 000	1 619 988
Repurchased senior unsecured bonds	-518 936	-
Covered bonds	12 126 071	9 723 686
Withdrawn from the Norwegian Central Bank Swap Facility	3 758 999	6 396 953
Bonds deposited in the Norwegian Central Bank Swap Facility	-4 042 500	-6 874 500
Repurchased covered bonds	-73 298	-25 041
Activated costs incurred by issuing debt	-909	-906
Accrued interest	99 563	51 727
Total liabilities incurred by issuing securities	**13 218 990**	**10 891 907**

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

Senior Unsecured **Year**	Nominal value * **2013**	Nominal value * **2012**
2014	-	1 620 000
2015	1 351 000	-
Total	**1 351 000**	**1 620 000**

Covered Bonds in Central Bank Swap Facility **Year**	Nominal value * **2013**	Nominal value * **2012**
2013	-	2 633 747
2014	3 759 168	3 759 168
Sum	**3 759 168**	**6 392 915**

Covered Bonds **Year**	Nominal value * **2013**	Nominal value * **2012**
2015	875 000	775 000

2016	949 600	-
2017	600 000	500 000
2018	1 524 800	-
2019	2 000 000	1 500 000
2020	-	-
2021	700 000	-
2022	-	-
2023	550 000	-
2024	-	-
2025	200 000	-
2026	-	-
2027	-	-
2028	600 000	-
Total	**7 999 400**	**2 775 000**
Grand Total	**13 109 568**	**10 787 915**

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

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

NOK 1 000	**2013**	**2012**
NOK	11 823 712	10 891 907
SEK	1 395 278	-
Total	**13 218 990**	**10 891 907**

Note 17 Subordinated Debt

NOK 1 000

Amount		Terms	Final Maturity	Initial Maturity	2013	2012
Non-perpetual Tier 2						
364 000	NOK	3 month Nibor + margin	2023	2018	**346 000**	-
Total for bonds with a due date					**346 000**	-
Perpetual Tier 1						
173 000	NOK	3 month Nibor + margin	Perpetual	2018	**173 000**	-
Total subordinated perpetual					**173 000**	-
Accrued Interest					**3 287**	-
Total subordinated debt					**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, 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	**2013**	2012
Tier 2 capital, nominal value	**346 000**	-
Additional Tier 1, nominal value	**173 000**	-
Valuation adjustments	**-**	-
Accrued interest	**3 287**	-
Total Tier 2 and Additional Tier 1 capital	**522 287**	-

Changes in liabilities incurred by issuing Tier 2 / Additional Tier 1	**Balance**	**Issued 2013**	**Matured/ Repaid 2013**	**FX and other changes 2013**	**Balance 31/12/2013**
Tier 2 capital, nominal value	-	346 000	-	-	**346 000**
Additional Tier 1, nominal value	-	173 000	-	-	**173 000**
Valuation adjustments	-	-	-	-	**-**
Accrued interest	-	-	-	3 287	**3 287**
Total Tier 2 and Additional Tier 1 capital	-	**519 000**	**-**	**3 287**	**522 287**

Note 18 Financial Derivatives

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

	2013			2012		
NOK 1 000	**Nom. Amount**	**Assets**	**Liabilities**	**Nom. Amount**	**Assets**	**Liabilities**
Interest rate swap						
Interest rate swap	2 950 000	108 102	-16 048	7 967 000	86 551	-
Total Interest rate swap	**2 950 000**	**108 102**	**-16 048**	**7 967 000**	**86 551**	**-**
Cross currency swaps						
Cross currency swaps	1 424 400	27 882	-	-	-	-
Total cross currency swaps	**1 424 400**	**27 882**	**-**	**-**	**-**	**-**
Total interest rate and cross curreny swaps	**4 374 400**	**135 984**	**-16 048**	**7 967 000**	**86 551**	**-**

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	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
Due to banks	-	251 111	-	251 111

Financial derivatives	16 048	-	-	16 048
Deferred taxes	-	-	19 911	19 911
Taxes payable	-	-	-	-
Other liabilities	-	-	2 739	2 739
Total Liabilities	**9 353 950**	**4 654 486**	**22 650**	**14 031 086**
Total Equity	**-**	**-**	**1 738 630**	**-**
Total Liabilities and Equity	**9 353 950**	**4 654 486**	**1 761 280**	**15 769 716**

NOK 1 000	Financial instru-ments accounted for at fair value *	Financial assets and debt accounted for at amortised cost	Non-financial assets and liabilities	**2012**
Assets				
Deposits at and receivables from financial institutions	-	-	965	965
Norwegian government short term debt certificates	350 728	-	-	350 728
Bonds	546 507	-	-	546 507
Lending to customers	-	392 867	-	392 867
Financial derivatives	-	11 004 463	-	11 004 463
Other assets	86 551	-	-	86 551
Total Assets	**983 786**	**11 397 330**	**965**	**12 382 081**
Liabilities				
Debt incurred by issuing securities	7 988 161	2 903 746	-	10 891 907
Due to banks	-	150 969	-	150 969
Financial derivatives	-	-	-	-
Deferred taxes	-	-	7 641	7 641
Taxes payable	-	-	-	-
Other liabilities	-	-	3 777	3 777
Total Liabilities	7 988 161	3 054 715	11 418	11 054 294
Total Equity			1 327 787	1 327 787
Total Liabilities and Equity	7 988 161	3 054 715	1 339 205	12 382 081

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

Note 20 Financial Instruments at Fair Value

Methods in order to determine fair value

General

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

Interest rate and currency swaps

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

Bonds

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

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

- Quoted price in an active market for an identical asset or liability (level 1)

- Valuation based on observable factors either direct (prices) or indirected (deduced from prices used in level 1) other than quoted price for the asset or liability (Level 2)

- The valuation is based on factors that are not found in observable markets (non-observable assumptions) (level 3)

The following numbers present the company's assets and liabilities at fair value as of 31.12.2013

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

The following numbers present the company's assets and liabilities at fair value as of 31.12.2012

NOK 1 000

	Level 1	Level 2	Level 3	Total
Bonds and bills	546 507	350 728	-	-
Financial Derivatives	-	86 551	-	86 551
Total Assets	546 507	437 279	-	86 551
Bonds	-	7 988 161	-	7 988 161
Financial Derivatives	-	-	-	-
Total Liabilities	-	7 988 161	-	7 988 161

Note 21 Other Liabilities

NOK 1 000	**2013**	**2012**
Due to SpareBank 1 Boligkreditt AS	1 140	1 552
Other liabilities incl. amounts due to Boligkreditt	2 739	2 225
Total other liabil-ities	**2 738**	**3 777**

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

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 Nærinsgkreditt AS and when agreed. Credit risk mainly includes loans to customers which are collateralised by commercial real estate (commercial mortgage loans), but also includes credit risk in derivatives contracts (counterparty credit risk) and investment in bonds within the Company's liquidity portfolio. SpareBank 1 Næringskreditt AS maintains a credit policy and limits in order to manage and closely monitor all credit risk the company is exposed to. If actual losses occur in the Company's portfolio of mortgage loans, SpareBank 1 Næringskreditt AS has the right to off-set such losses with up to one year worth of commissions it would otherwise pay to the bank which originated and sold such loans to Næringskreditt. In order to avoid that commissions are paid for loans where losses have occurred, the Company retains the cash for 18 months before paying this out to the shareholder banks as commissions. Since the formation of the Company, no deductions have been made to the commissions payable to the shareholder 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	2013	2012
Loans to customers	15 238 915	11 004 463
Loans to and deposits with credit institutions	357 888	392 866
Government certificates	36 774	546 507
Bonds	-	350 728
Financial derivatives	135 983	86 551
Total assets	**15 769 560**	**12 381 116**
Received collateral in connection with derivative	-	-
Total credit exposure	**15 769 560**	**12 381 116**

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.

Financial derivatives

Derivative contracts are only entered into with counterparties rated minimum A2 by Moody's Ratings Service, respectively. 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 in either NOK or EUR. 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.

Loans to customers

The risk classification of the Company's loan portfolio takes place based on an assessment and grouping of the individual loans. The assessment is based on the following main principles:

• The customer's ability to pay (present and future cash flows)
• The customer's willingness to pay (late payments and missed payments)
• The size of the mortgage loan
• The loan to value
• Property location

The Compnay 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 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 expected loss (PD multiplied by LGD for each individual loan).

Definition of risk groups - based on expected loss per 31.12.2013

Risk Group	Lower limits	Upper limits	Distribution in %	Total commit-ment
Lowest	0,00%	0,01%	62%	9 309 577
Low	0,01%	0,05%	27%	4 009 539
Medium	0,05%	0,20%	7%	1 099 763
High	0,20%	0,50%	5%	696 598
Very high	0,50%	100%	0%	0
Defaults			0%	0
Total			100%	15 129 157

* Total exposures are presented as exposure at default exclusive of accrued interest and before group loan loss provisions.

** Default is defined as arrears with a duration above 90 days.

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.
The Company has adopted the following policy for its liqudity manageement:

In order to manage the liquidity risk certain limits and liquidity reserves have been approved by the Board of Directors. SpareBank 1 Boligkreditt 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 twelve months. Liquidity risk is monitored on a regular basis and weekly reports are presented to the administration 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.

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 Board approves limits for interest rate risk for different terms. Reports to the Board are presented on a monthly basis. The table below reports the effect on market value in NOK for one per cent change in interest rates for the Company's portfolios of mortgages, derivatives and issued bonds. The interest rate sensitivity shows expected effect on revenues from a one per cent (100 basis points) parallel shift in the interest rate curve.

		Sensitivity of new interest rate expense in NOK 1000	
Currency	**Change in basis points**	**2013**	**2012**
NOK	100	4 569	5 199

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 balanse consists mainly of lending to customers in Norway and in NOK, current deposits in NOK and liabilities issued in the Norwegian or international capital markets. In accordance with the Norwegian covered bond legislation and its internal guidelines the Company hedges all currency risk, either by the utilisation of swaps or by way of asset liability management, i.e. mainting exposures in assets and liabilities of the same currency. Weekly risk reports are created by the management team and reports to the Board of Directors have a monthly frequency. The currency risk (sensitivity to currency movements) are 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.

	Net currency exposure in NOK 1000	
Currency	**2013**	**2012**
SEK	**-1**	**-**
- Bank Deposits	**-**	**-**
- Issued Bonds	-1 428 368	-
- Derivatives	1 428 367	-
- Bond investments	-	-
SUM	**-1**	-

		P&L effect before tax, in NOK 1000	
Currency	**Change in Exchange Rate (per cent)**	**2013**	**2012**
SEK	+10	-	-
SUM		-	-

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 31.12.2012 is approximately NOK 5,5 million (refer also to the note on capital adequacy) and is seen as adequate.

Note 24 Asset Coverage Requirement

The asset is calculated according to the Financial Institutions Act §2-31 (OmF-law)

NOK 1 000	2013	2012
Covered Bonds	12 220 072	9 764 383
Repurchased Bonds	-74 353	-25 043
Derivatives	-119 936	-86 551
Total Covered Bonds	12 025 783	9 652 789
Lending to customers	15 196 289	10 976 177
Derivatives	36 774	-
Substitute collateral	357 971	1 286 878
Total Cover Pool	15 591 034	12 263 055
Asset-coverage	129,6 %	127,0 %

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 12.5% total capital includes a 9% 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.

Subordinated capital in NOK 1 000	**2013**	**2012**
Share capital	1 364 000	1 044 000
Premium share fund	341 000	261 000
Other equity capital	863	863
Result for the period	32 767	21 924
Total equity capital entered into the balance sheet	1 738 630	1 327 787
Intangible assets	-156	-965
Deferred taxes	-	-
Declared share dividend	-32 736	-21 924
Additional tier 1 capital	173 000	-
Total tier 1 capital	1 878 738	1 304 898
Supplementary Capital		
Additional tier 1 (exceeding 15% and 35 %)	-	-
Additional tier 2 capital	346 000	-
Total supplementary capital (tier 2)	346 000	-
Total capital	**2 224 738**	**1 304 898**

Minimum requirements for capital according to Basel II i NOK 1 000	**2 013**	**2 012**
Credit risk	1 191 767	843 008
Market risk	-	-
Operational risk	5 489	4 683
Depreciation on groups of loans	-512	-512
Minimum capital requirement	**1 196 744**	**847 179**

Capital Adequacy

	2013	2012
Capital Ratio (%)	14,87%	12,32%
Tier 1 Capital Ratio (%)	12,56%	12.32%
Core Tier 1 Capital Ratio (%)	11,40%	12,32%

Note 26 Related parties

SpareBank 1 Næringskreditt AS has entered into a number of transactions with the shareholder banks, ie. purchase of commercial mortgage loans, deposits placed with the shareholder banks, and unsecured debt from the shareholder banks to the Company. As per reporting date the Company has purchased loans from BN Bank ASA og SpareBank1 SR Bank ASA and SpareBank 1 SMN, SpareBank 1 Nord-Norge and 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 employess (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 2013 accrued a balance of NOK170,7 million in commissions payable to the share holder banks. The total amount of retained commission payable to the shareholder banks is NOK 251,1 million as per 31.12.2013. Prhe commissions are calculated as the difference between the interest on the mortgage assets and the interest on the Company's issued bonds, also taking into account the administration costs of the Company.

Note 27 Contingencies

Sparebank 1 Næringskreditt is not party to any 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 2,40 per share and the total dividend is thus NOK 32,7 million.

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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, 2013, and the income statement, the statement of total profit/loss, statement of 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, 2013, 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 and 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, 4 March 2014
Deloitte AS

Bjarte M. Jonassen
State Authorised Public Accountant (Norway)

Translation has been made for information purposes only