



NÆRINGSKREDITT

3rd Quarterly Report 2014

Feeling Norway

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Statement of the Board of Directors as of Sept 30, 2014

Key numbers

	<u>3Q 2014</u>	<u>2Q 2014</u>	<u>1Q 2014</u>	<u>4Q 2013</u>
Number of mortgages	457	455	457	453
Average balance per mortgage (NOK mill)	34,3	34,4	34,3	33,4
Number of borrowers	321	317	319	
Average weighted LTV	45.2%	45.9%	46.4%	47.4%
Cover Pool Over Collateralisation	129.5%	131.2%	127.3%	129.6%

Key events during the third quarter of 2014

The Company's loan volume has developed moderately from the beginning of the year to Sept 30, 2014 with an increase of 3.4% to NOK 15.8 bn in gross lending (which does not include a material change during the 3rd quarter). The work undertaken to make Næringskreditt accessible to further SpareBank 1 banks is ongoing and we expect that two more banks will transfer loans during the second half of 2014. As of September 30, 2014 the four largest SpareBank 1 banks in addition to BN Bank connected to Næringskreditt and its processes. When the lending volume shows a moderate increases this is due to that the commercial mortgage lending growth in the banks is low, and also that the banks enjoy good access to other financing sources in addition to covered bonds.

Næringskreditt issued during the 3rd quarter a new EUR 20 million covered bond under a newly signed programme, SEK 250 million and somewhat above NOK 1 bn in taps of existing covered bonds. The proceeds have been used to increase the liquidity portfolio in order to meet 2015 maturities and in anticipation of acquisition of new loans during the fourth quarter.

Nature and development of the Company's business

SpareBank 1 Næringskreditt AS is a credit institution licensed by the Norwegian Financial Services Authority (Finanstilsynet) and is operated according to the legislation for covered bond issuers in Norway which is enshrined in the law regarding financial enterprises ("Finansieringsvirksomhetsloven") chapter 2, section IV and the detailed regulations thereof.

The purpose of the Company is to provide funding for the owners by buying residential mortgage loans with a loan-to-value ("LTV") of up to 60% and financing these primarily through the issuance of covered bonds. The Company which is based in Stavanger, is owned by banks which are members of the SpareBank 1 Alliance. An agreement is signed with each parent bank regarding the purchase and transfer of commercial mortgages and the services which the parent banks owe to the Company and the Company's customers in this regard.

Quarterly Accounts

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

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

The total balance sheet amounts to NOK 17.9 billion at the end of the quarter and NOK 15.8 billion at the end of the previous year. The Company had during the quarter net interest income of NOK 127.2 million, including commissions earned by the ownership banks and accrued as an expense to SpareBank 1 Næringskreditt, compared to 35.7 million for the first three quarters

of 2013. The costs of operations were NOK 9.3 million including amortisation and depreciation compared to 7.8 million for the same period last year. No additional amounts have been charged as loan provisions (write offs) during the quarter, in addition to the NOK 6.4 million in cumulative group loan loss provisions as of 31.12.13. No actual loan losses have occurred. In total the quarter's pre-tax result was NOK 120.0 million, compared to 26.7 million for the first nine months 2013.

Lending to customers amounted to NOK 15.8 billion at the end of the third quarter 2014 and 15.2 billion at the end of 2013. The cash and cash equivalents at 30.09.14 amounted to NOK 1,022 million and is somewhat high in anticipation of additional loan acquisitions during the 4th quarter. During the first quarter the Company's equity has increased with NOK 100 million and stands at NOK 1,914 million (including the period's net profit). The Tier 1 capital ratio for the Company was 12.36% as of September 30, 2014, whereof 11.29% was the core equity ratio. The total capital ratio was 14.75%. The Board of Directors views the capital strength as good.

Risk Aspects

SpareBank 1 Næringskreditt 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 portfolio which consists of mortgages up to 60% LTV is the reason for why the Board of Directors assess the credit risk to be lower compared to other banks in general.

Market risk is defined as the risk of losses due to changes in market rates, i.e. interest rates, exchange rates and the prices of financial instruments. At the end of the quarter SpareBank 1 Næringskreditt AS had issued bonds for approximately NOK 12.5 billion and SEK 1.8 billion as well as EUR 102 million. All borrowing and investments with a fixed coupon and all borrowings and investments denominated in a foreign currency are hedged by financial currency and/or interest rate swaps or through other natural hedges, in order to convert the effective cash flow on this debt to a NOK floating rate (3 months NIBOR). The Company had as of 30.09.2014 only moderate interest rate risk and immaterial amounts of currency risk.

Liquidity risk is defined as the risk that the Company is not able to meet its obligations at maturity or to be able to finance the purchase of loans at normal terms and conditions. Liquidity risk is managed based upon a liquidity strategy approved by the Board. According to the strategy, SpareBank 1 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 in a scenario where no interest payments would be received from the loan portfolio. The Company's liquidity situation is good.

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

The Company is focused on identifying, measure and manage and follow up on central areas of risk which contributes to that Næringskreditt achieves its strategic goals. Please reference the annual report for more information on this.

Future Prospects of the Company

SpareBank 1 Næringskreditt's future prospects have not materially changed from the assessment presented in connection with the annual accounts for 2013.

Macroeconomic development:

According to preliminary seasonally-adjusted volume figures, Mainland Norway's gross domestic product (GDP) was up 1.2 per cent from the quarter before and this was a strong growth which is not expected to continue in the following quarters. Household final consumption expenditures rose 0.8 per cent in the 2nd quarter this year, after increasing 0.9% in the previous quarter. The previous fast pace of growth in the oil based investments was reduced after the third quarter of 2013, and has been declining for two quarters. In the 2nd quarter 2014 the investment level was at the same level as in the first quarter.

Economic outlook¹:

Reduced demand from the oil sector and a continued weak international development is dampening the growth in the Norwegian economy in the short to mid-term. Somewhat higher growth in demand from mainland Norway is insufficient to prevent mainland GDP growth from increasing at a slightly slower pace in 2015 compared to the current year, and from unemployment to inch up slightly. Statistics Norway is forecasting a markedly improved growth in 2016 as of the 4th of September 2014.

Prognoser	2014	2015	2016	2017
Mainland GDP growth	2.2	2.1	3	2.8
Unemployment rate	3.4	3.7	3.6	3.5
CPI growth	2.1	1.7	1.7	1.9
Annual wage growth	3.5	3.5	3.5	3.6

The Board of Directors affirms that the financial accounts present a correct and complete picture of the Company's operations and financial position. No material events have occurred after the end of the first quarter which is expected to affect these quarterly accounts for the first quarter 2014.

Stavanger September 30, 2014 / October 23, 2014

The Board of Directors of SpareBank 1 Næringskreditt AS


Kjell Førdal
Styrets leder


Rolf Eigil Bygdnes


Knut Oscar Fleten


Merete Eik


Heidi Larson

Arve Austestad
Adm direktør

¹ Macroeconomic prospects and forecasts have been sourced from Statistics Norway.

Statement of the members of the Board and the Chief Executive Officer

The Board and the chief executive officer have today reviewed and approved the financial accounts for the first nine months of 2014 for SpareBank 1 Næringskreditt AS. The financial 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 30.09.14.

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 September 30, 2014 / October 23, 2014


The Board of Directors of SpareBank 1 Næringskreditt AS



Kjell Førdal
Styrets leder



Rolf Eigil Bygdnes




Knut Oscar Fleten



Merete Eik



Heidi Larsen



Arve Austestad
Adm direktør

Income Statement as of Sept 30, 2014

NOK 1 000	Note	30.09.14	30.09.13	2013
Interest income	2	414 805	281 145	385 796
Interest expense	2	287 592	245 471	330 776
Net interest income		127 213	35 674	55 020
Net gains/losses on financial instruments	3	2 115	-1 110	-531
Total other operating income		2 115	-1 110	-531
Total operating income		129 328	34 564	54 489
Salaries and other personnel expenses		4 190	3 330	4 227
Administration expenses		3 176	2 290	2 904
Other operating expenses	4	1 549	1 615	2 069
Amortization/Depreciation		406	607	809
Total operating expenses		9 321	7 842	10 009
Operating profit before losses		120 007	26 722	44 480
Impairment losses on loans		-	-	0
Operating profit before tax		120 007	26 722	44 480
Tax expense		32 402	7 480	11 713
Net profit		87 605	19 242	32 767


Comprehensive Income Statement as of Sept 30, 2014


NOK 1 000	30.09.14	30.09.13	2013
Net profit	87 605	19 242	32 767
Total profit	87 605	19 242	32 767
Allocations of total profit:			
Dividends			32 736
Other equity	87 605	19 242	31
Sum	87 605	19 242	32 767

Balance sheet as of September 30th 2014

NOK 1 000	Note	30.09.14	30.09.13	2013
Assets				
Deposits with credit institutions	10	923 151	236 765	357 888
Norwegian Government bills	10, 11	99 450	299 070	36 774
Bonds	10, 11	777 653	-	-
Lending to customers	5	15 774 540	13 713 043	15 238 915
Financial derivatives	9, 10, 11	285 939	90 240	135 983
Other intangible assets		3 606	358	156
Total Assets		17 864 339	14 339 476	15 769 716
Liabilities and Equity				
Liabilities				
Debt incurred by issuing securities	7, 10, 11	15 079 913	12 545 190	13 218 990
Subordinated debt	8	522 309	-	522 287
Financial derivatives	9, 10, 11	71 807	25 967	16 048
Deferred taxes		19 912	7 641	19 912
Taxes payable		32 402	7 480	-
Other liabilities	12	224 497	228 093	253 849
Total Liabilities		15 950 840	12 814 370	14 031 086
Equity				
Paid in equity	6	1 725 000	1 505 000	1 705 000
Other paid in equity (not yet registered)		100 000	-	-
Accrued equity		894	864	894
Provision for dividends		-	-	32 736
Net profit		87 605	19 242	-
Total Equity		1 913 499	1 525 106	1 738 630
Total Debt and Liabilities		17 864 339	14 339 476	15 769 716

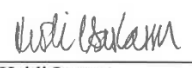

Stavanger, October 23, 2014


Kjell Fjordal
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	Not yet registered paid in equity	Declared dividends	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
Paid out dividend 15.07.2010				-8 877		-8 877
Net profit				23 128	900	24 028
Balance sheet as of 31 December 2011	944 000	236 000		23 128	934	1 204 062
Paid out dividend 23.03.2012				-23 128		-23 128
Share increase 20.09. 2012	100 000	25 000				125 000
Net profit				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 Increase 28.05.2013	80 000	20 000		-	-	100 000
Paid out dividend 29.05.2013	-	-		-21 924	-	-21 924
Share Increase 15.10.2013	160 000	40 000		-	-	200 000
Net profit	-	-		32 736	31	32 767
Balance sheet as of 31 December 2013	1 364 000	341 000		32 736	894	1 738 630
Share increase 31.01.2014	16 000	4 000				20 000
Paid out dividend 06.06.2014				-32 736		-32 736
Share increase 16.09.2014			100 000			100 000
Net profit					87 605	87 605
Balance sheet as of 30 June 2014	1 380 000	345 000	100 000	0	88 499	1 913 499

Cash flow statement September 30th 2014

NOK 1 000	30.09.2014	30.09.13	31.12.13
Cash flows from operations			
Interest received	408 528	254 959	352 180
Payments for operations	-8 871	-6 961	-10 238
Paid tax	-	-	558
Net cash flow from operations	399 657	247 998	342 500
Cash flows from investments			
Net purchase of loan portfolio	-529 348	-2 682 392	-4 200 836
Net payments on the acquisition of government bills	-62 601	247 425	509 207
Net payments on the acquisition of bonds	-777 098	350 453	350 453
Net investments in intangible assets	-3 046	-	-
Net cash flows relating to investments	-1 372 093	-2 084 514	-3 341 176
Cash flows from funding activities			
Net receipt/payment from the issuance of certificates	-	-	-
Net receipt/payment from the issuance of bonds	1 790 525	1 672 986	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	-29 790	73 298	100 142
Equity capital subscription	120 000	200 000	400 000
Paid dividend	-32 736	-21 924	-21 924
Net interest payments on funding activity	-310 300	-243 944	-323 101
Net cash flow relating to funding activities	1 537 699	1 680 416	2 963 712
Net cash flow in the period	565 263	-156 100	-34 964
Balance of cash and cash equivalents start of period	357 888	392 866	392 866
Net receipt/payments on cash	565 263	-156 101	-34 964
Exchange rate difference	-	-	(14)
Balance of cash and cash equivalents end of period	923 151	236 765	357 888

Quarterly development of the income statement and balance sheet

INCOME STATEMENT

NOK 1 000	3. quarter 2014	2. quarter 2014	1. quarter 2014	4. quarter 2013	3. quarter 2013
Interest income	139 934	141 903	132 968	104 450	94 147
Interest expense	94 527	105 413	87 651	81 945	77 332
Net interest income	45 407	36 490	45 317	22 505	16 815
Net gains/losses on financial instruments	298	2 556	-739	580	1 186
Total operating income	45 705	39 046	44 578	19 925	18 001
Salaries and other personnel expenses	1 722	1 009	1 459	897	1 369
Administration expenses	717	1 033	1 426	614	723
Other operating expenses	537	447	565	454	399
Amortization/Depreciation	258	74	74	202	202
Total operating expenses	3 234	2 564	3 524	2 167	2 693
Operating profit before losses	42 471	36 482	41 054	17 758	15 308
Impairment losses on loans		-	-	-	-
Operating profit before tax	42 471	36 482	41 054	17 758	15 308
Tax expense	11 467	9 850	11 085	4 233	4 280
Net profit	31 004	26 632	29 969	13 525	11 028

BALANCE SHEET

NOK 1 000	3. quarter 2014	2. quarter 2014	1. quarter 2014	4. quarter 2013	3. quarter 2013
Assets					
Deposits with credit institutions	923 151	163 526	547 428	357 888	236 765
Norwegian Government bills	99 450	-	131 617	36 774	299 070
Bonds	777 653	146 986	610 642	-	-
Lending to customers	15 774 540	15 760 696	15 773 020	15 238 915	13 713 043
Financial derivatives	285 939	202 038	199 682	135 983	90 240
Other intangible assets	3 606	1 507	82	156	358
Sum of Assets	17 864 339	16 274 753	17 262 471	15 769 716	14 339 476
Liabilities					
Debt incurred by issuing securities	15 079 913	13 667 387	14 667 775	13 218 990	12 545 190
Subordinated debt	522 309	522 316	522 172	522 287	-
Financial derivatives	71 807	24 752	9 453	16 048	25 967
Deferred taxes	19 912	19 912	19 912	19 912	7 641
Taxes payable	32 402	20 935	11 085	-	7 480
Other liabilities	224 497	236 955	243 475	253 850	228 092
Total Liabilities	15 950 840	14 492 257	15 473 872	14 031 086	12 814 370

Equity

Paid in equity	1 725 000	1 725 000	1 705 000	1 705 000	1 505 000
Other paid in equity (not yet registered)	100 000	-	20 000	-	-
Accrued equity	894	894	894	894	863
Net profit	-	-	32 736	32 736	-
Provision for dividends	87 605	56 602	29 969	-	19 242
Total Equity	1 913 499	1 782 496	1 788 599	1 738 630	1 525 106
Total Liabilities and Equity	17 864 339	16 274 753	17 262 471	15 769 716	14 339 476

Key figures

Number of shares	14 600 000	13 800 000	13 800 000	13 640 000	12 040 000
Net profit per share	0,2124 %	0,1930 %	0,2172 %	0,0992 %	0,0916 %

Notes to the Accounts as of September 30th 2014

Note 1 General Information

1.1 General Information

SpareBank 1 Næringskreditt AS quarterly accounts for the period 01.01.-31.03.14 have been prepared in accordance with "International Financial Reporting Standards" (IFRS), as determined by the EU and published by "International Accounting Standards Board" (IASB). The accounting principles listed below should be read in conjunction with the accounting principles as detailed in the annual accounts for 2013.

1.2 Accounting Principles

The Company's accounting principles and methods of computation/estimation are in all material aspects unchanged compared to the annual accounts for 2013. The principles below should be read together with the accounting principles in the annual accounts for 2013.

1.3 Segment

A business segment is a grouping of assets or business activity which produces products or services, and which is subject to risk and return which is different to that of other business segments. The Company has one segment, which is the commercial property segment. This segment consists of lending to commercial properties and all loans have been acquired from banks in the SpareBank 1 Alliance.

1.4 Pension

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. SpareBank 1 Boligkreditt AS currently has two types of pension schemes.

1.5 Financial risk management

For a discussion of financial risk management, please refer to notes 3, 22 and 23 in the annual accounts for 2013.

1.6 Estimates

The presentation of financial information 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. In the annual accounts for 2013 a discussion of these estimates and assumptions have been included in note 4.

Note 2 Net Interest Income

NOK 1 000	30.09.14	30.09.13	2013
Interest income			
Interest income and similar income from loans to and balances with credit institutions	19 799	31 099	35 852
Interest income and similar income from loans to and balances with customers	469 936	373 958	520 651
Commission expense (payable to shareholder banks)*	-74 930	-123 912	-170 708
Total interest income	414 805	281 145	385 795

* 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	-	-	-
Interest expense and similar expenses on issued bonds	268 569	245 471	327 416
Interest expense on issued certificates	-	-	-
Interest expense on subordinated debt	19 023	-	3 287
Other interest expense	-	-	73
Total interest expense	287 592	245 471	330 776
Net interest income	127 213	35 674	55 019

Note 3 Net Gains from Financial Instruments

NOK 1 000	30.09.14	30.09.13	2013
Net gains (losses) from financial liabilities	-903	55 133	-2 089
Net gains (losses) from financial assets	-198 024	-2 085	38 028
Net gains (losses) from financial derivatives, hedging, at fair value	201 042	-54 158	-36 470
Netto gains (losses)	2 115	-1 110	-531

Note 4 Other Operating Expenses

NOK 1 000	30.09.14	30.09.13	2013
IT services	1 345	1 314	1 871
Other operating expenses	204	301	198
Sum	1 549	1 615	2 069

Note 5 Lending to Customers

NOK 1 000	30.09.14	30.09.13	2013
Amortizing loans - estimated at amortized costs	15 658 505	13 610 714	15 129 157
Amortizing loans - estimated at fair value over the income statement	122 431	108 725	116 154
Total loans before accrued interest	15 780 936	13 719 439	15 245 311
Individual loan loss provisions			-
Group loan loss provisions	6 396	6 396	6 396
Net lending to customers	15 774 540	13 713 043	15 238 915
Defaulted loans			
Defaults*	0.00%	0.00%	0.00%
Specified loan loss provisions	0.00%	0.00%	0.00%
Net defaulted loans	0.00%	0.00%	0.00%
Loans at risk of loss			
Loans not defaulted but at risk of loss	0.00%	0.00%	0.00%
- Write downs on loans at risk of loss	0.00%	0.00%	0.00%
Net other loans at risk of loss	0.00%	0.00%	0.00%

*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

Note 6 Equity and Shareholders Information

OVERVIEW OF SHAREHOLDERS AS OF 30.09.2014

NOK 1 000	Number of shares	A-shares	B-shares	Ownership stake	Vote
SpareBank 1 SMN	4 645 000	1 200 000	3 445 000	33,66 %	33,66 %
SpareBank 1 SR-Bank ASA	3 719 913	1 200 000	2 519 913	26,96 %	26,96 %
SpareBank 1 Nord-Norge	2 853 500	400 000	2 453 500	20,68 %	20,68 %
SpareBank 1 Ringerike Hadeland	422 433	-	422 433	3,06 %	3,06 %
Sparebanken Hedmark	560 000	560 000	-	4,06 %	4,06 %
SpareBank 1 Buskerud Vestfold	298 148	-	298 148	2,16 %	2,16 %
SpareBank 1 Østfold Akershus	256 877	-	256 877	1,86 %	1,86 %
Sparebanken Telemark	250 473	-	250 473	1,82 %	1,82 %
SpareBank 1 Hallingdal	158 680	-	158 680	1,15 %	1,15 %
SpareBank 1 Nordvest	129 981	-	129 981	0,94 %	0,94 %
Modum Sparebank	106 735	-	106 735	0,77 %	0,77 %
SpareBank 1 Nøtterøy Tønsberg	95 114	-	95 114	0,69 %	0,69 %
SpareBank 1 Søre Sunnmøre	94 165	-	94 165	0,68 %	0,68 %
SpareBank 1 Gudbrandsdal	80 170	-	80 170	0,58 %	0,58 %
Lom og Skjåk Sparebank	75 902	-	75 902	0,55 %	0,55 %
Sparebanken Vest	52 909	-	52 909	0,38 %	0,38 %
Sum	13 800 000	3 360 000	10 440 000	100%	100%

The equity capital consists of 3,360,000 A-shares and 10,440,000 B-shares, each with a face value of NOK 125. The A-shares reflect loans transferred (or reserved for future transfers) from the banks. B-shares reflect loans transferred to the Company by banks mutually owned by the other banks (as of today this pertains only to BN Bank ASA). The B-shares are allocated amongst the banks according to their ownership share in the mutually owned banks. A-shares and B-shares carry the same rights, with the one exemption that dividends may be differentiated between the share classes. In September 2014 a share increase took place, whereby the owners of BN Bank increased their holding by 800,000 B shares. This increase is as of Sept 30, 2014 not yet registered and is therefore not reflected in the table above.

Note 7 Liabilities Incurred by Issuing Securities

NOK 1 000	Nominal value* 30.09.2014	Nominal value* 30.09.2013	Nominal value* 2013
Senior unsecured Bonds	2 455 000	1 870 000	1 870 000
Repurchased senior unsecured bonds	-1 100 000	-	-519 000
Covered bonds	13 544 505	10 955 480	12 116 900
Withdrawn from the Norwegian Central Bank Swap Facility	-	3 759 168	3 759 168
Bonds deposited in the Norwegian Central Bank Swap Facility	-	-4 042 500	-4 042 500
Repurchased covered bonds	-50 000	-75 000	-75 000
Total liabilities incurred by issuing securities	14 849 505	12 467 148	13 109 568

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

NOK 1 000	Book value 30.09.14	Book value 30.09.13	Book value 2013
Senior unsecured Bonds	2 454 860	1 870 000	1 870 000
Repurchased senior unsecured bonds	-1 115 776	-	-518 936
Covered bonds	13 721 889	10 947 988	12 126 071
Withdrawn from the Norwegian Central Bank Swap Facility	0	3 761 187	3 758 999
Bonds deposited in the Norwegian Central Bank Swap Facility	0	-4 042 500	-4 042 500
Repurchased covered bonds	-51 973	-73 300	-73 298
Activated costs incurred by issuing debt	-602	-651	-909
Accrued interest	71 515	82 467	99 563
Total liabilities incurred by issuing securities	15 079 913	12 545 191	13 218 990

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

Senior unsecured Year	Nominal value* 30.09.14	Nominal value* 30.09.2013	Nominal value* 2013
2014			-
2015		1 870 000	1 351 000
2016	1 355 000	-	
Sum	1 355 000	1 870 000	1 351 000

Covered Bonds in Central Bank Swap Facility Year	Nominal value* 30.09.14	Nominal value* 30.09.2013	Nominal value* 2013
2013	-	-	-
2014	-	3 759 168	3 759 168
2015	-		
Sum	-	3 759 168	3 759 168

Covered bonds	Nominal value*	Nominal value*	Nominal value*
Year	30.09.14	30.09.2013	2013
2015	865 000	875 000	875 000
2016	928 600	562 980	949 600
2017	600 000	600 000	600 000
2018	2 128 425	1 050 000	1 524 800
2019	3 650 000	1 700 000	2 000 000
2020	2 100 000	-	-
2021	963 000	700 000	700 000
2022	-	-	-
2023	550 000	550 000	550 000
2024	99 480	-	-
2025	200 000	200 000	200 000
2026	-	-	-
2027	-	-	-
2028	1 000 000	600 000	600 000
2029	410 000	-	-
Sum	13 494 505	6 837 980	7 999 400

Total	14 849 505	12 467 148	13 109 568
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*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	30.09.14	30.09.2013	2013
NOK	12 458 015	11 981 111	11 823 712
SEK	1 783 910	564 079	1 395 278
Euro	837 988	-	-
Sum	15 079 913	12 545 190	13 218 990

Note 8 Subordinated Debt

					Book value	Book value	Book value
NOK 1000	Year of issuance	Nominal value	Maturity	Callable	30.09.2014	30.06.13	2013
Subordinated debt Tier 2	2013	NOK 346 000	2023	2018	347 863	-	347 848
Additional Tier 1 capital	2013	NOK 173 000	Evigvarende	2018	174 446	-	174 439
Sum		NOK 519 000			522 309	-	522 287

Out of the total of NOK 519 mill in subordinated debt, NOK 173 mill is additional Tier 1 capital and NOK 346 mill is subordinated debt classified as Tier 2 capital.

Issuance expenses are activated and are reflected in the amortized costs valuation.

Additional Tier 1 capital may be a maximum of 35% of total Tier 1 capital for bonds with no maturity.

Note 9 Financial Derivatives

NOK 1 000	30.09.14	30.09.13	2013
Interest rate derivatives			
Interest rate swaps			
Nominal amount	4 550 000	6 088 000	2 950 000
Asset	278 464	85 958	108 102
Liability	-	-25 967	-16 048
Currency derivatives			
Currency swaps			
Nominal amount	2 609 119	562 980	1 424 400
Asset	7 474	4 282	27 882
Liability	-71 807	-	-
Total financial derivatives			
Nominal amount	7 159 119	6 650 980	4 374 400
Asset	285 939	90 240	135 984
Liability	-71 807	-25 967	-16 048

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

Note 10 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	30.09.14
Assets				
Deposits at and receivables from financial institutions	-	923 151	-	923 151
Norwegian government short term debt certificates	99 450	-	-	99 450
Bonds	777 653	-	-	777 653
Lending to customers	-	15 774 540	-	15 774 540
Financial derivatives	285 939	-	-	285 939
Other assets	-	-	3 606	3 606
Total Assets	1 163 042	16 697 691	3 606	17 864 339
Liabilities				
Debt incurred by issuing securities	7 457 207	7 622 707	-	15 079 913
Subordinated debt	-	522 309	-	522 309
Financial derivatives	71 807	-	-	71 807
Deferred taxes	-	-	19 912	19 912
Taxes payable	-	-	32 402	32 402
Other liabilities	-	221 321	3 176	224 497
Total Liabilities	7 529 014	8 366 337	55 490	15 950 840
Total Equity	-	-	1 913 499	1 913 499
Total Liabilities and Equity	7 529 014	8 366 337	1 968 989	17 864 339

NOK 1 000	Financial instruments accounted for at fair value*	Financial assets and debt accounted for at amortised cost	Non-finansial 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 11 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 indirect (deduced from prices used in level 1) other than quoted price for the asset or liability (Level 2)
- The valuation is based on factors that are not found in observable markets (non-observable assumptions) (level 3)

The following table present the company's assets and liabilities at fair value as of 30.09.2014

NOK 1 000	Level 1	Level2	Level 3	Total
Bonds and bills	229 430	647 673		877 103
Financial Derivatives		285 939		285 939
Total Assets	229 430	933 612	-	1 163 042
Bonds	-	7 457 207	-	7 457 207
Financial Derivatives	-	71 807	-	71 807
Total Liabilities	-	7 529 014	-	7 529 014

The following table 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

Note 12 Other Liabilities

NOK 1 000	30.09.14	30.09.13	2013
Commissions payable to shareholder banks	221 321	224 267	251 111
Due to SpareBank 1 Boligkreditt AS	1 774	1 446	1 140
Other liabilities	1 402	2 380	1 598
Total other liabilities	224 497	228 093	253 849

The Company maintains no line of credit / overdraft facility.

Note 13 Asset Coverage Requirement

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

NOK 1 000	30.09.14	30.09.13	2013
Covered Bonds	13 788 072	11 021 577	12 220 072
Repurchased Bonds	(52 534)	(73 863)	-74 353
Derivatives	(214 132)	(64 274)	-119 936
Total Covered Bonds	13 521 406	10 883 440	12 025 783
Lending to customers	15 711 643	13 691 524	15 196 289
Derivatives	99 450	299 070	36 774
Substitute collateral	1 700 804	236 838	357 971
Total Cover Pool	17 511 897	14 227 432	15 591 034
Asset-coverage	129,5 %	130,7 %	129,6 %

Note 14 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 Pillar 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. SpareBank 1 Næringskreditt introduces the capital coverage as per the CRD IV requirements as of 30.09.2014.

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.

Equity capital i NOK 1 000	30.09.14	30.09.14	30.09.13	2013
Share capital	1 380 000	1 380 000	1 204 000	1 364 000
Premium share fund	345 000	345 000	301 000	341 000
Other paid in equity (not yet registered)	100 000	100 000	-	-
Other equity	894	894	863	863
Declared dividends	-	-	-	-
Net profit	-	-	-	32 767
Prudent valuation adjustment (AVA)	(1 235)			
Intangible assets	(3 606)			
Total core equity	1 821 053	1 825 894	1 505 863	1 738 630

Intangible assets	-	(3 606)	(358)	-156
Deferred tax asset	-	-	-	-
Declared dividend	-	-	-	-32 736
Perpetual capital (hybrid) securities	173 000	173 000	-	173 000
Total Tier 1 Equity	1 994 053	1 995 288	1 505 505	1 878 738

Supplementary capital

Additional tier 1 (exceeding 15% and 35%)			-	-
Additional tier 2 capital	346 000	346 000	-	346 000
Total supplementary capital	346 000	346 000	-	346 000

Total capital	2 340 053	2 341 288	1 505 505	2 224 738
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Minimum requirements for capital according to Basel II i NOK 1 000

Credit risk	1 259 861	1 255 494	1 067 377	1 191 767
Market risk	-	-	-	-
Operational risk	7 465	7 465	5 489	5 489
CVA Risk	23 916			
Depreciation on groups of loans	(512)	(512)	-	(512)
Minimum capital requirement	1 290 730	1 262 447	1 072 866	1 196 744

Capital Adequacy

Capital Ratio (%)	14,50 %	14,84 %	11,23 %	14,87 %
Tier 1 Capital Ratio (%)	12,36 %	12,64 %	11,23 %	12,56 %
Core Tier 1 Capital Ratio (%)	11,29 %	11,55 %	11,23 %	11,40 %

Note 15 Related Parties

A number of transactions are entered into between SpareBank 1 Næringskreditt AS and its shareholder banks such as the acquisition of mortgages secured in commercial property, deposits and unsecured debt issued by the Company. The Company has acquired loans from BN Bank ASA, SpareBank1 SR Bank ASA, SpareBank 1 SMN AS, Sparebanken Hedmark and SpareBank 1 Nord-Norge. A transfer and servicing agreement exists between the Company and each of the vendors of mortgages.

The Company acquires operational services from SpareBank 1 SR-Bank ASA. A Service Level Agreement has been entered into between SpareBank 1 Næringskreditt AS and SpareBank 1 SR-Bank ASA. In addition SpareBank 1 Næringskreditt AS purchases IT services from BN Bank ASA.

SpareBank1 Næringskreditt AS hires personell from SpareBank1 Boligkreditt. According to a decision by the Board of Directors in SpareBank1 Næringskreditt AS as of 17.09.09, 1/3 of av personell expense in SpareBank1 Boligkreditt AS shall be carried by SpareBank1 Næringskreditt AS. The share reflects the actual use of resources in SpareBank1 Boligkreditt AS.