



# feeling NORWAY

1ST HALF REPORT 2010 SPAREBANK 1 BOLIGKREDITT AS



# feeling NORWAY

FIG 1

Because gneiss is a hard type of rock it disintegrates more slowly than its more porous counterparts. This means thousands of rock carvings and other cultural monuments from pre-historic times remain. Pieces of history, carved in rock, under a different sky in a time far far away from our own.

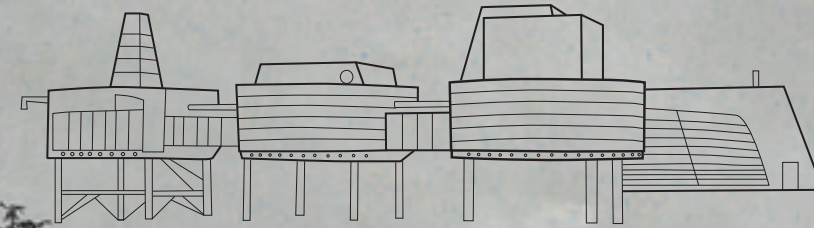


FIG 2

Gneiss is often characterized by its light and dark layers, in which belts of quartz and feldspars glimmer in intricate and beautiful patterns. This quality combined with its availability makes gneiss a popular choice for facades. It has been used in a number of prominent buildings, for instance the Oil Museum in Stavanger.

GNEISS IS A METAMORPHIC ROCK. THIS MEANS THAT IT CONTAINS A NUMBER OF PRE-EXISTING FORMATIONS, WHICH, AFTER BEING EXPOSED TO HIGH PRESSURE AND TEMPERATURE CONDITIONS, ARE MELTED TOGETHER AND RECRYSTALLIZED. THIS IS HOW THE MOUNTAIN BASE IS FORMED BEFORE IT IS COOLED-OFF AND RE-EMERGES BEFORE US AS MOUNTAINS, LIKE SILENT, WAVING IMAGES OF ETERNITY. GNEISS IS LINKED TO OLD MOUNTAIN RANGES OVER THE WHOLE WORLD. ALSO IN HERE IN NORWAY.

EVER SINCE THE HUNTERS IMPRINTED THE FIRST MAGICAL HUNTING SYMBOLS INTO THE MOUNTAIN FOUNDATION, GNEISS HAS PARTICIPATED IN OUR CULTURE AND BEEN A MEANS OF CREATIVE DEVELOPMENT, VITALITY AND WEALTH CREATION. GNEISS IS USED TODAY FOR A WIDE ARRAY OF PURPOSES SUCH AS GRAVEL, BRICKS, TOMB-STONES AND BUILDING STONE.

SOUND BUSINESS IS BUILT UPON MUTUAL TRUST. THE REPORTS PUBLISHED BY SPAREBANK 1 BOLIGKREDITT ALLOW YOU TO GET TO KNOW US AND OUR CULTURE. BY LETTING YOU FEEL NORWAY.

FIG 3

Even if gneiss is the most common type of rock in Norway, it is definitely neither ordinary nor dull. The idyllic archipelago along the Norwegian southern coast is made up mainly of gneiss and there is no other type of rock that really gives this picturesque landscape its characteristic warmth, full bodied slopes of naked rock and lazy silhouettes.



# FACT SHEET

# norway.

## KEY MACROECONOMIC FIGURES

	2006	2007	2008	2009	2010E	2011E
GDP Mainland Norway	4,9	5,6	2,2	-1,6	1,6	2,7
Inflation (CPI)	2,3	0,8	3,8	2,1	2,5	1,6
Household Consumption	4,8	5,4	1,3	0,1	4,1	3,7
Households Real Disposable Income	-6,4	6,3	3,1	3,7	3,8	3
Interest Rate 3M	3,1	5	6,2	2,5	2,5	2,8
Unemployment	3,4	2,5	2,6	3,2	3,5	3,9
Current Account Surplus/GDP	17,2	14,1	18,6	14,1	14,7	13,7
Budget Surplus/GDP	17	17	20	15	10	11
Government Pension Fund/GDP	83	89	90	112	122	133

Sources: Statistics Norway, Norwegian Finance Ministry, SpareBank 1

### Housing prices 2004-2010

Index Jan 2000=100



Source: Eiendomsverdi

## INCREASED ACTIVITY IN MAINLAND NORWAY

IN THE 2ND QUARTER OF 2010 NORWEGIAN MAINLAND GDP INCREASED FOR THE FOURTH QUARTER RUNNING. THE SECOND QUARTER SAW GROWTH OF 0,5% (AFTER 0,4%, 0,5% AND 0,2% SEASONALLY ADJUSTED QUARTER OVER QUARTER GROWTH SINCE THE 3RD QUARTER OF 2009).

BOTH INDUSTRIAL PRODUCTION AND SEVERAL SERVICE AREAS SHOWED GOOD GROWTH. DOMESTIC DEMAND INCREASED AS A RESULT OF INCREASED PUBLIC CONSUMPTION AND INCREASED INVESTMENTS. EXPORT OF TRADITIONAL GOODS ALSO INCREASED AFTER TWO QUARTERS OF NEARLY UNCHANGED GROWTH. A DECREASE IN HOUSEHOLD CONSUMPTION CONTRIBUTED NEGATIVELY TO THE AGGREGATED GROWTH PICTURE.

### A ONE-OFF EFFECT IN CONSUMPTION CONTRIBUTED NEGATIVELY TO GDP GROWTH

Household consumption fell by as much as 0,6% in the second quarter of 2010, weighing down an otherwise strong quarter. Most of the drop is attributable to the consumption of goods, including electricity which caused half the consumption reduction after a cold winter with high electricity usage in the first quarter of the year.

### INVESTMENT GROWTH

Preliminary figures from the national accounts show growth both in mainland investments and in the offshore sector in the second quarter.

The drop in residential housing investment which commenced at the end of 2007 slowed through 2009 and into 2010. From the first to the second quarter however, residential investment growth was 0,1%.

Despite the growth in the second quarter, the aggregated level of investments for the first six months of the year was lower than for the comparable period in 2009 by 5,6%. Two thirds of this drop is due to the drop in public sector investments, an expected development after the earlier expansionary efforts to mitigate the effects of the financial crisis on the national economy.

### EXPORT RETRACTION, INCREASED IMPORTS

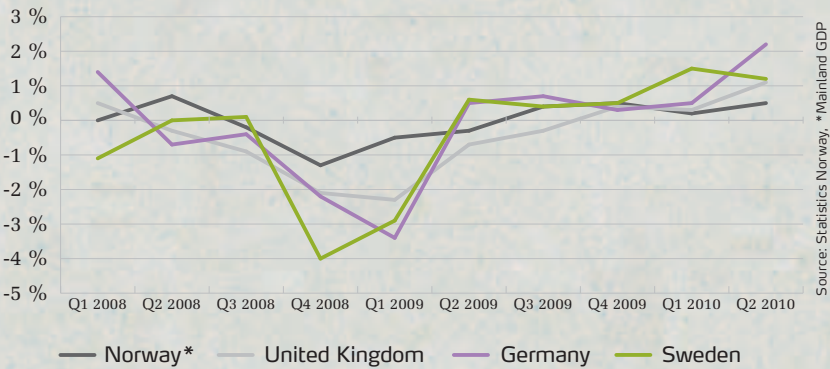
The export of traditional goods increased by 0,8% in the second quarter 2010 while imports grew by 4,6% in the same period. Norwegians imported traditional goods and much of the growth was to be found in metals and the finished manufactured goods categories. The strong Norwegian krone was one of the likely causes of the export-import developments in the quarter.

### MILD DROP IN EMPLOYMENT

The drop in employment commenced with the financial crisis in the second half of 2008, but has slowed in the last three quarters. Within manufacturing there was a drop of 0,9% in employed persons the second quarter while the retail sector shed 1,4%. Increased local public administration employment levels mitigated these effects and balanced the overall employment picture for a total 0.1% reduction in the number of employed persons.

### NORDIC AND INTERNATIONAL COMPARISON

Norway's mainland growth of 0,5% for the second quarter appears low compared with Scandinavian neighbour Sweden, which grew 1,2%, while Germany, the UK and France grew 2,2%, 1,1% and 0,6%, respectively. Norway, however, did not have a very steep fall in GDP in the fourth quarter of 2008 and into the first two quarters of 2009, and so has had less catch up to do in order to reach the overall GDP levels of before the international recession.



Source: Statistics Norway, \*Mainland GDP



# FACT SHEET

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In NOK 1 000					
Mortgages	72 367 057	PAR-test	109,1 %	Covered Bonds	78 388 843
Treasury Bills	8 941 315	Company target	109,0 %		
Substitute Collateral	2 600 960			Swaps	-1 470 278
Total	83 909 332			Total	76 918 565

**Asset Coverage test**  
The Asset Coverage test shows the ratio of assets to liabilities at any given time. This test is carried out on a weekly basis to ensure that the asset coverage remains above the minimum requirement and near the target ratio.

Cover Pool details*	30-06-10
Total mortgage portfolio (in NOK 1000)	72 367 057
Number of loans	67 081
Average loan size (in NOK 1000)	1 079
% of non-performing loans	0,000 %

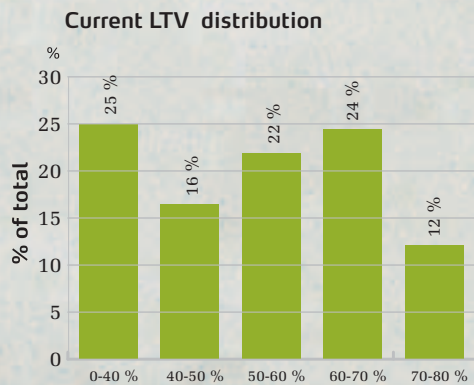
Weighted average time since origination	21 months
Weighted average remaining term	257 months

Ratio of floating rate loans	100 %
Weighted average interest rate	3,68 %
Weighted average margin (in bps)	65

Weighted average current LTV	51 %
Weighted average original LTV	56 %
Maximum original LTV permitted by law	75 %

**\* All data input for Pool 1**  
The covered bonds company has also set up a second portfolio which is tailor made for Norges Banks swap facility. This portfolio consists for mortgages for NOK 16 bn. There will not be bonds on the market that are issued against this portfolio.

**Substitute Collateral**  
In addition to prime mortgages, the cover pool also consists of deposits and high grade bonds that serve as substitute collateral and liquidity reserve. The company has strict rules for what types of bonds that can be included in this reserve. All bonds have to be rated A or higher.



Covered Bond details					
EUR-deals					
ISIN	Nominal Balance	Issue date	Maturity date*	Interest payments	Interest type
XS0323446665	1 500 000 000	01-10-07	01-10-10	Annually	Fixed rate
XS0350301668	1 000 000 000	15-03-08	15-06-11	Annually	Fixed rate
XS0386753031	1 000 000 000	10-09-08	10-09-13	Annually	Fixed rate
XS0470740969	1 000 000 000	03-12-09	03-12-12	Annually	Fixed rate
XS0495145657	1 250 000 000	17-03-10	17-03-17	Annually	Fixed rate
XS0519708613	1 000 000 000	23-06-10	23-06-15	Annually	Fixed rate
N-note	60 000 000	18-09-08	18-09-19	Annually	Fixed rate

NOK-deals					
ISIN	Nominal Balance	Issue date	Maturity date*	Interest payments	Interest type
NO0010441454	500 000 000	18-06-08	18-06-18	Annually	Fixed rate
NO0010441678	200 000 000	25-06-08	25-06-18	Annually	Fixed rate
NO0010441652	800 000 000	25-06-08	25-06-12	Annually	Fixed rate
NO0010464944	1 500 000 000	16-10-08	16-10-17	Annually	Fixed rate
NO0010467491	300 000 000	31-10-08	31-10-13	Annually	Fixed rate
NO0010480452	3 000 000 000	15-02-08	15-02-13	Quarterly	Floating rate
NO0010492333	7 000 000 000	17-02-09	25-08-14	Quarterly	Floating rate
NO0010520356	7 350 000 000	11-06-09	13-06-16	Quarterly	Floating rate
NO0010572142	3 000 000 000	29-04-10	29-04-16	Quarterly	Floating rate

\*All covered bonds have a one year extension clause



**FIG 3**  
The scales illustrate the balance-related situation for SpareBank 1 Boligkreditt. There must always be a predominance of assets in relation to debt in order to meet the legal requirement for over collateralization.



INCOME STATEMENT 1ST HALF 2010

NOK 1 000	Note	30-06-10	30-06-09	2009
Total interest income	4	1 186 811	928 120	1 783 634
Total interest expenses	4	-1 126 752	-872 560	-1 675 732
Net interest income		60 059	55 560	107 902
Net gains/losses from financial instruments	5	7 659	6 444	28 622
Net other operating income		7 659	6 444	28 622
Total operating income		67 718	62 004	136 524
Salaries and other personnel expenses	6	-2 690	-3 360	-5 793
Administration expenses	7	-2 381	-2 191	-3 901
Other operating expenses	8	-4 378	-2 437	-5 577
Depreciation on fixed assets and other intangible assets		-1 713	-2 477	-4 116
Total operating expenses		-11 163	-10 465	-19 387
Operating result before losses		56 555	51 539	117 137
Write-downs on loans and guarantees		0	-366	-366
Pre-tax operating result		56 555	51 173	116 771
Taxes		-15 835	-14 328	-32 652
Profit/loss for the period		40 719	36 845	84 119

BALANCE SHEET AS OF 30 JUNE 2010

NOK 1 000	Note	30-06-10	30-06-09	2009
Assets				
Deferred tax advantage		0	2 911	0
Other intangible assets		4 558	3 742	3 867
Other assets		1 061 496	126 764	202 809
Treasury bills		8 941 315	1 200 292	0
Bonds		1 807 862	594 017	987 030
Lending to and deposits with credit institutions		3 706 560	7 979 037	5 800 587
Lending to customers	11	88 372 337	49 394 086	74 353 637
Financial derivatives	12	2 016 651	5 925 924	2 884 920
Total assets		105 910 778	65 226 773	84 232 850
Liabilities				
Deferred taxes		-6 205	0	-6 205
Covered bonds	14	-93 212 298	-56 640 316	-74 246 499
Debt incurred by issuing securities	14	-4 725 179	-1 475 000	-3 474 800
Debt to credit institutions		-1 147 198	-4 555 092	-1 992 032
Financial derivatives	12	-527 504	0	0
Other liabilities		-1 942 391	-361 124	-807 262
Total liabilities		-101 560 775	-63 031 532	-80 550 334
Equity				
Contributed equity		-4 308 470	-2 148 470	-3 168 470
Other deposited equity (not registered)		0	0	-420 000
Accrued equity		-814	-9 926	-814
Profit/loss		-40 719	-36 845	0
Purposed dividends		0	0	-93 231
Total equity		-4 350 003	-2 195 241	-3 682 516
Total liabilities and equity		-105 910 778	-65 226 773	-84 232 850

STATEMENT OF CHANGES IN EQUITY

NOK 1 000	Share capital	Premium reserve	Other contributed	Purposed dividend	Other quity	Total equity
Incorporation 18.08.2005	80 000	20 000				100 000
Costs of incorporation		-6				-6
Share increase 21. November 2006	240 000	60 000				300 000
Result for the period					-1 724	-1 724
Balance sheet as of 1. January 2007	320 000	79 994			-1 724	398 270
Share increase 22. February 2007	3 140	816				3 956
Share increase 22. August 2007	200 000	50 000				250 000
Share increase 20. November 2007	176 401	88 201				264 602
Share increase 02. December 2007	83 599	26 170				109 769
Result for the period					9 510	9 510
Balance sheet as of 31. December 2007	783 140	245 181			7 786	1 036 107
Share increase 04. June 2008	7 408	2 741				10 149
Share increase 13. June 2008	150 000	150 000				300 000
Share increase 30. October 2008	150 000	150 000				300 000
Result for the period					31 585	31 585
Balance sheet as of 31. December 2008	1 090 548	547 922			39 371	1 677 841
Share increase 11. February 2009	170 000	85 000				255 000
Share increase 4. June 2009	170 000	85 000				255 000
Share increase 19. August 2009	280 000	140 000				420 000
Share increase 14. September 2009	400 000	200 000				600 000
Share increase 20. November 2009	280 000	140 000				420 000
Share dividend 2008					-29 445	-29 445
Result for the period				93 231	-9 112	-9 112
Balance sheet as of 31. December 2009	2 390 548	1 197 922	0	93 231	814	3 682 515
Share increase 03. March 2010	480 000	240 000				720 000
Share dividend 2009				-93 231		-93 231
Result for the period					45 070	45 070
Balance sheet as of 30. June 2010	2 870 548	1 437 922	0	0	45 884	4 354 354

CASH FLOW STATEMENT

NOK 1 000	30-06-10	30-06-09	2009
Cash flows from operations			
Interest received	1 452 341	1 005 722	2 046 276
Payments to operations	-8 623	-10 745	-20 152
Paid tax	-23 536	-22 184	-15 234
Net cash flow relating to operations	1 420 183	972 793	2 010 890
Cash flows from investments			
Net purchase of loan portfolio	-14 018 700	-13 194 514	-38 154 431
Net payments on the acquisition of government securities	-8 941 315	700 095	1 900 387
Net payments on the acquisition of securities	-818 997	-153 467	-586 076
Net investments in intangible assets	-2 400	-2 329	-4 090
Net cash flows relating to investments	-23 781 412	-12 650 215	-36 844 209
Cash flows from funding activities			
Net receipt/payment from the issuance of certificates	1 250 000	975 000	2 974 800
Net receipt/payment from the issuance of bonds	20 355 837	14 353 337	35 061 986
Net receipt/payment from the issuance of loans to credit institutions	-844 503	-1 349 946	-3 910 856
Payment of new equity capital	720 000	510 000	1 950 000
Paid dividend	-93231	-29 445	-29 445
Net interest payments on funding activity	-1 120 469	-1 090 695	-1 699 847
Net cash flow relating to funding activities	20 267 634	13 368 251	34 346 638
Net cash flow in the period	-2 093 596	1 690 829	-486 681
Balance of cash, bank deposits and similar entities as of 31.12.2009	5 800 587	6 294 029	6 294 029
Net receipt/payments on cash	-2 093 596	1 690 829	-486 681
Exchange rate difference	-431	-5 821	-6 762
Balance of cash, bank deposits and similar entities as of 31.03.10	3 706 560	7 979 037	5 800 587

NOTES TO THE ACCOUNTS FOR THE 1ST HALF 2010

NOTE 1 GENERAL INFORMATION

The accounts are prepared in accordance with International Accounting Standards 34 (IAS-34), as determined by the EU.

NOTE 2 ACCOUNTING PRINCIPLES

IN GENERAL

A detailed description of the accounting principles applied by Spare-Bank 1 Boligkreditt is provided in the annual accounts for 2009.

NOTE 3 RISK CLASSIFICATION

The risk classification of the company's liabilities is completed upon the background of a complete assessment of the liabilities. This assessment is based on the following main criteria:

- The client's ability to pay (income and debt)
- The client's willingness to pay (poor payment records and reminders)
- The size of the loan
- Debt to asset ratio (only within 75% of the estimated value)
- Location

Any differentiation in prices is governed by SpareBank 1 Boligkreditt, based on the recommendation given by the individual bank. Such differentiation is mainly carried out on the basis of collateral, the financial situation of the client and market circumstances.

NOTE 4 NET INTEREST INCOME

NOK 1 000	30-06-10	30-06-09	2009
Interest income			
Interest income and similar income from loans to and balances with credit institutions	75 568	94 835	192 911
Interest income and similar income from loans to and balances with customers	1 374 077	971 888	2 028 245
Interest income from treasury bills	38 322	3 727	320
Commission expense	-301 156	-142 330	-437 842
Total interest income	1 186 811	928 120	1 783 634
Interest expense			
Interest expense and similar expenses to credit institutions	9 878	45 574	76 797
Interest expense and similar expenses on issued bonds	1 116 462	822 330	1 593 003
Interest expense and similar expenses on issued certificates	352	4 638	5 868
Interest expense and similar expenses on deposits from and liabilities to customers		2	2
Other interest expenses	60	17	61
Total interest expense	1 126 752	872 560	1 675 732
Net interest income	66 101	55 560	107 902

NOTE 5 NET GAINS FROM FINANCIAL INSTRUMENTS

NOK 1 000	30-06-10	30-06-09	2009
Net gains from financial liabilities	1 415 252	-5 880 359	-2 779 809
Net gains from financial assets at amortised cost	-16 994	-39 121	-76 389
Net gains from bonds at fair value	5 073	5 925 924	0
Net gains from financial derivatives,hedging, at fair value	-1 395 673	0	2 884 820
Net gains from financial instruments	7 659	6 444	28 622

NOTE 6 SALARIES AND REMUNERATION

NOK 1 000	30-06-10	30-06-09	2009
Salaries	3 090	2 669	6 042
Salaries reinvoiced to Næringskreditt	-1 224	0	-2 060
Pension expenses	200	200	707
Social insurance fees	596	450	882
Other personell expenses	28	41	222
Total salary expenses	2 690	3 360	5 793
Average number of man-years	6	6	6

\*Several of the company’s employees have shared employment between SpareBank1 Næringskreditt and SpareBank1 Boligkreditt. Remuneration is done through SpareBank 1 Boligkreditt and futher reinvoiced to SpareBank 1 Næringskreditt. The company also buys administrative services from SpareBank1 SR-Bank and SpareBank1 Gruppen. Salaries and expenses charged from other companies are also declared by office-keeping costs. Pension benefit obligations are safeguarded in SpareBank 1 Boligkreditt through participation in the pension fund of SpareBank 1 SR-Bank. This pension scheme meets the legal demands on mandatory occupational pension.

NOTE 7 ADMINISTRATION EXPENSES

NOK 1 000	30-06-10	30-06-09	2009
IT operation and maintenance	2 164	1 826	3 297
Travel	244	291	688
Travel expenses reinvoiced to SpareBank1 Næringskreditt	-67	0	-221
Telephone and postage	36	19	60
Training	0	40	40
Misc other adm expenses	5	15	37
Total	2 381	2 191	3 901

NOTE 8 OTHER OPERATING EXPENSES

NOK 1 000	30-06-10	30-06-09	2009
Internal auditor, hired personnel from SpareBank 1 Group, other services	4 673	2 138	5 987
Operating expenses rented offices	82	82	164
Reinvoiced expenses to Næringskreditt	-452	0	-1 046
Misc other operating expenses	75	217	472
Total	4 378	2 437	5 577

NOTE 9 FINANCIAL ASSETS CLASSIFIED AS HOLD-TO-MATURITY

As of 30.06.10						
Bonds classified as	Book value 31-12-09	New investment	Matured	Amortising	Exchange rate effects	Amortised cost 30-06-10
Hold to maturity	987 030	91 284	73 556	1 749	-16 994	989 513
Total certificates and bonds	987 030	91 284	73 556	1 749	-16 994	989 513

Market value for bonds in hold to maturity portfolio

Bonds classified as	Book value	Market value incl exchange rate effect	Effect on result if at market value
Hold to maturity	989 513	994 320	4 807
Total certificates and bonds	989 513	994 320	4 807

NOTE 10 ASSET COVERAGE REQUIREMENT

POOL 1 NOK 1 000	30-06-10	30-06-09	2009
Covered bonds	78 388 843	49 153 177	60 010 186
Financial derivatives	-1 470 278	-5 801 203	-2 862 097
Total covered debt	76 918 565	43 351 974	57 148 088
Lending to customers	72 367 057	42 004 339	57 614 996
Treasury Bills	8 941 315	0	0
Substitute collateral	2 600 960	3 535 887	4 656 028
Total cover pool	83 909 332	45 540 226	62 271 024
Asset coverage	109,1 %	105,05 %	109,0 %

The asset coverage is calculated according to the Financial Services Act § 2-31. This results in a deviation in relation to the amounts on the balance sheet because, among other things, the total amount of lending to customers is curtailed due to defaulted loans and loans with substantial change in loan to value exceeding 75% in addition to the fact that market value is utilized on bonds in the cover pool.

POOL 2 NOK 1 000	30-06-10	30-06-09	2009
Covered Bonds	18 100 000	0	18 100 000
Derivatives	-18 869	0	-22 823
Total Covered Bonds	18 081 131	0	18 077 177
Lending to customers	15 987 537	0	16 682 972
Substitute collateral	1 234 917	0	522 782
Own bonds	1 013 000	0	1 013 000
Total Cover Pool	18 235 454	0	18 218 755
Asset-coverage	100,9 %	0,0 %	100,8 %

The asset coverage is calculated according to the Financial Services Act § 2-31. This results in a deviation in relation to the amounts on the balance sheet because, among other things, the total amount of lending to customers is curtailed due to defaulted loans and loans with substantial change in loan to value exceeding 75% in addition to the fact that market value is utilized on bonds in the cover pool.

NOTE 11 LENDING TO CUSTOMERS

NOK 1 000	30-06-10	30-06-09	2009
Flexible loans - retail market	35 153 167	22 286 491	31 186 607
Amortising loans - retail market	53 222 537	27 110 961	43 170 396
Total loans before specified and unspecified loss provisions	88 375 703	49 397 452	74 357 003
Specified loan loss provisions	0	0	0
Grouped loan loss provisions	3 366	3 366	3 366
Total net loans and claims with customers	88 372 337	49 394 086	74 353 637
Liability			
Unused credit on flexible loans	9 591 378	5 636 839	8 213 816
Total	9 591 378	5 636 839	8 213 816
Defaulted loans			
Defaults	0	0	0
Specified loan loss provisions	0	0	0
Net defaulted loans	0	0	0
Other loans at risk of loss			
Loans not defaulted but at risk of loss	0	0	0
- Individual depreciation other loans at risk of loss	0	0	0
Net other loans at risk of loss	0	0	0

NOTE 12 FINANCIAL DERIVATIVES

	Contract amount	Fair value		Distributed into	
NOK 1 000		Assets	Liabilities	Cash-flow hedging	Fair value hedging

Hedging 1st half 2010

Interest derivatives

Interest rate and cross currency swaps	133 866 350	2 016 651	527 504		133 866 350
<b>Total interest derivatives</b>	<b>133 866 350</b>	<b>2 016 651</b>	<b>527 504</b>		<b>133 866 350</b>

Hedgning 1st half 2009

Interest derivatives

Interest rate and cross currency swaps	71 025 300	5 925 924	0		71 025 300
<b>Total interest derivatives</b>	<b>71 025 300</b>	<b>5 925 924</b>	<b>0</b>		<b>71 025 300</b>

Hedging year-end 2009

Interest derivatives

Interest rate and cross currency swaps	99 680 782	2 884 920			99 680 782
<b>Total interest derivatives</b>	<b>99 680 782</b>	<b>2 884 920</b>	<b>0</b>		<b>99 680 782</b>

All derivative contracts done by the company are for the purpose of hedging.

NOTE 13 CAPITAL ADEQUACY

New capital adequacy regulations were introduced in Norway as of 1 January 2007 (Basle II) SpareBank 1 Boligkreditt AS has been granted permission from the Norwegian Financial Supervisory Authority to use the Internal Rating Base Approach (IRB) for credit risk from the 2nd quarter of 2009 onwards. Transitional rules are given by regulation from the Norwegian Financial Supervisory Authority whereby the use of the IRB-approach will not have full effect of reduced regulatory capital requirements until 2010. In 2009 permission is given for a reduction in risk-weighted basis of calculation of 20% of the old capital adequacy regulation (Basle I). For Boligkreditt these transitional rules implies that the company's assets now have a higher risk-weighting that under the standard method (in Basel II).

Subordinated capital in NOK 1 000	30-06-10	30-06-09	2009
Share capital	2 870 548	1 430 548	2 110 548
Premium share fund	1 437 922	717 922	1 057 922
Other equity capital	814	9 926	429 926
Profit/loss	0	0	84 119
<b>Total equity capital recorded on the balance sheet</b>	<b>4 309 284</b>	<b>2 158 396</b>	<b>3 682 515</b>
Intangible assets	-4 558	-6 653	-3 867
Purposed for share dividend	0		-93 231
50% deduction of expected losses exceeding loss provisions IRB	-35 620		-29 925
<b>Core capital</b>	<b>4 269 106</b>	<b>2 151 743</b>	<b>3 555 492</b>
Supplementary capital	0	0	0
50% deduction of expected losses exceeding loss provisions IRB	-35 620	-38 305	-29 925
<b>Total subordinated capital</b>	<b>4 233 486</b>	<b>2 113 438</b>	<b>3 525 568</b>
<b>Minimum requirements for subordinated capital according to Basle II in NOK 1 000</b>	<b>30-06-10</b>	<b>30-06-09</b>	<b>2009</b>
Credit risk	871 610	598 251	790 872
Market risk	0	0	0
Operational risk	12 219	7 158	7 158
Depreciation on groups of loans	0	0	0
Difference in capital requirement resulting from transitional period 2007-2009	2 220 119	1 217 066	1 844 855
<b>Minimum requirement subordinated capital</b>	<b>3 103 948</b>	<b>1 822 475</b>	<b>2 642 885</b>
<b>Capital adequacy in NOK 1 000</b>	<b>30-06-10</b>	<b>30-06-09</b>	<b>2009</b>
Core capital ratio (%)	11,00 %	9,45 %	10,76 %
Subordinated capital ratio (%)	10,91 %	9,28 %	10,67 %



NOTE 14 LIABILITIES INCURRED BY ISSUING SECURITIES

	Nominal value	Nominal value	Nominal value
NOK 1 000	30.06.2010 *	30.06.2009 *	2009 *
Certificates and other short term liabilities	0	0	0
Covered bonds	96 149 170	50 737 170	75 221 670
Withdrawn from the swap facility	14 864 778		14 864 778
Bonds deposited in the swap facility	-18 100 000		-18 100 000
Bonds	4 725 000	1 475 000	3 475 000
Own bonds	-1 080 941	-77 990	-574 006
Total liabilities incurred by issuing securities	96 558 007	52 134 180	74 887 442

	Book value	Book value	Book value
NOK 1 000	31-03-10	31-03-09	2009
Certificates and other short term liabilities	0	0	0
Covered bonds	97 619 420	56 744 421	78 110 895
Withdrawn from the swap facility	14 864 778		14 885 658
Bonds deposited in the swap facility	-18 100 000		-18 100 000
Bonds	4 725 179	1 475 000	3 474 800
Own bonds	-1 111 009	-94 005	-627 829
Costs incurred by issuing debt recorded on the balance sheet	-60 891	-10 100	-22 225
Total liabilities incurred by issuing securities	97 937 477	58 115 316	77 721 299

Liabilities incurred by issuing securities according to maturity (nominal value)

Year	ISIN nr	Issuance	Maturity	Interest rate type			
2009	NO0010389109	23-11-07	23-11-09	Floating		2 000 000	
2010	XS0323446665	01-10-07	01-10-10	Fixed	11 698 500	11 698 500	11 698 500
2010	Own Bonds				-1 080 941	-77 990	-574 006
2010	T-bills from swap facility	26-08-09	18-12-13	Floating	5 132 380		5 132 380
2010	T-bills from swap facility	09-09-09	18-12-13	Floating	3 162 555		3 162 555
2010	T-bills from swap facility	21-09-09	18-06-14	Floating	6 569 843		6 569 843
2011	NO0010496359	23-02-09	23-03-11	Floating	1 475 000	1 475 000	1 475 000
2011	XS0350301668	04-03-08	15-06-11	Fixed	7 888 000	7 888 000	7 888 000
2011	NO0010542616	30-09-09	30-09-11	Floating	2 000 000		2 000 000
2012	NO0010571086	23-03-10	23-03-12	Floating	1 250 000		
2012	NO0010441652	25-06-08	25-06-12	Fixed	800 000	800 000	800 000
2012	XS0470740969	03-12-09	03-12-12	Fixed	8 384 500		8 384 500
2013	NO0010480452	16-12-08	15-02-13	Floating	3 000 000	3 000 000	3 000 000
2013	XS0386753031	10-09-08	10-09-13	Fixed	8 015 000	8 015 000	8 015 000
2013	NO0010467491	10-10-08	31-10-13	Fixed	300 000	300 000	300 000
2014	NO0010492333	17-02-09	25-08-14	Floating	7 000 000	7 000 000	7 000 000
2014	NO0010534340	20-08-09	22-05-14	Floating	15 000		15 000
2014	NO0010540578	17-09-09	17-09-14	Floating	998 000		998 000
2014	NO0010534340	20-08-09	22-05-14	Floating	9 535 000		9 535 000
2014	NO0010540578	17-09-09	17-09-14	Floating	7 552 000		7 552 000
2014	NO0010534340	20-08-09	22-05-14	Floating	-9 550 000		-9 550 000
2014	NO0010540578	17-09-09	17-09-14	Floating	-8 550 000		-8 550 000
2015	NO0010520365	11-06-09	11-06-15	Floating	7 350 000	7 350 000	7 350 000
2015	XS0519708613	23-06-10	23-06-15	Fixed	7 890 000		
2016	NO0010572142	29-04-10	29-04-16	Floating	3 000 000		
2017	NO0010464694	07-10-08	16-10-17	Fixed	1 500 000	1 500 000	1 500 000
2017	XS0495145657	17-03-10	17-03-17	Floating	10 037 500		
2018	NO0010441454	18-06-08	28-06-18	Fixed	500 000	500 000	500 000
2018	NO0010441578	25-06-08	26-06-18	Fixed	200 000	200 000	200 000
2019	N-note	18-09-08	18-09-19	Fixed	485 670	485 670	485 670
Total					96 558 007	52 134 180	74 887 442

Liabilities sorted by currency (book value)

NOK 1 000	30-06-10	30-06-09	2009
NOK	42 373 597	24 358 510	38 549 136
EUR	55 563 880	33 756 806	39 172 163
Total	97 937 477	58 115 316	77 721 299

\*Amounts show nominal at exchange rate (EUR/NOK) at time of issuance and thus differ from amounts in balance which are entered at amortised cost.

NOTE 15 CONTINGENCIES

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

NOTE 16 RESTRICTED CASH

SpareBank1 Boligkreditt has signed ISDA-agreements including CSAs (Credit Support Annexes) with a number of financial institutions that are counterparties in interest rate and currency swaps. These institutions post collateral in the form of cash deposits to SpareBank 1 Boligkreditt. On 30.06.2010 this collateral amounted to NOK 1 147 198 422. This amount is included in the balance sheet as a deposit, but represents a tied up amount.

NOTE 17 INCOME- AND BALANCE SHEET DEVELOPMENT

Income statement NOK 1 000	2nd quarter 2010	1st quarter 2010	4th quarter 2009	3rd quarter 2009	2nd quarter 2009
Interest income	1 186 811	530 842	1 783 634	1 321 547	928 120
Interest expenses	-1 126 752	-491 985	-1 675 732	-1 241 896	-872 560
Net interest income	60 059	38 857	107 902	79 651	55 560
Profit/loss on securities	7 659	3 517	28 622	14 265	6 444
Net other operating income	7 659	3 517	28 622	14 265	6 444
Total operating income	67 718	42 374	136 524	93 916	62 004
Salaries and other personnel expenses	-2 690	-1 081	-5 793	-3 141	-3 360
Administrative expenses	-2 381	-1 388	-3 901	-3 123	-2 191
Other operating expenses	-4 378	-1 663	-5 577	-3 073	-2 437
Depreciation of fixed and other intangible assets	-1 713	-859	-4 116	-3 262	-2 477
Total operating expenses	-11 163	-4 991	-19 387	-12 600	-10 465
Operating result before losses	56 555	37 383	117 137	81 316	51 539
Write-downs on loans and guarantees	0	0	-366	-366	-366
Pre-tax operating result	56 555	37 383	116 771	80 950	51 173
Taxes	-15 835	-10 467	-32 652	-22 666	-14 328
Profit/loss for the period	40 719	26 916	84 119	58 284	36 845

Balance sheet NOK 1 000	2nd quarter 2010	1st quarter 2010	4th quarter 2009	3rd quarter 2009	2nd quarter 2009
Assets					
Deferred tax assets	0	0	0	2 911	2 911
Other intangible assets	4 558	5 409	3 867	4 720	3 742
Other assets	1 061 496	1 193 068	202 809	206 270	126 764
Treasury bills	8 941 315	6 472 992	0	1 189 800	1 200 292
Bonds	1 807 862	1 263 065	987 030	816 682	594 017
Lending to and deposits with credit institutions	3 706 560	6 273 527	5 800 587	8 007 722	7 979 037
Lending to customers	88 372 337	77 861 137	74 353 637	66 435 235	49 394 086
Financial derivatives	2 016 651	1 593 304	2 884 920	3 795 418	5 925 924
Total assets	105 910 778	94 662 502	84 232 850	80 458 757	65 226 773
Liabilities and equity					
Deferred taxes	-6 205	-6 205	-6 205	0	0
Covered bonds	-93 212 298	-82 960 344	-74 246 499	-69 340 035	-56 640 316
Securities issued	-4 725 179	-3 974 776	-3 474 800	-3 474 800	-1 475 000
Debt to credit institutions	-1 147 198	-1 442 332	-1 992 032	-3 908 840	-4 555 092
Financial derivatives	-527 504	0	0	0	0
Other liabilities	-1 942 391	-1 942 645	-830 798	-498 401	-361 124
Total liabilities	-101 560 775	-90 326 302	-80 550 334	-77 222 076	-63 031 532
Equity					
Contributed equity	-4 308 470	-3 588 470	-3 168 470	-2 148 470	-2 148 470
Accrued equity	0	-720 000	-420 000	-9 926	-9 926
Other deposited equity (not registered)	-814	-814	-814	-1 020 000	0
Profit/loss for the period	-40 719	-26 916	-93 231	-58 284	-36 845
Total equity	-4 350 003	-4 336 200	-3 682 516	-3 236 680	-2 195 241
Total liabilities and equity	-105 910 778	-94 662 502	-84 232 850	-80 458 757	-65 226 773



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