

# feeling NORWAY

2ND QUARTERLY REPORT 2011 SPAREBANK 1 BOLIGKREDITT AS



feeling  
NORWAY

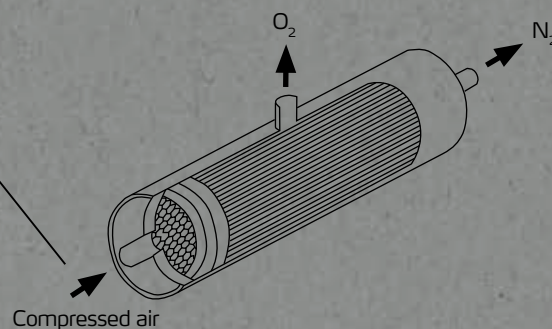


**FIG 1**

Most of the research activities concerning water revolves around the development of new cleansing techniques. For example the cleansing process for drinking water and water which has been used for industrial purposes in fish farming or run off water from municipalities, general industry and sludge water treatment are key areas. Researchers from SINTEF are engaged in developing various forms of disinfecting techniques for use in water treatment. Membrane technology is one of the fields which are under development in connection with the treatment of drinking water and the cleansing of run off water. This is one of the most interesting techniques when looking ahead to the future.



Fresh water fish (trout)



**FIG 2**

41% of all fish species are present in fresh water. In Norway there are 42 different fresh water species. The most diverse lakes for fresh water fish are found in the low lying areas of eastern Norway. Running water is important for most types of fresh water fish. In Norway it is the salmon in particular which is dependent on streams and rivers during the early part of its life, prior to migrating to the ocean or a lake.

**FIG 3**

The drinking water in Norway is in a class of its own. Norway is blessed with large quantities of natural water and has better quality water than many other countries. However the water quality, which is delivered to households, is also dependent on filtering, cleansing and on the quality of the pipeline network. The filtering and cleansing of the water intended for households consumption may vary depending on location. However, the goal is the same everywhere; the delivery of sufficient amounts of clean water.

Clear. Blue. Clean. Beautiful.

Crystal clear, calm fresh water lakes full of fish. Roaring waterfalls which drop into rivers. Fjords with clear water which reach around inland mountains. Fresh water from streams, rivers, lakes and waterfalls cover approximately 5% of Norway's geographic area. Especially in western Norway and along the northern Norwegian coastline, the fjords and the mountains are in close proximity to one another. Most running waters have their origins in the high mountains. Fjords, lakes, glacial rivers, waterfalls and fast running waters are the characteristics of water in the Norwegian landscape. Still water and running water are prevalent all over the country with an unusual density, even when compared on a global scale. Norway is among the countries in the world with the largest geographic area covered by lakes.





# FACT SHEET

# norway.

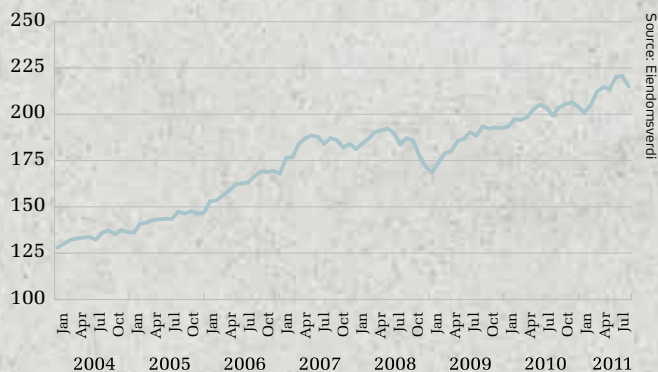
## KEY MACROECONOMIC FIGURES

	2006	2007	2008	2009	2010	2011E
GDP Mainland Norway	4,9	5,6	1,8	-1,8	2,1	3,2
Inflation (CPI)	2,3	0,8	3,8	2,1	2,5	1,9
Private Consumption, Real	4,8	5,4	1,6	0,2	3,7	3,4
Interest Rate 3M	3,1	5	6,2	2,5	2,5	2,8
Unemployment	3,4	2,5	2,6	3,2	3,6	3,3
Current Account Surplus/GDP	17	14	18	12	12	13
Budget Surplus/GDP	17	17	20	12	10	12
Government Pension Fund/GDP	83	89	91	113	123	131

Sources: Statistics Norway, Norwegian Ministry of Finance, NBIM as of June 2011

### Housing prices 2004-2011

Index Jan 2000=100

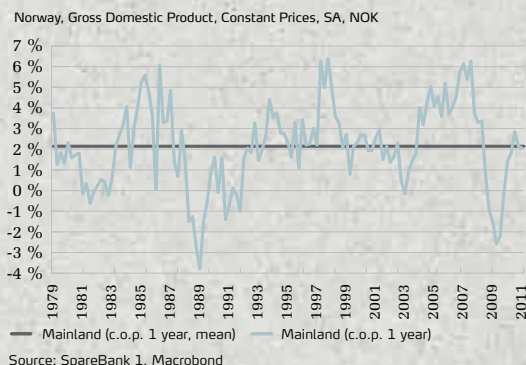


## NORWAY – ROBUST BUT SLOWER GROWTH AHEAD

THE NORWEGIAN ECONOMY IS LIKELY TO BE AFFECTED BY THE CURRENT GLOBAL SLOWDOWN AND INCREASED FINANCIAL TURMOIL OVER THE SUMMER. TRADITIONAL EXPORT WILL PROBABLY EXPERIENCE WEAKER MARKETS, AND THE INCREASED UNCERTAINTY WILL LIKELY REDUCE SOME INVESTMENTS AND PRIVATE SPENDING. HOWEVER, A STILL HIGH OIL PRICE AND INCREASES IN DISCOVERED OIL RESERVES IN THE NORTH SEA IS EXPECTED TO CONTRIBUTE TO SOLID DEVELOPMENT IN OIL RELATED INDUSTRIES. WE EXPECT A GDP GROWTH CLOSE TO 2% ANNUALLY OVER THE NEXT COUPLE OF YEARS DRIVEN BY HIGH OIL INVESTMENTS, INCREASED HOME BUILDING AND SOLID HOUSEHOLD REAL DISPOSABLE INCOME GROWTH. DUE TO THE WEAKER GLOBAL GROWTH AND INCREASED INTERBANK INTEREST RATES, WE EXPECT NORGES BANK TO KEEP ITS POLICY RATE UNCHANGED THIS YEAR AND POSSIBLE ALSO NEXT YEAR. INCREASED NEW BUILDING, STRICTER LENDING PRACTISES AND INCREASED MARKET TURMOIL IS LIKELY TO CAUSE A MORE MODEST PRICE INCREASE IN HOUSE PRICES.

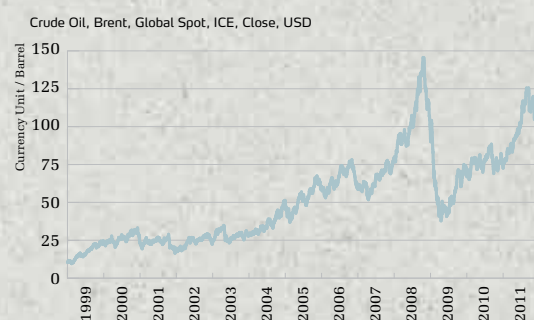
The Norwegian economy is growing close to its long term average of 2%. The growth is driven by high oil investments, increased house building and increased demand from the household sector. Interest rates are still low, and the unemployment rate is currently 3,3%. The market turmoil is expected to curb business sentiment and we fear it would lead to lower investments in non-oil related industries. High wage growth and a strong currency are undermining the competitiveness of export oriented companies outside the oil industry. Weaker export markets are likely to reduce companies' willingness to invest. New huge oil findings in August by Statoil in the North Sea is expected to contribute to continued high oil investments and activities in oil related business over the next years. The chart below show quartely GDP growth in the Mainland economy which is now around its long term 2% average.

### GDP GROWTH, MAINLAND ECONOMY



The petroleum investments are expected to increase by 12% in 2011 after a decline in 2010. Investments in new houses are expected to increase close to 17% in 2011, catching up after several years of negative growth. Due to the terror attack in July this year and low return on the oil fund due to financial turmoil, we expect the government to spend far more of the oil fund over the fiscal budget this year than the fiscal spending rule advice. This is due to the fact that the government is self-insured and need to rebuild several large buildings in Oslo. We see this as a temporary deviation from the trend of rapidly returning to the fiscal spending rule in which the government is allowed to spend 4% of the capital in the oil fund annually over the fiscal budget.

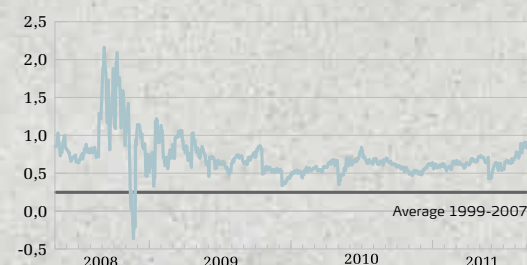
### HIGH OIL PRICE



Norges Bank cancelled a signalled rate hike in August due to the market turmoil. As Norwegian banks are to some extent funded from abroad, higher interbank interest rate levels are transferred directly into Norwegian banks funding cost. Interbank interest rates have increased, and the spread between 3 months Norwegian interbank interest rates (NIBOR) and the policy rates are close to 1%-point. Should the interbank interest rate level stay high or increase further, banks will sooner or later be forced to increase interest rates to its customers. As banks are likely to increase rates, there is less need for Norges Bank to hike rates in a very turbulent and uncertain period. We also expect households to be somewhat more cautious, dampen private consumption and investments. Inflationary pressure is probably going to be very subdued due to a strong currency and more modest growth in the domestic economy than expected. We expect wage growth to be close to 4% this year, and to stabilize or grow below 4% in the next couple of years due to weaker growth.

So far, the low interest rate level has not led to a marked rise in household borrowing. Credit growth to households is about 7.1%, while house prices grew at an annual rate of 7.4% in Q2.

### CREDIT SPREAD BETWEEN 3M NIBOR AND POLICY RATE



NOK has strengthened against the EUR and USD. The Norwegian krone is benefitting from being regarded as a safe haven as both the EUR and the USD have weakened due to the debt crisis and signs of weaker growth ahead. The strong NOK will contribute to lower import price growth, reducing the need for higher interest rates in Norway.

To summarize, the Norwegian economy is robust and is set to grow close to 2% over the next years. Due to the recent turmoil in financial markets, we expect Norges Bank to keep its policy rates on hold for an extended period of time. A strong increase in new house building is expected to contribute to a better balance in the house market.



# FACT SHEET

# boligkreditt.

## In NOK 1 000

Mortgages	89 069 156	PAR-test	109,7 %	Covered Bonds	83 332 871
Treasury Bills	397 342	Company target	109,0 %		
Substitute Collateral	4 102 154			Swaps	1 956 068
<b>Total</b>	<b>93 568 652</b>			<b>Total</b>	<b>85 288 939</b>

## 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\*

30-06-2011

Total mortgage portfolio (in NOK 1000)	89 069 156
Number of loans	80 124
Average loan size (in NOK 1000)	1 112
% of non-performing loans	0,00 %

Weighted average time since origination	32 months
Weighted average remaining term	257 months

Ratio of floating rate loans	100 %
Weighted average interest rate	3,69 %
Weighted average margin (in bps)	42

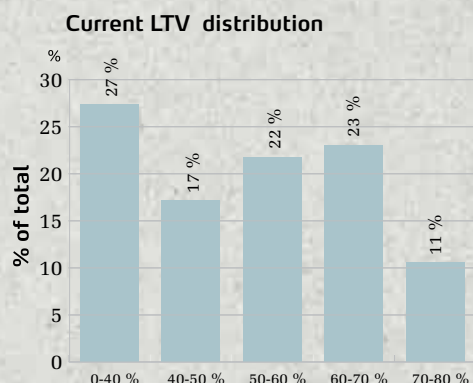
Weighted average current LTV	50 %
Weighted average original LTV	58 %
Maximum original LTV permitted by law	75 %

## \* 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 15 bn. There will not be bonds in the market that are issued against this portfolio.

## Substitute Collateral

In addition to prime mortgages, the cover pool consists of Norwegian Treasury Bills, high grade bonds and some deposits that serve as liquidity reserve and substitute collateral. The company has strict rules for what types of bonds that can be included in this reserve. 90 % of the bond portfolio are Nordic Covered Bonds, and the remainder are high grade financial bonds with a minimum rating of A.



**FIG 1**

The yoke illustrates 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.

**Covered Bond details****EUR-deals**

<b>ISIN</b>	<b>Nominal Balance</b>	<b>Issue date</b>	<b>Maturity date*</b>	<b>Interest payments</b>	<b>Interest type</b>
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
XS0587952085	1 000 000 000	03-02-11	03-02-21	Annually	Fixed rate
N-note	60 000 000	18-09-08	18-09-19	Annually	Fixed rate
N-note	105 000 000	26-01-11	26-01-21	Annually	Fixed rate
N-note	12 000 000	28-01-11	28-01-21	Annually	Fixed rate

**USD-deals**

<b>ISIN</b>	<b>Nominal Balance</b>	<b>Issue date</b>	<b>Maturity date*</b>	<b>Interest payments</b>	<b>Interest type</b>
XS0552808940	1 500 000 000	26-10-10	25-10-13	Semi-annually	Fixed rate
XS0632246426	1 250 000 000	27-05-11	27-05-16	Semi-annually	Fixed rate

**NOK-deals**

<b>ISIN</b>	<b>Nominal Balance</b>	<b>Issue date</b>	<b>Maturity date*</b>	<b>Interest payments</b>	<b>Interest type</b>
NO0010441454	1 000 000 000	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	2 000 000 000	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	16-12-08	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	11-06-15	Quarterly	Floating rate
NO0010572142	5 065 000 000	29-04-10	29-04-16	Quarterly	Floating rate
NO0010583222	1 000 000 000	13-08-10	13-08-15	Quarterly	Floating rate

\*All covered bonds have a one year extension clause



# INCOME STATEMENT AS OF 30 JUNE 2011

NOK 1 000	Note	30-06-11	30-06-10	2010
Total interest income	4	1 759 049	1 186 811	2 798 192
Total interest expenses	4	-1 651 273	-1 126 752	-2 661 310
<b>Net interest income</b>		<b>107 776</b>	<b>60 059</b>	<b>136 882</b>
Net gains/losses from financial instruments	5	-21 497	7 659	-7 337
<b>Net other operating income</b>		<b>-21 497</b>	<b>7 659</b>	<b>-7 337</b>
<b>Total operating income</b>		<b>86 279</b>	<b>67 718</b>	<b>129 545</b>
Salaries and other personnel expenses	6	-2 842	-2 690	-6 422
Administration expenses	7	-3 141	-2 381	-6 137
Other operating expenses	8	-5 763	-4 378	-8 090
Depreciation on fixed assets and other intangible assets		-1 539	-1 713	-3 545
<b>Total operating expenses</b>		<b>-13 286</b>	<b>-11 163</b>	<b>-24 193</b>
<b>Operating result before losses</b>		<b>72 993</b>	<b>56 555</b>	<b>105 352</b>
Write-downs on loans and guarantees		0	0	0
<b>Pre-tax operating result</b>		<b>72 993</b>	<b>56 555</b>	<b>105 352</b>
Taxes		-20 439	-15 835	-29 567
<b>Profit/loss for the period</b>		<b>52 554</b>	<b>40 719</b>	<b>75 785</b>

# PROFIT/LOSS AS OF 30 JUNE 2011

NOK 1 000	30-06-11	30-06-10	2010
Profit/loss	52 554	40 719	75 785
<b>Total</b>	<b>52 554</b>	<b>40 719</b>	<b>75 785</b>
Allocations			
Purposed dividends			75 613
Other equity	52 554	40 719	172
<b>Sum allocations</b>	<b>52 554</b>	<b>40 719</b>	<b>75 785</b>



# BALANCE SHEET AS OF 30 JUNE 2011

NOK 1 000	Note	30-06-11	30-06-10	2010
<b>Assets</b>				
Deferred tax advantage		0	0	0
Other intangible assets		3 286	4 558	4 780
Other assets	9	1 223	3 240	440
Treasury bills		1 580 829	8 941 315	6 677 603
Bonds	11	4 115 283	1 813 082	2 184 270
Lending to and deposits with credit institutions		1 531 251	3 761 957	3 658 257
Lending to customers	10	104 552 605	88 466 210	91 083 932
Financial derivatives	13	1 246 906	2 920 418	1 469 563
<b>Total assets</b>		<b>113 031 383</b>	<b>105 910 778</b>	<b>105 078 845</b>
<b>Liabilities</b>				
Deferred taxes	16	-6 363	-6 205	-35 768
Debt incurred by issuing securities	12	-103 706 879	-99 018 526	-97 791 218
Debt to credit institutions		-499 163	-1 147 198	-390 468
Financial derivatives	13	-2 682 186	-601 855	-1 150 778
Taxes payable	16	0	0	0
Other liabilities	14	-934 782	-786 990	-905 545
<b>Total liabilities</b>		<b>-107 829 373</b>	<b>-101 560 775</b>	<b>-100 273 777</b>
<b>Equity</b>				
Contributed equity		-4 728 470	-4 308 470	-4 728 470
Other deposited equity (not registered)		-420 000	0	0
Accrued equity		-985	-814	-985
Profit/loss		-52 554	-40 719	0
Purposed dividends		0	0	-75 613
<b>Total equity</b>		<b>-5 202 010</b>	<b>-4 350 003</b>	<b>-4 805 069</b>
<b>Total liabilities and equity</b>		<b>-113 031 383</b>	<b>-105 910 778</b>	<b>-105 078 845</b>

## STATEMENT OF CHANGES IN EQUITY

NOK 1 000	Share capital	Premium reserve	Other contributed	Purposed dividend	Other equity	Total equity
Share dividend 2008					-29 445	-29 445
Result for the period				93 231	-9 112	84 119
<b>Balance sheet as of 31 December 2009</b>	<b>2 110 548</b>	<b>1 057 922</b>	<b>420 000</b>	<b>93 231</b>	<b>814</b>	<b>3 682 515</b>
Share increase 2 February 2010	280 000	140 000	-420 000			0
Share increase 3 May 2010	480 000	240 000				720 000
Share increase 15 November 2010	280 000	140 000				420 000
Share dividend 2009				-93 231		-93 231
Result for the period				75 613	171	75 785
<b>Balance sheet as of 31 December 2010</b>	<b>3 150 548</b>	<b>1 577 922</b>	<b>0</b>	<b>75 613</b>	<b>985</b>	<b>4 805 069</b>
Share increase 27 May 2011			420 000			420 000
Share dividend 2010						0
Result for the period					52 554	52 554
<b>Balance sheet as of 30 June 2011</b>	<b>3 150 548</b>	<b>1 577 922</b>	<b>420 000</b>	<b>75 613</b>	<b>53 539</b>	<b>5 277 623</b>

## CASH FLOW STATEMENT

NOK 1 000	30-06-11	30-06-10	2010
<b>Cash flows from operations</b>			
Interest received	1 581 341	1 507 738	3 196 044
Payments to operations	-10 924	-8 623	-18 190
Paid tax	-29 405	-23 536	-23 539
<b>Net cash flow relating to operations</b>	<b>1 541 012</b>	<b>1 475 580</b>	<b>3 154 316</b>
<b>Cash flows from investments</b>			
Net purchase of loan portfolio	-13 465 580	-14 018 700	-16 624 750
Net payments on the acquisition of government securities	5 096 774	-8 941 315	-6 677 603
Net payments on the acquisition of securities	-1 918 060	-818 997	-1 182 705
Net investments in intangible assets	-45	-2 400	-4 454
<b>Net cash flows relating to investments</b>	<b>-10 286 910</b>	<b>-23 781 412</b>	<b>-24 489 512</b>
<b>Cash flows from funding activities</b>			
Net receipt/payment from the issuance of certificates	1 500 000	1 250 000	1 250 000
Net receipt/payment from the issuance of bonds	6 159 060	20 355 837	21 210 985
Net receipt/payment from the issuance of loans to credit institutions	113 251	-844 503	-1 601 203
Payment of new equity capital	420 000	720 000	1 140 000
Paid dividend	0	-93 231	-93 231
Net interest payments on funding activity	-1 567 444	-1 120 469	-2 711 126
<b>Net cash flow relating to funding activities</b>	<b>6 624 867</b>	<b>20 267 634</b>	<b>19 195 425</b>
<b>Net cash flow in the period</b>	<b>-2 121 031</b>	<b>-2 038 199</b>	<b>-2 139 772</b>
<b>Balance of cash, bank deposits and similar entities BOP</b>	<b>3 658 257</b>	<b>5 800 587</b>	<b>5 800 587</b>
Net receipt/payments on cash	-2 121 031	-2 038 199	-2 139 772
Exchange rate difference	-5 975	-431	-2 558
<b>Balance of cash, bank deposits and similar entities EOP</b>	<b>1 531 251</b>	<b>3 761 957</b>	<b>3 658 257</b>



## NOTE 1 GENERAL INFORMATION

The accounts are prepared in accordance with "International Financial Reporting Standards" (IFRS), as determined by the EU. This includes interpretations from the International Financial Reporting Interpretations Committee (IFRIC), and its predecessor the Standing Interpretations Committee (SIC).

The IFRS 9 Financial Instruments standard are made public and will most likely come into effect from 1 January 2013 or later. The management has decided not to implement it before this time.

## NOTE 2 ACCOUNTING PRINCIPLES

### IN GENERAL

A detailed description of the accounting principles applied by SpareBank 1 Boligkreditt is provided in the annual accounts for 2010.

## 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	30-06-11	30-06-10	2010
<b>Interest income</b>			
Interest income and similar income from loans to and balances with credit institutions	85 021	75 568	160 876
Interest income and similar income from loans to and balances with customers	1 795 723	1 374 077	3 031 818
Interest income treasury bills	95 735	38 322	142 677
Commission expenses	-217 430	-301 156	-537 179
<b>Total interest income</b>	<b>1 759 049</b>	<b>1 186 811</b>	<b>2 798 192</b>
<b>Interest expense</b>			
Interest expense and similar expenses to credit institutions	1 744	9 878	13 059
Interest expense and similar expenses on issued bonds	1 636 002	1 116 462	2 647 520
Interest expense and similar expenses on issued certificates	13 464	352	345
Interest expense and similar expenses on deposits from and liabilities to customers	0	0	0
Other interest expenses	62	60	386
<b>Total interest expenses</b>	<b>1 651 273</b>	<b>1 126 752</b>	<b>2 661 310</b>
<b>Total net interest income</b>	<b>107 776</b>	<b>60 059</b>	<b>136 882</b>

## NOTE 5 NET GAINS FROM FINANCIAL INSTRUMENTS

NOK 1 000	30-06-11	30-06-10	2010
Net gains (losses) from financial liabilities	1 707 612	1 415 252	-5 480 185
Net gains (losses) from financial assets	-25 691	-11 920	-21 799
Net gains (losses) from financial derivatives, hedging, at fair value	-1 703 419	-1 395 673	5 494 647
<b>Net gains from financial instruments</b>	<b>-21 497</b>	<b>7 659</b>	<b>-7 337</b>

## NOTE 6 SALARIES AND REMUNERATION

NOK 1 000	30-06-11	30-06-10	2010
Salaries	3 430	3 090	6 986
Salaries reinvoiced to SpareBank 1 Næringskreditt*	-1 714	-1 224	-2 552
Pension expenses	600	200	757
Social insurance fees	495	596	940
Other personell expenses	31	28	291
<b>Total salary expenses</b>	<b>2 842</b>	<b>2 690</b>	<b>6 422</b>
Average number of man-years	7	6	6

\*Several of the company's employees have shared employment between SpareBank 1 Næringskreditt and SpareBank 1 Boligkreditt. Remuneration is done through SpareBank 1 Boligkreditt and futher reinvoiced to SpareBank 1 Næringskreditt. The company also buys administrative services from SpareBank 1 SR-Bank and SpareBank 1 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	30-06-11	30-06-10	2010
IT operation and maintenance	2 655	2 164	5 177
Travel	393	244	739
Travel expenses reinvoiced to SpareBank 1 Næringskreditt	0	-67	0
Telephone and postage	91	36	114
Training	0	0	76
Misc other adm expenses	3	5	31
<b>Total</b>	<b>3 141</b>	<b>2 381</b>	<b>6 137</b>

## NOTE 8 OTHER OPERATING EXPENSES

NOK 1 000	30-06-11	30-06-10	2010
Internal auditor, hired personnel from SpareBank 1 Group, other services	5 976	4 673	8 148
Operating expenses rented offices	82	82	164
Reinvoiced expenses to SpareBank 1 Næringskreditt	-433	-452	-566
Misc other operating expenses	138	75	344
<b>Total</b>	<b>5 763</b>	<b>4 378</b>	<b>8 090</b>

## NOTE 9 OTHER ASSETS

NOK 1 000	30-06-11	30-06-10	2010
Accrued, not yet received interest	0	0	-430
Claims against SpareBank 1 Næringskreditt AS	1 223	3 240	870
Other	0	0	0
<b>Total</b>	<b>1 223</b>	<b>3 240</b>	<b>440</b>

Accrued interest corresponding to loans and bonds are re-classified so they no longer belong with other assets. Figures from 30.06.2010 have been revised accordingly



## NOTE 10 LENDING TO CUSTOMERS

NOK 1 000	30-06-11	30-06-10	2010
Flexible loans - retail market	43 074 313	35 153 167	36 442 098
Amortising loans - retail market	61 373 020	53 222 537	54 539 655
<b>Total loans before accrued interest</b>	<b>104 447 333</b>	<b>88 375 703</b>	<b>90 981 752</b>
Accrued interest	108 637	93 873	105 546
<b>Total loans before specified and unspecified loss provisions</b>	<b>104 555 971</b>	<b>88 469 576</b>	<b>91 087 298</b>
Specified loan loss provisions			
Grouped loan loss provisions	3 366	3 366	3 366
<b>Total net loans and claims with customers</b>	<b>104 552 605</b>	<b>88 466 210</b>	<b>91 083 932</b>

Accrued interest corresponding to loans, bonds and derivatives are re-classified so they no longer belong with other assets.

Figures from 30.06.2010 have been revised accordingly.

### Liability

Unused credit on flexible loans	12 544 924	9 591 378	10 029 961
<b>Total</b>	<b>12 544 924</b>	<b>9 591 378</b>	<b>10 029 961</b>

### Defaulted loans

Defaults*	0	0	0
Specified loan loss provisions	0	0	0
<b>Net defaulted loans</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 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
<b>Net other loans at risk of loss</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*The client's total engagement 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 flexible loans are exceeded for 90 days or more

## NOTE 11 FINANCIAL ASSETS CLASSIFIED AS HOLD TO MATURITY

NOK 1 000	Book value 31-12-2010	New investments	Matured	Amortising	Accrued interest	Exchange rate effects	Amortised cost 30-06-2011
Bonds classified as							
Hold to maturity	1 247 354	1 015 000	-50 000	-7 227	6 497	-1 036	2 210 587
<b>Total certificates and bonds</b>	<b>1 247 354</b>	<b>1 015 000</b>	<b>-50 000</b>	<b>-7 227</b>	<b>6 497</b>	<b>-1 036</b>	<b>2 210 587</b>

### Market value of bonds in hold to maturity portfolio

	Book value	Market value incl exchange rate effects	Effect on result if at market value
Bonds classified as			
Hold to maturity	2 210 587	2 217 227	6 640
<b>Total certificates and bonds</b>	<b>2 210 587</b>	<b>2 217 227</b>	<b>6 640</b>

## NOTE 12 LIABILITIES INCURRED BY ISSUING SECURITIES

	Nominal value	Nominal value	Nominal value
<b>NOK 1 000</b>	<b>30-06-11</b>	<b>30-06-10</b>	<b>2010 *</b>
Certificates and other short-term loans	1 500 000	0	0
Covered bonds	105 309 933	96 149 170	95 793 170
Withdrawn from the swap facility	14 864 778	14 864 778	14 864 778
Bonds deposited in the swap facility	-18 100 000	-18 100 000	-18 100 000
Bonds	3 250 000	4 725 000	4 725 000
Own bonds	-1 885 128	-1 080 941	0
<b>Total liabilities incurred by issuing securities</b>	<b>104 939 583</b>	<b>96 558 007</b>	<b>97 282 948</b>

	Book value	Book value	Book value
<b>NOK 1 000</b>	<b>30-06-11</b>	<b>30-06-10</b>	<b>2010</b>
Certificates and other short-term loans	1 499 755	0	0
Covered bonds	103 361 480	97 619 420	95 512 208
Withdrawn from the swap facility	14 864 778	14 864 778	14 864 778
Bonds deposited in the swap facility	-18 100 000	-18 100 000	-18 100 000
Bonds	3 249 926	4 725 179	4 724 996
Own bonds	-1 919 879	-1 111 009	0
Costs incurred by issuing debt onto the balance sheet	-99 798	-60 891	-70 348
Accrued interest	850 616	1 081 049	859 584
<b>Total liabilities incurred by issuing securities</b>	<b>103 706 879</b>	<b>99 018 526</b>	<b>97 791 218</b>



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

Year	ISIN nr	Issuance	Maturity	Interest rate type	30-06-2011*	30-06-2010*	2010
2010	XS0323446665	01-10-07	01-10-10	Fixed	0	11 698 500	0
2011	Own Bonds				-1 885 128	-1 080 941	0
2010	T-Bills from swap facility	26-08-09	18-12-13	Floating	5 132 380	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	3 162 555
2010	T-Bills from swap facility	21-09-09	18-06-14	Floating	6 569 843	6 569 843	6 569 843
2011	NO0010571086	23-03-10	23-03-11	Floating	0	1 250 000	0
2011	NO0010496359	23-02-09	23-03-11	Floating	0	1 475 000	1 475 000
2011	XS0350301668	04-03-08	15-06-11	Fixed	0	7 888 000	7 888 000
2011	NO0010604986	16-03-11	16-09-11	Fixed	750 000	0	0
2011	NO0010542616	30-09-09	30-09-11	Floating	2 000 000	2 000 000	2 000 000
2011	NO0010604994	16-03-11	16-12-11	Fixed	750 000	0	0
2012	NO0010571086	23-03-10	23-03-12	Floating	1 250 000	0	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	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	US84650WAA45	19-10-10	25-10-13	Fixed	8 842 500	0	8 842 500
2013	NO0010467491	31-10-08	31-10-13	Fixed	300 000	300 000	300 000
2014	NO0010492333	25-02-09	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	15 000
2014	NO0010540578	17-09-09	17-09-14	Floating	998 000	998 000	998 000
2014	NO0010534340	20-08-09	22-05-14	Floating	9 535 000	9 535 000	9 535 000
2014	NO0010540578	17-09-09	17-09-14	Floating	7 552 000	7 552 000	7 552 000
2014	NO0010534340	20-08-09	22-05-14	Floating	-9 550 000	-9 550 000	-9 550 000
2014	NO0010540578	17-09-09	17-09-14	Floating	-8 550 000	-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	7 890 000	7 890 000
2015	NO0010583222	13-08-10	13-08-15	Floating	1 000 000	0	1 000 000
2016	NO0010572142	29-04-10	29-04-16	Floating	5 065 000	3 000 000	4 000 000
2016	XS0632246426	23-05-11	27-05-16	Fixed	6 986 625	0	0
2017	XS0495145657	17-03-10	17-03-17	Fixed	10 037 500	10 037 500	10 037 500
2017	NO0010464694	16-10-08	16-10-17	Fixed	2 000 000	1 500 000	2 000 000
2018	NO0010441454	18-06-08	18-06-18	Fixed	1 000 000	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
2021	N-note	26-01-11	26-01-21	Fixed	828 576	0	0
2021	N-note	28-01-11	28-01-21	Fixed	94 512	0	0
2021	XS0587952085	03-02-11	03-02-21	Fixed	7 930 050	0	0
<b>Total</b>					<b>104 939 583</b>	<b>96 558 007</b>	<b>97 282 948</b>

Liabilities sorted by currency (at book value)

<b>NOK 1 000</b>	<b>30-06-11</b>	<b>30-06-10</b>	<b>2010</b>
NOK	48 351 886	43 454 646	46 790 082
EUR	40 593 300	55 563 880	42 327 967
USD	14 761 693	0	8 673 169
<b>Total</b>	<b>103 706 879</b>	<b>99 018 526</b>	<b>97 791 218</b>

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

Accrued interest corresponding to bonds have been reclassified and are now included in liabilities incurred by issuing securities.

Figures for 30.06.2010 have been revised accordingly.

## NOTE 13 FINANCIAL DERIVATIVES

	Contract amount	Fair value		Distributed into	
NOK 1 000		Assets	Liabilities	Cash-flow hedging	Fair value hedging
Hedging 1st half 2011					
Interest Derivatives					
Interest rate and cross currency swaps	128 539 679	1 246 906	2 682 186		128 539 679
Total interest derivatives	128 539 679	1 246 906	2 682 186		128 539 679

*Hedging 1st half 2010*

### Interest Derivatives

Interest rate and cross currency swaps	133 866 350	2 920 418	601 855		133 866 350
<b>Total interest derivatives</b>	<b>133 866 350</b>	<b>2 920 418</b>	<b>601 855</b>		<b>133 866 350</b>

All derivative contracts done by the Company are for the purpose of hedging.  
Accrued interest corresponding to derivatives have been reclassified and are now included in financial derivatives.  
Figures for 30.06.2010 have been revised accordingly.

## NOTE 14 OTHER LIABILITIES

NOK 1 000	30-06-11	30-06-10	2010
Employees tax deductions and other deductions	262	195	320
Employers national insurance contribution	215	195	100
Accrued holiday allowance	489	368	629
Accrued interest	0	0	0
Commission due to banks for loans provided	826 848	764 802	897 124
Deposits	7 067	2 481	2 522
Pension liabilities	222	1 041	222
Other accrued costs	99 678	17 908	4 628
<b>Total</b>	<b>934 782</b>	<b>786 990</b>	<b>905 545</b>

The Company does not have an overdraft facility or a revolving credit facility as of 30.06.2011.  
Accrued interest corresponding to bonds and derivatives have been reclassified and no longer belong with other liabilities.  
The figures from 30.06.2010 have been revised accordingly.

## NOTE 15 ASSET COVERAGE REQUIREMENT

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. The company separates Pool 1 and Pool 2. Pool 1 is utilised in the market whilst Pool 2 is a total separate mortgage portfolio established for use in the swap facility with Norges Bank in 2009.

<b>POOL 1</b>			
<b>NOK 1 000</b>	<b>30-06-11</b>	<b>30-06-10</b>	<b>2010</b>
Covered Bonds	83 332 871	49 153 177	77 951 005
Derivatives	1 956 068	-5 801 203	-275 992
<b>Total Covered Bonds</b>	<b>85 288 939</b>	<b>43 351 974</b>	<b>77 675 013</b>
Lending to customers	89 069 156	42 004 339	74 269 828
Treasury Bills	397 342	0	6 677 603
Substitute collateral	4 102 154	3 535 887	4 402 393
<b>Total Cover Pool</b>	<b>93 568 652</b>	<b>45 540 226</b>	<b>85 349 825</b>
<b>Asset-coverage</b>	<b>109,7 %</b>	<b>105,05 %</b>	<b>109,9 %</b>

<b>POOL 2</b>			
<b>NOK 1 000</b>	<b>30-06-11</b>	<b>30-06-10</b>	<b>2010</b>
Covered Bonds	18 100 000	18 100 000	18 100 000
Own bonds	-1 013 000	-1 013 000	-1 013 000
Derivatives	-5 126	-18 869	-12 216
<b>Total Covered Bonds</b>	<b>17 081 874</b>	<b>17 068 131</b>	<b>17 074 784</b>
Lending to customers	15 341 587	15 987 537	16 324 512
Substitute collateral	1 780 232	1 234 917	1 048 822
<b>Total Cover Pool</b>	<b>17 121 819</b>	<b>17 222 454</b>	<b>17 373 333</b>
<b>Asset-coverage</b>	<b>100,2 %</b>	<b>100,9 %</b>	<b>101,7 %</b>

## NOTE 16 TAXES

After the annual accounts were presented there has been a change in taxes. The consequence of this is in a shift between payable and deferred taxes. The profit/loss remains unaffected by this change.



## NOTE 17 CAPITAL ADEQUACY

New capital adequacy regulations were introduced in Norway as of 1 January 2007 (Basel II - the new EU directive for capital adequacy) SpareBank 1 Boligkreditt AS has been granted permission from the Financial Supervisory Authority of Norway to use the Internal Rating Based Approach (IRB) for credit risk from the 2nd quarter of 2009 onwards. Transitional rules are given by regulation from the Financial Supervisory Authority of Norway whereby the use of the IRB-approach will not have full effect of reduced regulatory capital requirements until 2012. In 2011 permission is given for a reduction in risk-weighted basis of calculation of 20% of the old capital adequacy regulation (Basel I). For Boligkreditt these transitional rules implies that the company's assets now have a higher risk-weighting than that under the standard method (in Basel II).

Subordinated capital in NOK 1 000	30-06-11	30-06-10	2010
Share capital	3 150 548	2 870 548	3 150 548
Premium share fund	1 577 922	1 437 922	1 577 922
Other equity capital	420 985	814	985
Profit/loss		0	75 785
<b>Total equity capital entered into the balance sheet</b>	<b>5 149 455</b>	<b>4 309 284</b>	<b>4 805 240</b>
Intangible assets	-3 286	-4 558	-4 780
Purposed for share dividend		0	-75 613
50% deduction of expected losses exceeding loss provisions IRB	-45 151	-35 620	-37 781
<b>Core capital</b>	<b>5 101 018</b>	<b>4 269 106</b>	<b>4 687 066</b>
Supplementary capital		0	0
50% deduction of expected losses exceeding loss provisions IRB	-45 151	-35 620	-37 781
<b>Total subordinated capital</b>	<b>5 055 867</b>	<b>4 233 486</b>	<b>4 649 285</b>

Minimum requirements for subordinated capital according to Basel II in NOK 1 000	30-06-11	30-06-10	2010
Credit risk	994 195	871 610	896 339
Market risk	0	0	0
Operational risk	17 435	12 219	12 219
Depreciation on groups of loans	0	0	
Difference in capital requirement resulting from transitional period 2007-2009	2 628 457	2 220 119	2 276 924
<b>Minimum requirement subordinated capital</b>	<b>3 640 087</b>	<b>3 103 948</b>	<b>3 185 482</b>

Capital adequacy in NOK 1 000	30-06-11	30-06-10	2010
Core capital ratio (%)	11,21 %	11,00 %	11,77 %
Subordinated capital ratio (%)	11,11 %	10,91 %	11,68 %

## NOTE 18 CONTINGENCIES

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

## NOTE 19 RESTRICTED CASH

SpareBank 1 Boligkreditt has signed ISDA-agreements including CSAs (Credit Support Annexes) with a number of financial institutions that are counterparties in interest rate and currency swaps. These institutions post collateral in the form of cash deposits to SpareBank 1 Boligkreditt. At 30.06.2011 this collateral amounted to NOK 499 163 136. This amount is included in the balance sheet as a deposit, but represents restricted cash.

## NOTE 20 INCOME- AND BALANCE SHEET DEVELOPMENT

<b>Income statement</b> <b>NOK 1 000</b>	<b>2nd quarter</b> <b>2011</b>	<b>1st quarter</b> <b>2011</b>	<b>4th quarter</b> <b>2010</b>	<b>3rd quarter</b> <b>2010</b>	<b>2nd quarter</b> <b>2010</b>
Interest income	1 759 049	852 861	2 798 192	1 995 944	1 186 810
Interest expenses	-1 651 273	-795 296	-2 661 310	-1 896 656	-1 126 752
<b>Net interest income</b>	<b>107 776</b>	<b>57 566</b>	<b>136 882</b>	<b>99 288</b>	<b>60 058</b>
Profit/loss on securities	-21 497	-10 285	-7 337	-19 913	7 659
<b>Net other operating income</b>	<b>-21 497</b>	<b>-10 285</b>	<b>-7 337</b>	<b>-19 913</b>	<b>7 659</b>
<b>Total operating income</b>	<b>86 279</b>	<b>47 281</b>	<b>129 545</b>	<b>79 375</b>	<b>67 717</b>
Salaries and other personnel expenses	-2 842	-1 318	-6 422	-4 045	-2 690
Administrative expenses	-3 141	-1 357	-6 137	-3 984	-2 381
Other operating expenses	-5 763	-1 398	-8 090	-5 128	-4 378
Depreciation of fixed and other intangible assets	-1 539	-773	-3 545	-2 695	-1 713
<b>Total operating expenses</b>	<b>-13 286</b>	<b>-4 846</b>	<b>-24 194</b>	<b>-15 852</b>	<b>-11 163</b>
<b>Operating result before losses</b>	<b>72 993</b>	<b>42 435</b>	<b>105 351</b>	<b>63 523</b>	<b>56 555</b>
Write-downs on loans and guarantees	0				0
<b>Pre-tax operating result</b>	<b>72 993</b>	<b>42 435</b>	<b>105 351</b>	<b>63 523</b>	<b>56 555</b>
Taxes	-20 439	-11 882	-29 567	-17 787	-15 835
<b>Profit/loss for the period</b>	<b>52 554</b>	<b>30 553</b>	<b>75 784</b>	<b>45 736</b>	<b>40 179</b>
<b>Balance sheet</b> <b>NOK 1 000</b>	<b>2nd quarter</b> <b>2011</b>	<b>1st quarter</b> <b>2011</b>	<b>4th quarter</b> <b>2010</b>	<b>3rd quarter</b> <b>2010</b>	<b>2nd quarter</b> <b>2010</b>
<b>Assets</b>					
Deferred tax assets	0	0	0	0	0
Other intangible assets	3 286	4 052	4 780	5 630	4 558
Other assets	1 223	924	440	1 351 989	3 240
Treasury bills	1 580 829	8 711 184	6 677 603	7 301 038	8 941 315
Bonds	4 115 283	2 748 910	2 184 270	1 780 629	1 813 082
Lending to and deposits with credit institutions	1 531 251	2 971 401	3 658 257	9 983 437	3 761 957
Lending to customers	104 552 605	97 989 161	91 083 932	85 827 600	88 466 210
Financial derivatives	1 246 906	1 412 951	1 469 563	2 276 755	2 920 418
<b>Total assets</b>	<b>113 031 383</b>	<b>113 838 582</b>	<b>105 078 845</b>	<b>108 527 078</b>	<b>105 910 780</b>
<b>Liabilities and equity</b>					
Deferred taxes	-6 363	-35 768	-35 768	-6 205	-6 205
Covered bonds	-103 706 879	-105 563 975	-97 791 218	-100 841 010	-99 018 526
Securities issued	-499 163	-282 931	-390 468	-732 764	-1 147 198
Debt to credit institutions	-2 682 186	-2 222 008	-1 150 778	-421 556	-601 855
Financial derivatives	0	0	0	0	0
Other liabilities	-934 782	-898 277	-905 545	-2 170 522	-786 990
<b>Total liabilities</b>	<b>-107 829 373</b>	<b>-109 002 959</b>	<b>-100 273 777</b>	<b>-104 172 057</b>	<b>-101 560 775</b>
<b>Equity</b>					
Contributed equity	-4 728 470	-4 728 470	-4 728 470	-4 308 470	-4 308 470
Other deposited equity (not registered)	-420 000	0	0	0	0
Accrued equity	-986	-985	-985	-814	-814
Profit/loss for the period	-52 554	-30 553	0	-45 737	-40 719
Purposed dividend	0	-75 613	-75 613	0	0
<b>Total liabilities and equity</b>	<b>-5 202 010</b>	<b>-4 835 622</b>	<b>-4 805 069</b>	<b>-4 355 021</b>	<b>-4 350 003</b>
<b>Total equity</b>	<b>-113 031 383</b>	<b>-113 838 582</b>	<b>-105 078 845</b>	<b>-108 527 078</b>	<b>-105 910 778</b>

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