

# feeling NORWAY

3RD QUARTERLY REPORT 2010 SPAREBANK 1 BOLIGKREDITT AS





feeling  
NORWAY



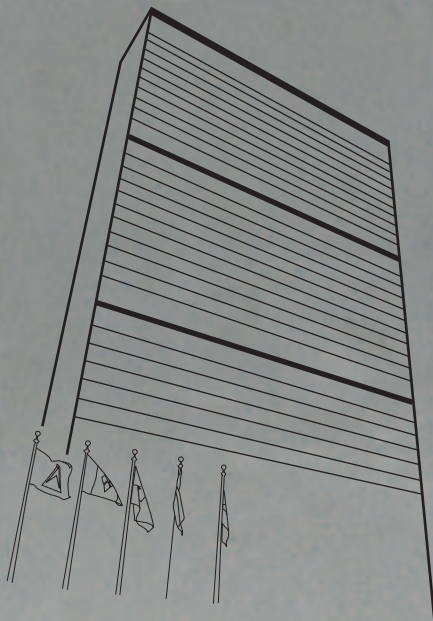


**FIG 1**

The Oslo University Library was established in 1811. The first librarian was the philologist and influential Norwegian statesman, Georg Sverdrup. In 1998 this historical storehouse of books moved to new premises at "Blindern", the University of Oslo, in the newly built Georg Sverdrups House. Today the library serves 4561 researchers and 25 917 students. The library has 3 613 049 volumes in its collections. All this behind dark Larvikite from Klåstad, outside Larvik.

**FIG 2**

From the East River the silhouette of Manhattan is largely dominated by one building. The United Nations Secretariat building was finished in 1952 and is currently accommodating 5000 people working for world peace and to form a platform for dialogue between the countries of the world. The 166 metres tall building was drawn by a group of international designers and architects, with the French pioneer Le Corbusier, among others, as a consultant. In line with functionalist principles, large parts of the façade is covered with glass, but the façade also contains significant amounts of natural rock, more specifically Larvikite.



**FIG 3**

Every Sunday bells chime over silent lakes and well-kept vegetation in the very centre of Berlin. Here you can find one of Europe's largest carillons. In medieval times, these bells were used to notify people from entire communities of events such as fires, storms and military attacks, in addition to royal births and deaths. Today carillons are often found in prominent cities as symbols of civil pride and tradition. The Carillon in Berlin Tiergarten consist of 68 bells, the largest one weighing 7,8 tons. The carillon's entire façade is covered by dark Larvikite.

LARVIKITE WAS TITLED THE NATIONAL ROCK OF NORWAY IN 2008. THIS VOLCANIC ROCK WAS FORMED ABOUT 295 MILLION YEARS AGO. LARVIKITE IS TYPICAL NORWEGIAN IN THAT IT IS ONLY FOUND IN LARVIK AND ITS SURROUNDINGS. THIS ATTRACTIVE ROCK CONSISTS MAINLY OF A SPECIAL TYPE OF FELDSPAR THAT HAS A BEAUTIFUL SHINE WITH BLUISH IRIDESCENCE. IT HAS BEEN USED AS BUILDING MATERIAL FOR CHURCHES AND OTHER BUILDINGS EVER SINCE MEDIEVAL TIMES. THE COMMERCIAL OPERATIONS, HOWEVER, DID NOT COMMENCE UNTIL THE 1880S. TODAY THE ROCK IS EXTRACTED FROM NEARLY 30 QUARRIES IN THE LARVIK AREA.

TODAY LARVIKITE IS EXPORTED ALL OVER THE WORLD. IT DECORATES THE FAÇADE OF WELL-KNOWN BUILDINGS SUCH AS THE UN BUILDING IN NEW YORK, THE JAME'ASR HASSANIL BOLKIAH MOSQUE OF BRUNEI, THE BURJ-AL-ARAB HOTEL IN DUBAI, PILLARS IN THE ICELANDIC ALLTINGET, AND IN HERE IN NORWAY; THE FAÇADE OF THE UNIVERSITY LIBRARY IN OSLO. LARVIKITE IS ALSO USED FOR KITCHEN TOPS, FLOOR TILES AND GRAVESTONES. THE REMAINS FROM THE QUARRIES ARE THEN EXPORTED TO BE USED AS SHORE PROTECTION, GRAVEL AND ORNAMENTAL PEBBLES, THUS EXEMPLIFYING NORWEGIAN CREATIVITY AND APTITUDE FOR WEALTH CREATION.





# FACT SHEET

# norway.

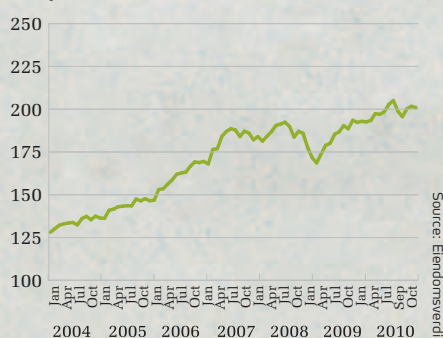
## KEY MACROECONOMIC FIGURES

	2006	2007	2008	2009	2010E	2011E
GDP Mainland Norway	4,9	5,6	2,2	-1,4	1,5	2,9
Inflation (CPI)	2,3	0,8	3,8	2,1	2,5	1,5
Household Consumption	4,8	5,4	1,3	0,2	3,3	3,9
Households Real Disposable Income	-6,4	6,3	3,1	4,6	3	2,9
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	3,7
Current Account Surplus/GDP	17,2	14,1	18,6	13,1	14	14
Budget Surplus/GDP	17	17	20	10	10	11
Government Pension Fund/GDP	83	89	90	112	127	138

Sources: Statistics Norway, OECD, Norwegian Finance Ministry, NBIM

### Housing prices 2004-2010

Index Jan 2000=100



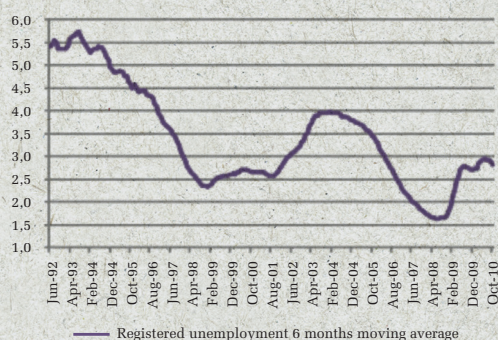


## NORWAY – STEADY GROWTH AHEAD

THE NORWEGIAN ECONOMY REMAINS SOLID, BUT AS A SMALL OPEN ECONOMY IT IS DEPENDENT ON GLOBAL TRENDS. A SECOND ROUND OF QUANTITATIVE EASING IN THE US AND A POSITIVE Q3 REPORTING SEASON HAS LED TO AN IMPRESSIVE RETURN IN THE STOCK MARKET. GDP-GROWTH HAS BEEN MODERATE, BUT WE EXPECT DOMESTIC DEMAND TO STIMULATE GROWTH GOING FORWARD. UNEMPLOYMENT IS LOW AND THE HOUSING MARKET IS ROBUST. AT THE MOMENT THE KEY POLICY RATE IS 2.0%. WE EXPECT NORGES BANK TO KEEP ITS POLICY RATE UNCHANGED FOR ANOTHER YEAR DUE TO LOW INFLATIONARY PRESSURE IN THE NORWEGIAN ECONOMY AND LOW RISK OF A HOUSING BUBBLE.

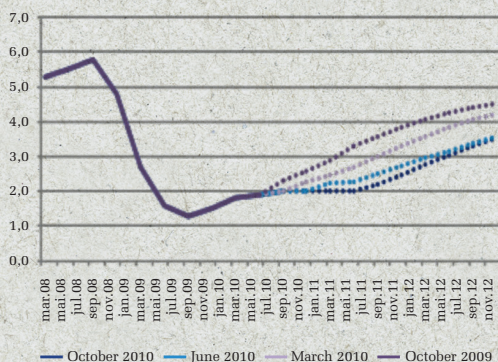
Compared to most developed countries, Norway experienced only a minor setback during the financial crisis. Optimism is returning to the corporate sector. The graph below shows that unemployment has peaked at a very low level in this cycle. One reason is that many companies retained staff in the downturn. This again points to a "jobless" recovery, and we expect employment growth to remain subdued for a while.

### UNEMPLOYMENT IS LOW



Norges Bank has an operational target of monetary policy which is to seek low and stable inflation, with an inflation of 2.5% over time. In 2010 core inflation has gone from being close to target to only 1.0% in October. That has taken Norges Bank by surprise. The low inflationary pressure is due to falling import prices, low pricing power among companies and modest wage growth. Due to the weak inflationary pressure, Norges Bank has been forced to revise down its baseline scenario for the key policy rate at each of the last three projections. Currently, the base line scenario is getting close to our long held view that interest rates in Norway will be held low for a considerable period.

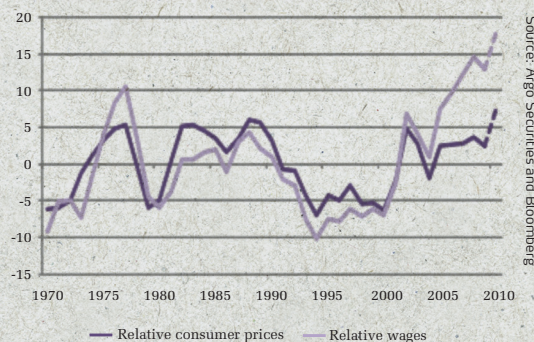
### KEY POLICY RATE PROJECTIONS



As the chart below shows, the real exchange rate is gaining strength. The graph shows deviation from mean over the period 1970-2009. Although Norwegian industry is doing well at the

moment, the strong real exchange rate is likely to reduce the potential for further export growth. The low interest rate level globally is making it very hard for Norges Bank to hike rates without drawing attention to the NOK. This is another reason we believe interest rates will be kept on hold for a while.

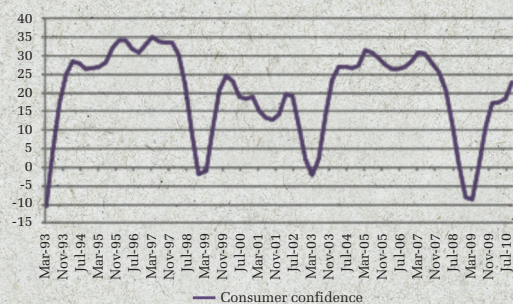
### REAL EXCHANGE RATE, DEVIATION FROM MEAN



Source: Argo Securities and Bloomberg

So far the favourable environment for Norwegian consumers has not led to a credit driven shopping frenzy or to a housing bubble. Credit growth in households has been stable at around 6.0%, and non-financial credit growth has increased to 1.3%. Saving rates have increased and households have reduced their debt levels. Going forward, we expect domestic demand to pick up a bit and contribute to growth. Consumer confidence is increasing.

### RETAIL SALES



Source: Argo Securities, Statistics Norway and Bloomberg

To sum up, the Norwegian economy is solid, but dependent on global developments as well as the price on the main export products oil and gas. Given a stable or positive global development the Norwegian economy seems well equipped for further growth close to its long term trend growth of 2- 2,5% over the coming years. Interest rates are set to remain low for another year.



# FACT SHEET

# boligkreditt.

## In NOK 1 000

Mortgages	71 173 843	PAR-test	<b>109,4 %</b>	Covered Bonds	81 283 520
Treasury Bills	7 301 038	Company target	<b>109,0 %</b>		
Substitute Collateral	8 448 134			Swaps	-1 842 121
<b>Total</b>	<b>86 923 015</b>			<b>Total</b>	<b>79 441 399</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\*

30-09-10

Total mortgage portfolio (in NOK 1000)	71 173 843
Number of loans	65 801
Average loan size (in NOK 1000)	1 082
% of non-performing loans	0,00 %

Weighted average time since origination	30 months
Weighted average remaining term	255 months

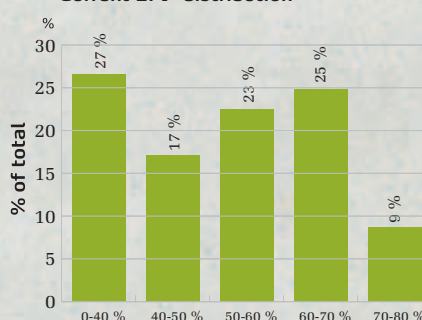
Ratio of floating rate loans	100 %
Weighted average interest rate	3,74 %
Weighted average margin (in bps)	48

Weighted average current LTV	50 %
Weighted average original LTV	56 %
Maximum original LTV permitted by law	75 %

## 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 financials rated A or higher.

Current LTV distribution



## \* 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 in the market that are issued against this portfolio.



## 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	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	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	4 000 000 000	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



**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 3RD QUARTER 2010

NOK 1 000	Note	30-09-10	30-09-09	2009
Total interest income	4	1 995 944	1 321 547	1 783 634
Total interest expenses	4	-1 896 656	-1 241 896	-1 675 732
<b>Net interest income</b>		<b>99 288</b>	<b>79 651</b>	<b>107 902</b>
Net gains/losses from financial instruments	5	-19 913	14 265	28 622
<b>Net other operating income</b>		<b>-19 913</b>	<b>14 265</b>	<b>28 622</b>
<b>Total operating income</b>		<b>79 375</b>	<b>93 916</b>	<b>136 524</b>
Salaries and other personnel expenses	6	-4 045	-3 141	-5 793
Administration expenses	7	-3 984	-3 123	-3 901
Other operating expenses	8	-5 128	-3 073	-5 577
Depreciation on fixed assets and other intangible assets		-2 695	-3 263	-4 116
<b>Total operating expenses</b>		<b>-15 852</b>	<b>-12 600</b>	<b>-19 387</b>
<b>Operating result before losses</b>		<b>63 523</b>	<b>81 316</b>	<b>117 137</b>
Write-downs on loans and guarantees		0	-366	-366
<b>Pre-tax operating result</b>		<b>63 523</b>	<b>80 950</b>	<b>116 771</b>
Taxes		-17 787	-22 666	-32 652
<b>Profit/loss for the period</b>		<b>45 737</b>	<b>58 284</b>	<b>84 119</b>



# BALANCE SHEET AS OF 30 SEPTEMBER 2010

NOK 1 000	Note	30-09-10	30-09-09	2009
<b>Assets</b>				
Deferred tax advantage		0	2 911	0
Other intangible assets		5 630	4 720	3 867
Other assets		1 351 989	206 270	202 809
Treasury bills		7 301 038	1 189 800	0
Bonds		1 780 629	816 682	987 030
Lending to and deposits with credit institutions		9 983 437	8 007 722	5 800 587
Lending to customers	11	85 827 600	66 435 235	74 353 637
Financial derivatives	12	2 276 755	3 795 418	2 884 920
<b>Total assets</b>		<b>108 527 078</b>	<b>80 458 757</b>	<b>84 232 850</b>
<b>Liabilities</b>				
Deferred taxes		-6 205	0	-6 205
Debt incurred by issuing securities	14	-100 841 010	-72 814 835	-77 721 299
Debt to credit institutions		-732 764	-3 908 840	-1 992 032
Financial derivatives	12	-421 556	0	0
Other liabilities		-2 170 522	-498 401	-830 798
<b>Total liabilities</b>		<b>-104 172 057</b>	<b>-77 222 076</b>	<b>-80 550 334</b>
<b>Equity</b>				
Contributed equity		-4 308 470	-2 148 470	-3 168 470
Other deposited equity (not registered)		0	-1 020 000	-420 000
Accrued equity		-814	-9 926	-814
Profit/loss		-45 737	-58 284	0
Purposed dividends		0	0	-93 231
<b>Total equity</b>		<b>-4 355 021</b>	<b>-3 236 680</b>	<b>-3 682 516</b>
<b>Total liabilities and equity</b>		<b>-108 527 078</b>	<b>-80 458 757</b>	<b>-84 232 850</b>



## STATEMENT OF CHANGES IN EQUITY

NOK 1 000	Share capital	Premium reserve	Other contributed	Purposed dividend	Other equity	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
<b>Balance sheet as of 1. January 2007</b>	<b>320 000</b>	<b>79 994</b>			<b>-1 724</b>	<b>398 270</b>
Share increase 22. February 2007	3 140	816				3 956
Share increase 22. August 2007	200 000	50 000				250 000
Share increase 02. November 2007	176 401	88 201				264 602
Share increase 20. December 2007	83 599	26 170				109 769
Result for the period					9 510	9 510
<b>Balance sheet as of 31. December 2007</b>	<b>783 140</b>	<b>245 181</b>			<b>7 786</b>	<b>1 036 107</b>
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
<b>Balance sheet as of 31. December 2008</b>	<b>1 090 548</b>	<b>547 922</b>			<b>39 371</b>	<b>1 677 841</b>
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
<b>Balance sheet as of 31. December 2009</b>	<b>2 390 548</b>	<b>1 197 922</b>	<b>0</b>	<b>93 231</b>	<b>814</b>	<b>3 682 515</b>
Share increase 03. March 2010	480 000	240 000				720 000
Share dividend 2009				-93 231		-93 231
Result for the period					45 737	45 737
<b>Balance sheet as of 30 September 2010</b>	<b>2 870 548</b>	<b>1 437 922</b>	<b>0</b>	<b>0</b>	<b>46 551</b>	<b>4 355 021</b>

## CASH FLOW STATEMENT

NOK 1 000	30-09-10	30-09-09	2009
<b>Cash flows from operations</b>			
Interest received	2 307 018	1 433 652	2 046 276
Payments to operations	-10 555	-14 991	-20 152
Paid tax	-23 536	-22 184	-15 234
<b>Net cash flow relating to operations</b>	<b>2 272 927</b>	<b>1 396 477</b>	<b>2 010 890</b>
<b>Cash flows from investments</b>			
Net purchase of loan portfolio	-11 473 963	-30 236 138	-38 154 431
Net payments on the acquisition of government securities	-7 301 038	710 581	1 900 387
Net payments on the acquisition of securities	-804 641	-405 334	-586 076
Net investments in intangible assets	-4 454	-4 092	-4 090
<b>Net cash flows relating to investments</b>	<b>-19 584 096</b>	<b>-29 934 983</b>	<b>-36 844 209</b>
<b>Cash flows from funding activities</b>			
Net receipt/payment from the issuance of certificates	1 250 000	2 974 800	2 974 800
Net receipt/payment from the issuance of bonds	23 952 316	29 219 539	35 061 986
Net receipt/payment from the issuance of loans to credit institutions	-2 558 400	-1 996 194	-3 910 856
Payment of new equity capital	720 000	1 530 000	1 950 000
Paid dividend	-93 231	-29 445	-29 445
Net interest payments on funding activity	-1 778 098	-1 440 610	-1 699 847
<b>Net cash flow relating to funding activities</b>	<b>21 492 587</b>	<b>30 258 090</b>	<b>34 346 638</b>
<b>Net cash flow in the period</b>	<b>4 181 418</b>	<b>1 719 584</b>	<b>-486 681</b>
<b>Balance of cash, bank deposits and similar entities as of 31.12.2009</b>	<b>5 800 587</b>	<b>6 294 029</b>	<b>6 294 029</b>
Net receipt/payments on cash	<b>4 181 418</b>	<b>1 719 584</b>	<b>-486 681</b>
Exchange rate difference	<b>1 432</b>	<b>-5 891</b>	<b>-6 762</b>
<b>Balance of cash, bank deposits and similar entities as of 30.09.10</b>	<b>9 983 437</b>	<b>8 007 722</b>	<b>5 800 587</b>



### 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 SpareBank 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	30-09-10	30-09-09	2009
<b>Interest income</b>			
Interest income and similar income from loans to and balances with credit institutions	157 569	137 812	192 911
Interest income and similar income from loans to and balances with customers	2 187 904	1 441 862	2 028 245
Interest income from treasury bills	73 512	7 695	320
Commission expense	-423 041	-265 822	-437 842
<b>Total interest income</b>	<b>1 995 944</b>	<b>1 321 547</b>	<b>1 783 634</b>
<b>Interest expense</b>			
Interest expense and similar expenses to credit institutions	6 297	67 003	76 797
Interest expense and similar expenses on issued bonds	1 889 871	1 168 987	1 593 003
Interest expense and similar expenses on issued certificates	345	5 868	5 868
Interest expense and similar expenses on deposits from and liabilities to customers		2	2
Other interest expenses	143	36	61
<b>Total interest expense</b>	<b>1 896 656</b>	<b>1 241 896</b>	<b>1 675 732</b>
<b>Net interest income</b>	<b>99 288</b>	<b>79 651</b>	<b>107 902</b>

### NOTE 5 NET GAINS FROM FINANCIAL INSTRUMENTS

NOK 1 000	30-09-10	30-09-09	2009
	3 804 143	-5 880 359	-2 779 809
Net gains from financial liabilities	-5 752	-39 121	-76 389
Net gains from financial assets at amortised cost	14 303	5 925 924	0
Net gains from bonds at fair value	-3 832 607	0	2 884 820
Net gains from financial derivatives, hedging, at fair value	-19 913	6 444	28 622
<b>Net gains from financial instruments</b>	<b>14 265</b>	<b>10 525</b>	<b>-34 738</b>



## NOTE 6 SALARIES AND REMUNERATION

NOK 1 000	30-09-10	30-09-09	2009
Salaries	4 366	3 770	6 042
Salaries reinvoiced to SpareBank 1 Næringskreditt*	-1 411	-1 571	-2 060
Pension expenses	300	300	707
Social insurance fees	766	608	882
Other personell expenses	24	34	222
<b>Total salary expenses</b>	<b>4 045</b>	<b>3 141</b>	<b>5 793</b>
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	30-09-10	30-09-09	2009
IT operation and maintenance	3 550	2 630	3 297
Travel	426	395	688
Travel expenses reinvoiced to SpareBank1 Næringskreditt	-120	0	-221
Telephone and postage	53	28	60
Training	0	40	40
Misc other adm expenses	76	30	37
<b>Total</b>	<b>3 984</b>	<b>3 123</b>	<b>3 901</b>

## NOTE 8 OTHER OPERATING EXPENSES

NOK 1 000	30-09-10	30-09-09	2009
Internal auditor, hired personnel from SpareBank 1 Group, other services	5 550	2 360	5 987
Operating expenses rented offices	123	118	164
Reinvoiced expenses to SpareBank 1 Næringskreditt	-774	0	-1 046
Misc other operating expenses	229	386	472
<b>Total</b>	<b>5 128</b>	<b>2 863</b>	<b>5 577</b>

## NOTE 9 FINANCIAL ASSETS CLASSIFIED AS HOLD-TO-MATURITY

Pr. 30.09.10

	Book value 31-12-09	New investment	Matured	Amortising	Exchange rate effects	Amortised cost 30-09-10
Bonds classified as						
Hold to maturity	987 030	91 284	-194 117	-4 034	-7 715	872 447
<b>Total certificates and bonds</b>	<b>987 030</b>	<b>91 284</b>	<b>-194 117</b>	<b>-4 034</b>	<b>-7 715</b>	<b>872 447</b>

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

	Book value	Market value incl exchange rate effect	Effect on result if at market value
Bonds classified as			
Hold to maturity	872 447	To be forwarded	To be forwarded
<b>Total certificates and bonds</b>	<b>872 447</b>	<b>To be forwarded</b>	<b>To be forwarded</b>



## NOTE 10 ASSET COVERAGE REQUIREMENT

<b>POOL 1</b>			
<b>NOK 1 000</b>	<b>30-09-10</b>	<b>30-09-09</b>	<b>2009</b>
Covered bonds	81 283 520	54 584 266	60 010 186
Financial derivatives	-1 842 121	-3 772 612	-2 862 097
<b>Total covered debt</b>	<b>79 441 399</b>	<b>50 811 654</b>	<b>57 148 088</b>
Lending to customers	71 173 843	49 108 920	57 614 996
Treasury Bills	7 301 038	0	0
Substitute collateral	8 448 134	6 175 698	4 656 028
<b>Total cover pool</b>	<b>86 923 015</b>	<b>55 284 618</b>	<b>62 271 024</b>
<b>Asset coverage</b>	<b>109,4 %</b>	<b>108,8 %</b>	<b>109,0 %</b>

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.

<b>POOL 2</b>			
<b>NOK 1 000</b>	<b>30-09-10</b>	<b>30-09-09</b>	<b>2009</b>
Covered Bonds	18 100 000	18 100 000	18 100 000
Derivatives	-13 078	-22 805	-22 823
<b>Total Covered Bonds</b>	<b>18 086 922</b>	<b>18 077 195</b>	<b>18 077 177</b>
Lending to customers	14 619 491	17 295 187	16 682 972
Substitute collateral	2 697 914	846 843	522 782
Own bonds	1 013 000	1 013 000	1 013 000
<b>Total Cover Pool</b>	<b>18 330 406</b>	<b>19 155 029</b>	<b>18 218 755</b>
<b>Asset-coverage</b>	<b>101,3 %</b>	<b>106,0 %</b>	<b>100,8 %</b>

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

<b>NOK 1 000</b>	<b>30-09-10</b>	<b>30-09-09</b>	<b>2009</b>
Flexible loans - retail market	34 370 638	28 261 038	31 186 607
Amortising loans - retail market	51 460 328	38 177 562	43 170 396
<b>Total loans before specified and unspecified loss provisions</b>	<b>85 830 966</b>	<b>66 438 601</b>	<b>74 357 003</b>
Specified loan loss provisions	0	0	0
Grouped loan loss provisions	3 366	3 366	3 366
<b>Total net loans and claims with customers</b>	<b>85 827 600</b>	<b>66 435 235</b>	<b>74 353 637</b>
<b>Liability</b>			
Unused credit on flexible loans	9 470 645	7 328 515	8 213 816
<b>Total</b>	<b>9 470 645</b>	<b>7 328 515</b>	<b>8 213 816</b>
<b>Defaulted loans</b>			
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>
<b>Other loans at risk of loss</b>			
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>



## NOTE 12 FINANCIAL DERIVATIVES

	Contract amount	Fair value		Distributed into	
NOK 1 000		Assets	Liabilities	Cash-flow hedging	Fair value hedging
Hedging 3 quarter 2010					
Interest derivatives					
Interest rate and cross currency swaps	135 184 940	2 276 755	421 556		135 184 940
Total interest derivatives	135 184 940	2 276 755	421 556		135 184 940

<i>Hedging 3 quarter 2009</i>					
<b>Interest derivatives</b>					
Interest rate and cross currency swaps	84 045 720	3 795 418			84 045 720
<b>Total interest derivatives</b>	<b>84 045 720</b>	<b>3 795 418</b>			<b>84 045 720</b>

<i>Hedging year-end 2009</i>					
<b>Interest derivatives</b>					
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>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 than under the standard method (in Basel II).

<b>Subordinated capital in NOK 1 000</b>	<b>30-09-10</b>	<b>30-09-09</b>	<b>2009</b>
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	1 029 926	429 926
Profit/loss	0	0	84 119
<b>Total equity capital recorded on the balance sheet</b>	<b>4 309 284</b>	<b>3 178 396</b>	<b>3 682 515</b>
Intangible assets	-5 630	-7 631	-3 867
Purposed for share dividend	0	0	-93 231
50% deduction of expected losses exceeding loss provisions IRB	-33 585	-26 831	-29 925
<b>Core capital</b>	<b>4 270 070</b>	<b>3 143 934</b>	<b>3 555 492</b>
Supplementary capital	0	0	0
50% deduction of expected losses exceeding loss provisions IRB	-33 585	-26 831	-29 925
<b>Total subordinated capital</b>	<b>4 236 485</b>	<b>3 117 103</b>	<b>3 525 568</b>
<b>Minimum requirements for subordinated capital according to Basel II in NOK 1 000</b>	<b>30-09-10</b>	<b>30-09-09</b>	<b>2009</b>
Credit risk	969 177	732 713	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	2 136 054	1 642 990	1 844 855
<b>Minimum requirement subordinated capital</b>	<b>3 117 450</b>	<b>2 382 861</b>	<b>2 642 885</b>
<b>Capital adequacy in NOK 1 000</b>	<b>30-09-10</b>	<b>30-09-09</b>	<b>2009</b>
Core capital ratio (%)	10,96 %	10,56 %	10,76 %
Subordinated capital ratio (%)	10,87 %	10,47 %	10,67 %



## NOTE 14 LIABILITIES INCURRED BY ISSUING SECURITIES

	Nominal value	Nominal value	Nominal value
<b>NOK 1 000</b>	<b>30-09-2010*</b>	<b>30-09-2009*</b>	<b>2009*</b>
Certificates and other short term liabilities	0	0	0
Covered bonds	98 649 170	68 837 170	75 221 670
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	4 725 000	3 475 000	3 475 000
Own bonds	-1 080 941	-77 990	-574 006
<b>Total liabilities incurred by issuing securities</b>	<b>99 058 007</b>	<b>68 998 958</b>	<b>74 887 442</b>

	Book value	Book value	Book value
<b>NOK 1 000</b>	<b>30-09-10</b>	<b>30-09-09</b>	<b>2009</b>
Certificates and other short term liabilities	0	0	0
Covered bonds	110 943 326	72 644 169	78 110 895
Withdrawn from the swap facility	14 883 567	14 893 642	14 885 658
Bonds deposited in the swap facility	-18 100 000	-18 100 000	-18 100 000
Bonds	-5 725 895	3 474 800	3 474 800
Own bonds	-1 108 785	-87 676	-627 829
Costs incurred by issuing debt recorded on the balance sheet	-51 203	-10 100	-22 225
<b>Total liabilities incurred by issuing securities</b>	<b>100 841 010</b>	<b>72 814 835</b>	<b>77 721 299</b>

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

Year	ISIN nr	Issuance	Maturity	Interest rate type	30-09-10	30-09-09	2009
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	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	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	2 000 000
2011	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	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	NO0010520356	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		
2015	NO0010583222	13-08-10	13-08-15	Floating	1 000 000		
2016	NO0010572142	29-04-10	29-04-16	Floating	4 000 000		
2017	NO0010464694	07-10-08	16-10-17	Fixed	2 000 000	1 500 000	1 500 000
2017	XS0495145657	17-03-10	17-03-17	Fixed	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
<b>Total</b>					<b>99 058 007</b>	<b>68 998 958</b>	<b>74 887 442</b>

Liabilities sorted by currency (book value)

<b>NOK 1 000</b>	<b>30-09-10</b>	<b>30-09-09</b>	<b>2009</b>
NOK	46 026 617	41 251 952	38 549 136
EUR	54 814 393	31 562 883	39 172 163
Total	100 841 010	72 814 835	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 30.09.2010 this collateral amounted to NOK 732 763 894. This amount is included in the balance sheet as a deposit, but represents a tied up amount.

## NOTE 17 INCOME- AND BALANCE SHEET DEVELOPMENT

<b>Income statement</b> <b>NOK 1 000</b>	<b>3rd quarter</b> <b>2010</b>	<b>2nd quarter</b> <b>2010</b>	<b>1st quarter</b> <b>2010</b>	<b>4th quarter</b> <b>2009</b>	<b>3rd quarter</b> <b>2009</b>
Interest income	1 995 944	1 186 811	530 842	1 783 634	1 321 547
Interest expenses	-1 896 656	-1 126 752	-491 985	-1 675 732	-1 241 896
<b>Net interest income</b>	<b>99 288</b>	<b>60 059</b>	<b>38 857</b>	<b>107 902</b>	<b>79 651</b>
Profit/loss on securities	-19 913	7 659	3 517	28 622	14 265
<b>Net other operating income</b>	<b>-19 913</b>	<b>7 659</b>	<b>3 517</b>	<b>28 622</b>	<b>14 265</b>
<b>Total operating income</b>	<b>79 375</b>	<b>67 718</b>	<b>42 374</b>	<b>136 524</b>	<b>93 916</b>
Salaries and other personnel expenses	-4 045	-2 690	-1 081	-5 793	-3 141
Administrative expenses	-3 984	-2 381	-1 388	-3 901	-3 123
Other operating expenses	-5 128	-4 378	-1 663	-5 577	-3 073
Depreciation of fixed and other intangible assets	-2 695	-1 713	-859	-4 116	-3 262
<b>Total operating expenses</b>	<b>-15 852</b>	<b>-11 163</b>	<b>-4 991</b>	<b>-19 387</b>	<b>-12 600</b>
<b>Operating result before losses</b>	<b>63 523</b>	<b>56 555</b>	<b>37 383</b>	<b>117 137</b>	<b>81 316</b>
Write-downs on loans and guarantees		0	0	-366	-366
<b>Pre-tax operating result</b>	<b>63 523</b>	<b>56 555</b>	<b>37 383</b>	<b>116 771</b>	<b>80 950</b>
Taxes	-17 787	-15 835	-10 467	-32 652	-22 666
<b>Profit/loss for the period</b>	<b>45 737</b>	<b>40 719</b>	<b>26 916</b>	<b>84 119</b>	<b>58 284</b>
<b>Balance sheet</b> <b>NOK 1 000</b>	<b>3rd quarter</b> <b>2010</b>	<b>2nd quarter</b> <b>2010</b>	<b>1st quarter</b> <b>2010</b>	<b>4th quarter</b> <b>2009</b>	<b>3rd quarter</b> <b>2009</b>
<b>Assets</b>					
Deferred tax assets	0	0	0	0	2 911
Other intangible assets	5 630	4 558	5 409	3 867	4 720
Other assets	1 351 989	1 061 496	1 193 068	202 809	206 270
Treasury bills	7 301 038	8 941 315	6 472 992	0	1 189 800
Bonds	1 780 629	1 807 862	1 263 065	987 030	816 682
Lending to and deposits with credit institutions	9 983 437	3 706 560	6 273 527	5 800 587	8 007 722
Lending to customers	85 827 600	88 372 337	77 861 137	74 353 637	66 435 235
Financial derivatives	2 276 755	2 016 651	1 593 304	2 884 920	3 795 418
<b>Total assets</b>	<b>108 527 078</b>	<b>105 910 778</b>	<b>94 662 502</b>	<b>84 232 850</b>	<b>80 458 757</b>
<b>Liabilities and equity</b>					
Deferred taxes	-6 205	-6 205	-6 205	-6 205	0
Covered bonds	-96 115 843	-93 212 298	-82 960 344	-74 246 499	-69 340 035
Securities issued	-4 725 167	-4 725 179	-3 974 776	-3 474 800	-3 474 800
Debt to credit institutions	-732 764	-1 147 198	-1 442 332	-1 992 032	-3 908 840
Financial derivatives	-421 556	-527 504	0	0	0
Other liabilities	-2 170 522	-1 942 391	-1 942 645	-830 798	-498 401
<b>Total liabilities</b>	<b>-104 172 057</b>	<b>-101 560 775</b>	<b>-90 326 302</b>	<b>-80 550 334</b>	<b>-77 222 076</b>
<b>Equity</b>					
Contributed equity	-4 308 470	-4 308 470	-3 588 470	-3 168 470	-2 148 470
Accrued equity	0	0	-720 000	-420 000	-9 926
Other deposited equity (not registered)	-814	-814	-814	-814	-1 020 000
Profit/loss for the period	-45 737	-40 719	-26 916	-93 231	-58 284
<b>Total equity</b>	<b>-4 355 021</b>	<b>-4 350 003</b>	<b>-4 336 200</b>	<b>-3 682 516</b>	<b>-3 236 680</b>
<b>Total liabilities and equity</b>	<b>-108 527 078</b>	<b>-105 910 778</b>	<b>-94 662 502</b>	<b>-84 232 850</b>	<b>-80 458 757</b>



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