



Sør Boligkreditt AS

Registration Document

Sør Boligkreditt AS

2011

Arranger:



Sør Boligkreditt AS

Vesterveien 1
4836 Arendal
www.sor.no

Table of content

1. Risk factors	3
2. Definitions	6
3. Responsible for this registration document	7
4. Arranger.....	7
5. Statutory Auditor.....	8
6. Information about Sør Boligkreditt AS	8
7. Presentation of the Issuer	9
8. Organization	10
9. Trend information	11
10. Administrative, management and supervisory bodies	12
11. Shareholder information	12
12. Financial information concerning the issuer's assets and liabilities, financial position and profits and losses	13
13. Documents on display	14

1. Risk factors

Risk and capital management

Risk management ensures that the risk exposure at any time is known and is instrumental in ensuring that the company achieves its strategic objectives and also that legislation and regulatory requirements are complied with.

Management objectives have been established for the company's total risk level and specific management objectives have been established within each risk area. Systems have been established to measure, manage and control risk.

Capital management will ensure that the company has satisfactory core capital ratio, financial stability and a competitive return in relation to risk profile.

Capital adequacy must be robust and have buffers in order to survive a serious, but realistic cyclical downturn.

The company's capital adequacy and risk exposure is monitored through periodic reporting to the management and board of directors.

Credit risk

Credit risk is defined as the risk of loss due to customers or counterparties being unable to meet their obligations.

Credit risk is managed through the company's strategy and policy documents, credit routines and processes and authority empowered to grant loans. The credit strategy is established at least annually by the board of directors and includes credit policy guidelines and also management objectives for risk profile and risk concentrations.

The risk management objectives are monitored and reported periodically to the board of directors.

The rules for the company define what loans may be included in the company's cover pool, and what requirements are set for borrowers and collateral for loans that may be acquired by the company.

As at 31 December 2010, the company had a mortgage portfolio totaling BNOK 5.856 with an average debt-to asset ratio of 52.9 per cent. The board of directors considers the quality of the lending portfolio to be very good and the credit risk to be low.

An important element in risk management is the calculation of the probability of default, (score models), on the customer and portfolio level. Customers will be scored by application using an application score model, and monthly thereafter using a behavioral score model.

The customers are divided into the following risk groups:

Probability of default, (PD)	Risk class	Risk group
0.00-0.10	A	Low risk
0.10-0.25	B	Low risk
0.25-0.50	C	Low risk
0.50-0.75	D	Low risk
0.75-1.25	E	Medium risk
1.25-2.00	F	Medium risk
2.00-3.00	G	Medium risk
3.00-5.00	H	High risk
5.00-8.00	I	High risk
8.00-over	J	High risk
100.00	K	High risk, (default)

Distribution of risk groups by. 31.12.2010:

Risk group	%
Low risk	81,5
Medium risk	14,7
High risk/unclassified	3,8

The requirement for mortgages transferred to Sør Boligkreditt is that the borrowers risk class, at the time of transfer, is low or medium (between A and G).

Market risk

Market risk is the risk of loss due to unfavorable changes in market prices for interest and exchange rates and in the stock market.

The market risk management strategy ensures that the business is run in accordance with the group's overall strategy plan, and that any risk is reflected in the return. The board of directors has set management objectives for market risk. Follow-up takes place through ongoing reporting to the management and board of directors.

All mortgages have floating interest rates for the time being, which can be changed with a 6 week notice. The company's outstanding bonds are denominated in NOK, with floating rates linked to 3 month NIBOR.

Sør Boligkreditt AS shall in accordance with law and regulations have low market risk, and has established limits for maximum interest and exchange rate risk, which have been approved by the board of directors. The company will mainly use financial derivatives to keep the afore-mentioned risk at the desired level. At year-end 2010, the company has no positions in foreign currency and low interest rate risk. The board of directors considers the market risk to be low.

Funding risk

Funding risk is defined as the risk that the company is only able to meet its obligations through higher costs, or at worst cannot meet its obligations on maturity. The company's funding risk management strategy ensures justifiable liquidity management, but is instrumental in ensuring the group's ability to survive critical situations.

Sør Boligkreditt AS issues bonds where the company has the possibility to extend the maturity of its borrowing by up to twelve months, if the company has problems refinancing at the time of ordinary maturity.

The company has a credit facility of BNOK 2.5 in Sparebanken Sør, where the bank is obliged to provide liquid funds in order that outstanding bonds and any associated derivatives receive timely settlement. At year-end 2010, BNOK 1.6 had been drawn on the credit facility.

It is established a revolving multicurrency loan facility agreement between Sør Boligkreditt AS and Sparebanken Sør. The commitment in the agreement is equal to the Borrower's payment obligations for the next 12 months, on a rolling basis. The purpose of the agreement is that the borrower shall apply the loan for the repayment or prepayment of any covered bonds, including interest and principal and any due payments under the derivatives contracts.

The board of directors considers the company's funding risk to be low.

Operational risk

Operational risk is defined as the risk of loss due to inadequate or failing internal processes, routines or systems, human error, crime or external events.

An ongoing internal control is carried out in these areas.

The company has entered into a framework agreement with Sparebanken Sør, which includes loan management, group services and treasury functions, etc. Under the agreement, the bank bears the risk of any errors within the supplies and services provided. The operational risk and internal control are assessed on an ongoing basis. An annual risk assessment is made of important risks for the company. In 2010, no weaknesses of importance to the group's risk and capital adequacy were found.

The board of directors considers the operational risk in the company to be low. The company has an internal auditor function that reports directly to the board of directors.

2. Definitions

Annual Report of 2009	Sør Boligkreditt AS's annual report of 2009.
Annual Report of 2010	Sør Boligkreditt AS's annual report of 2010.
Board or Board of Directors	the board of directors of the Company
Companies Registry	the Norwegian Registry of Business Enterprises (Foretaksregisteret)
EBIT	earnings before interest and taxes (Operating earnings)
EBITA	earnings before interest, taxes and amortisation (Gross operating earnings after depreciation)
EBITDA	earnings before interest, taxes, depreciation and amortisation (Gross operating earnings)
IFRS	International Financial Reporting Standards
ISIN	International Securities Identification Number
NOK	the lawful currency for the time being in Norway
NGAAP	generally accepted account principles in Norway
Oslo Børs	Oslo Børs ASA
Sør Boligkreditt AS or the Company or the Issuer or the Borrower	Sør Boligkreditt AS, company reg. no. 992 842 970

3. Responsible for this registration document

Sør Boligkreditt AS, Vesteveien 1, 4809 Arendal, is responsible for the content in this registration document.

Declaration by persons responsible

This Listing Prospectus has been prepared by Sør Boligkreditt AS with a view to providing a description of relevant aspects of Sør Boligkreditt AS in connection with the Bond Issue and an investment therein. We confirm that, taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Arendal, 01 August 2011

Rolf H. Søraker
Managing Director

4. Arranger

Nordea Bank ASA, Nordea Markets have assisted the issuer in preparing the Listing Prospectus. Nordea Bank ASA, Nordea Markets has verified the information contained herein. Accordingly, no representation, warranty or undertaking, expressed or implied, is made and the Arranger expressly disclaim any legal or financial liability as to the accuracy or completeness of the information contained in this Listing Prospectus or any other information supplied in connection with bonds issued by Sør Boligkreditt AS or their distribution. The statements made in this paragraph are without prejudice to the responsibility of the Company. Each person receiving this Listing Prospectus acknowledges that such person has not relied on the Arranger or on any person affiliated with it in connection with its investigation of the accuracy of such information or its investment decision.

Oslo, 01 August 2011
Nordea Bank Norge ASA
Nordea Markets

5. Statutory Auditor

KPMG AS

Iuellsklev 4
P.O. Box 103
N-4801 Arendal

Tlf. +47 04063
Faks. +47 37 00 52 25

KPMG is a member of The Norwegian Institute of Public Accountants.

State Authorized Public Accountant (Norway) Terje H. Holst has been responsible for the Auditor's report for 2009 and 2010 for Sør Boligkreditt AS.

6. Information about Sør Boligkreditt AS

Registration number: 992 842 970
Date of incorporation: 12.06.2008
Legal name: Sør Boligkreditt AS
Address: Vesterveien 1, 4836 Arendal

Tel: +47 37 02 50 00
Mailing address: Postboks 782 Stoa, 4809 Arendal
County: Arendal
Country: Norway

Sør Boligkreditt is registered in Brønnøysundregistrene, Foretaksregisteret and Merverdiavgiftsregisteret.

The Company is organized under the laws of Norway.

7. Presentation of the Issuer

General Information

Sør Boligkreditt AS was established in the autumn of 2008 and is a wholly owned subsidiary of Sparebanken Sør. The company is located in the same premises as the bank's head office in Arendal. The company has a licence to operate as a finance enterprise and may issue covered bonds to investors from the company's cover pool. The cover pool mainly consists of secured mortgages that have been granted by Sparebanken Sør, and that meet the requirements the company sets relating to loans that may enter the cover pool. One of the main requirements is that the outstanding balance of each loan must not exceed 75 per cent of the market value of the mortgaged property.

At year-end 2010, Sør Boligkreditt AS had taken over mortgages from Sparebanken Sør amounting to BNOK 5.9, compared with BNOK 5.3 in 2009.

Sparebanken Sør has established a revolving credit facility for the benefit of Sør Boligkreditt AS. In addition it is established a revolving multicurrency loan facility agreement equal to the Sør Boligkreditt AS payment obligations for the next 12 months, on a rolling basis.

Sør Boligkreditt AS has agreements with Sparebanken Sør concerning loan management, group services, treasury functions, etc. Sparebanken Sør's commitment to the covered bond programme is further underlined by the range of functions it carries out on behalf of Sør Boligkreditt AS.

Repayment on loans in the cover pool are made directly to an account in the issuer's name. This account is included in the cover pool.

Funding & Financial strength

At year-end, total assets were MNOK 5,865, of which net loans to customers were MNOK 5,856. No loans were in default as at 31 December 2010.

The loan portfolio has been funded through issue of covered bonds with a nominal value totaling BNOK 4.0 and also funding from Sparebanken Sør totaling BNOK 1.574. At year-end, the company had an unused credit facility in the parent bank of MNOK 926.

At year-end, capital adequacy ratio was 10.3 per cent and consists purely of core capital. The board of directors considers the capital adequacy ratio to be satisfactory.

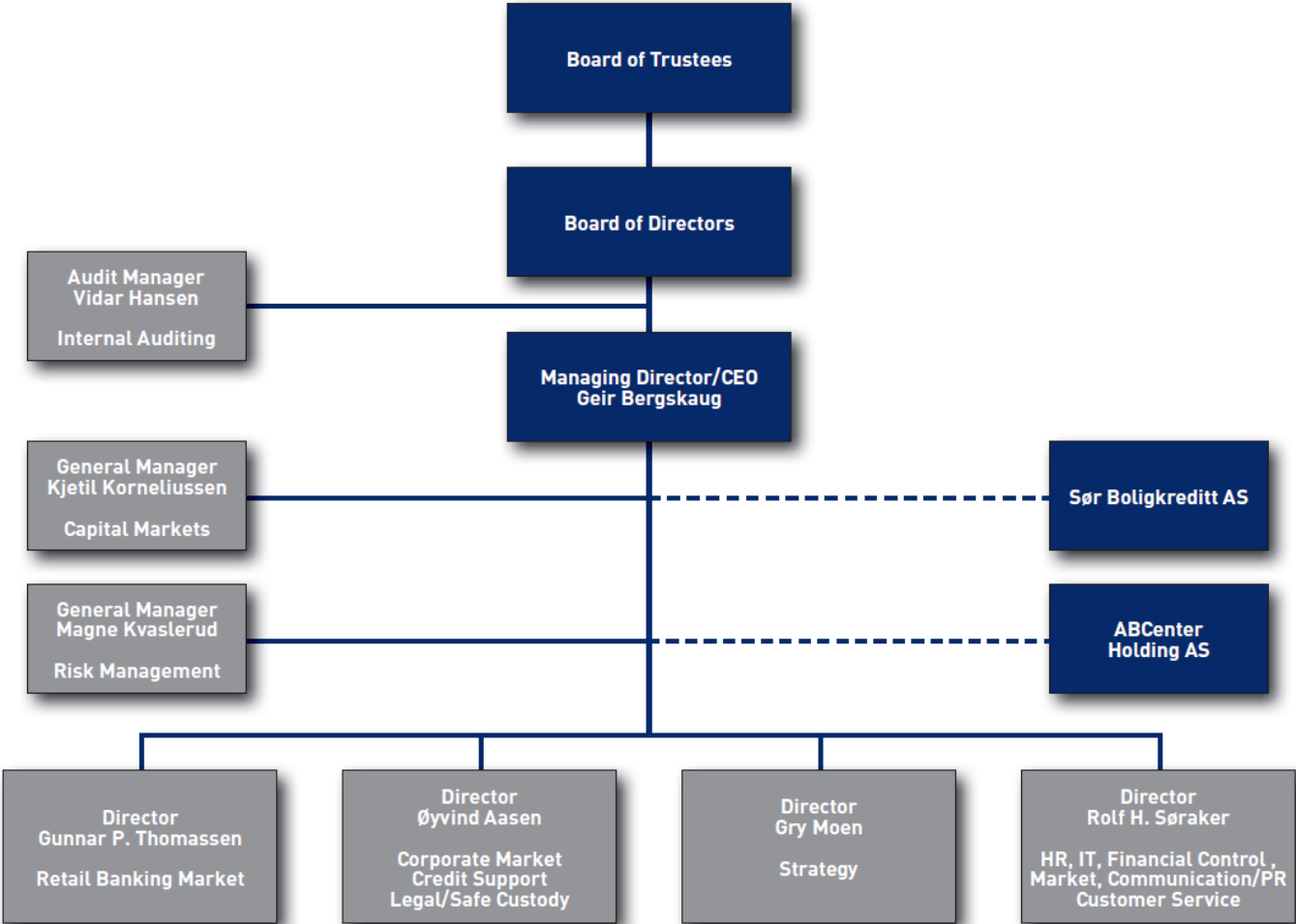
8. Organization

Sør Boligkreditt AS

Sør Boligkreditt AS is a wholly owned subsidiary of Sparebanken Sør and has been established as the bank's enterprise for issue of covered bonds. The head office of the company is located in Arendal.

Sør Boligkreditt AS has employed a Managing Director in a 50% post from 1 September 2010. Essential services are mainly purchased from Sparebanken Sør. An inter-company agreement has been entered into between the parent bank and the company in this respect.

Organization plan



The parent company – Sparebanken Sør

Sparebanken Sør is an independent financial institution that engages in banking, securities and real estate brokerage activities in the counties of Aust-Agder, Vest-Agder and Telemark. The bank, whose head office is located in Arendal, has 29 branch offices. Sparebanken Sør Group engages in real estate brokerage through ABCenter and mortgage financing through Sør Boligkreditt. Both companies are wholly owned subsidiaries of the Sparebanken Sør Group.

ABCenter AS

The bank owns 100 per cent of the shares in ABCenter Holding AS, which is the parent company of the real estate brokerage group ABCenter. ABCenter has 12 branches in the counties of Aust- and Vest-Agder and Telemark. The head office of ABCenter is located together with our Kristiansand branch at Markensgt. 9 in Kristiansand. During the year, the company sold a total of 1,756 residential properties, including new builds, existing dwellings, dwellings, holiday cottages and commercial buildings – all at an aggregate value of BNOK 3.9.

9. Trend information

Future Outlook

The good result in 2010 is instrumental in strengthening the group's financial strength and at the same time, liquidity is good. Therefore, the group is well equipped to meet future challenges.

There is still uncertainty regarding the global economy and in Europe, there are large variations. This can cause unrest in the financial markets, which in turn will have consequences for the group's results.

Activity in the Norwegian economy continued to rise in 2010 and this indicates a higher level of activity in industry and commerce in the future. The expectations for continued stable and low unemployment will stimulate higher house prices and growth in household debt. This will form the basis for a continued good level of activity in the retail banking market. There will be increased focus on achieving better results with regard to future deposits. The group plans a modest rise in the level of activity in the corporate market aimed at customers who have a risk profile that is within the group's guidelines.

New liquidity requirements, higher funding costs and a challenging competitive situation make it increasingly more difficult to deliver results within the set targets. In the strategy plan, the group will still aim to be a profitable and strong financial institution that contributes to value creation for customers, employees and the local community.

Statement of no material adverse change

There has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements.

10. Administrative, management and supervisory bodies

Rolf H Søraker is employed a Managing Director in a 50% post.

Name	Board of Directors	Position	Address
Geir Bergskaug	Chairman	CEO, Sparebanken Sør	Po 672, Stoa, 4836 ARENDAL
Frode Mathiesen	Dep. Chairman	Lawyer, Sparebanken Sør	Po 672, Stoa, 4836 ARENDAL
Seunn Smith-Tønnessen	Member	Dep. University Director, UiA	Po 672, Stoa, 4836 ARENDAL
Birte Helgesen	Member	Cred. Support, Sparebanken Sør	Po 672, Stoa, 4836 ARENDAL

Name	General Assembly	Position	Address
Geir Bergskaug	Chairman	CEO, Sparebanken Sør	Po 672, Stoa, 4836 ARENDAL

Name	Control Committee	Position	Address
Sverre Irgens	Chairman	Holder, SI Consult Sverre Irgens	Po 672, Stoa, 4836 ARENDAL
Dag Jørgen Hveem	Dep. Chairman	Industrial Professor, BI	Po 672, Stoa, 4836 ARENDAL
Aage Petter Danielsen	Member	State Aut. Pub. Acc., Danielsen	Po 672, Stoa, 4836 ARENDAL

There are no conflicts of interests between any duties to the issuing entity of the persons referred to above and their private interests and/or other duties.

11. Shareholder information

The company's 200,000 shares of NOK. 1,000 are owned by Sparebanken Sør.

12. Financial information concerning the issuer's assets and liabilities, financial position and profits and losses

Historical Financial Information

The annual accounts have been presented in accordance with the EU approved International Finance Reporting Standards, IFRS and associated interpretation rulings, and also additional information requirements pursuant to the Accounting Act, which shall be applied as at 31 December 2010. The annual report is in accordance with the requirements in the Accounting Act and Norwegian Accounting Standard 16 as at 31 December 2010.

Financial Information, annual accounts	2009	2010
Income Statement	5	6
Balance	6	7
Cash Flow Statement	7	8
Notes to Annual Accounts	8	9
Auditor's Report	19	21

Annual- and quarterly reports are published on the following website:

<http://sor.no/sor/Toppmeny/English/Finansiell-rapportering/>

Statement of audited historical financial information

The historical information for 2009 and 2010 has been audited.

Last year of financial information

The last year of audited financial information is 2010 for Sør Boligkreditt AS.

Legal arbitration proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Company and/or Group's financial position or profitability.

Significant change in the issuer's financial or trading position

There has been no significant change in the financial or trading position of the Group which has occurred since the end of the last financial period for which interim financial information has been published.

13. Documents on display

The following documents (or copies thereof) may be inspected for the life of the Registration Document at the headquarters of Sør Boligkreditt AS, Vesterveien 1, 4836 Arendal

- (a) the memorandum and articles of association of Sør Boligkreditt AS;
- (b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at Sør Boligkreditt's request any part of which is included or referred to in the Registration Document;
- (c) the historical financial information of Sør Boligkreditt AS for each of the two financial years preceding the publication of the Registration Document.

Reference in Registration Document	Refers to
Financial Information Sør Boligkreditt AS	Annual report 2009 page 5-7 Annual report 2010 page 6-8