



Securities Note

FRN Sør Boligkreditt AS Covered Bond Issue 2011/2017
(Extendable to 24 August 2018)
NO0010623945

Lead Manager:

DnB NOR
Markets

Arendal/Oslo, 30 August 2011

Important notice

The Securities Note has been prepared in connection with listing of the securities at Oslo Børs. Finanstilsynet (The Financial Supervisory Authority of Norway) has controlled and approved the Securities Note pursuant to Section 7-7 of the Norwegian Securities Trading Act. New information that is significant for the Borrower or its subsidiaries may be disclosed after the Securities Note has been made public, but prior to listing of the Loan. Such information will be published as a supplement to the Securities Note pursuant to Section 7-15 of the Norwegian Securities Trading Act. On no account must the publication or the disclosure of the Securities Note give the impression that the information herein is complete or correct on a given date after the date on the Securities Note, or that the business activities of the Borrower or its subsidiaries may not have been changed.

Only the Borrower and the Lead Manager are entitled to procure information about conditions described in the Securities Note. Information procured by any other person is of no relevance in relation to the Securities Note and cannot be relied on.

Unless otherwise stated, the Securities Note is subject to Norwegian law. In the event of any dispute regarding the Securities Note, Norwegian law will apply.

In certain jurisdictions, the distribution of the Securities Note may be limited by law, for example in the United States of America or in the United Kingdom. Verification and approval of the Securities Note by Finanstilsynet implies that the Securities Note may be used in any EEA country. No other measures have been taken to obtain authorisation to distribute the Securities Note in any jurisdiction where such action is required. Persons that receive the Securities Note are ordered by the Borrower and the Joint Lead Managers to obtain information on and comply with such restrictions.

This Securities Note is not an offer to sell or a request to buy bonds.

The content of the Securities Note does not constitute legal, financial or tax advice and bond owners should seek legal, financial and/or tax advice.

Contact the Borrower or the Lead Manager to receive copies of the Securities Note.

This Securities Note should be read together with the Registration Document dated 1 August 2011, together constitute a prospectus.

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1. Risk factors

The Issuer believes that the factors described below represent the principal market risks inherent in investing in the Loan, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Bonds are exhaustive. Prospective investors should also read the detailed information set out in the Registration Document dated 1 August 2011 and reach their own views prior to making any investment decision.

Risk related to the market in general

All investments in interest bearing securities have risk associated with such investment. The risk is related to the general volatility in the market for such securities, varying liquidity in a single bond issue as well as company specific risk factors. There are four main risk factors that sums up the investors total risk exposure when investing in interest bearing securities: liquidity risk, interest rate risk, settlement risk and market risk (both in general and issuer specific).

Liquidity risk is the risk that a party interested in trading bonds in the Loan cannot do it because nobody in the market wants to trade the bonds. Missing demand of the bonds may incur a loss on the bondholder.

The price of a single bond issue will fluctuate in accordance with the interest rate and credit markets in general, the market view of the credit risk of that particular bond issue, and the liquidity of this bond issue in the market. In spite of an underlying positive development in the Issuers business activities, the price of a bond may fall independent of this fact.

The interest rate risk is due to variability of the NIBOR interest rate. The coupon payments, which depend on the NIBOR interest rate and the Margin, will vary in accordance with the variability of the NIBOR interest rate. The interest rate risk related to this bond issue will be limited, since the coupon rate will be adjusted quarterly according to the change in the reference interest rate (NIBOR 3 months) over the 6 year tenor. The primary price risk for a floating rate bond issue will be related to the market view of the correct trading level for the credit spread related to the bond issue at a certain time during the tenor, compared with the credit margin the bond issue is carrying. A possible increase in the credit spread trading level relative to the coupon defined credit margin may relate to general changes in the market conditions and/or Issuer specific circumstances. However, under normal market circumstances the anticipated tradable credit spread will fall as the duration of the bond issue becomes shorter. In general, the price of bonds will fall when the credit spread in the market increases, and conversely the bond price will increase when the market spread decreases.

Settlement risk is the risk that the settlement of bonds in the Loan does not take place as agreed. The settlement risk consists of the failure to pay or the failure to deliver the bonds.

Market risk is the risk that the value of the Loan will decrease due to the change in value of the market risk factors. The price of a single bond issue will fluctuate in accordance with the interest rate and credit markets in general, the market view of the credit risk of that particular bond issue, and the liquidity of this bond issue in the market. In spite of an underlying positive development in the Issuers business activities, the price of a bond may fall independent of this fact. Bond issues with a relatively short tenor and a floating rate coupon rate do however in general carry a lower price risk compared to loans with a longer tenor and/or with a fixed coupon rate.

No market-maker agreement is entered into in relation to this bond issue, and the liquidity of bonds will at all times depend on the market participants view of the credit quality of the Issuer as well as established and available credit lines.

Factors which are material for the purpose of assessing the market risks associated with Bond

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Securities Note and/or Registration Document or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of the financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Risks related to Bonds in general

Set out below is a brief description of certain risks relating to the Bonds generally:

Modification and Waiver

The conditions of the Bonds contain provisions for calling meetings of bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all bondholders including bondholders who did not attend and vote at the relevant meeting and bondholders who voted in a manner contrary to the majority.

The conditions of the Bonds also provide that the Trustee may, without the consent of bondholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Bonds or (ii) determine without the consent of the bondholders that any event of default or potential event of default shall not be treated as such.

2. Persons responsible

2.1 Persons responsible for the information

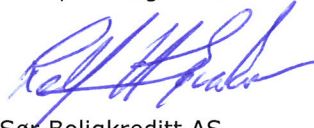
Persons responsible for the information given in the Securities Note are:
Sør Boligkreditt AS, Vesterveien 1, 4836 Arendal

2.2 Declaration by persons responsible

Responsibility statement:

This 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, having taken all reasonable care to ensure that such is the case, that the information contained in the prospectus is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Arendal, 30 August 2011



Sør Boligkreditt AS
Rolf H. Søraker
Managing Director

3. Information concerning the securities

ISIN code:	NO 0010623945
The Loan/The Reference Name/The Bonds:	"FRN Sør Boligkreditt AS Covered Bond Issue 2011/2017" (Extendable to 24 August 2018)
Borrower/Issuer:	Sør Boligkreditt AS, norwegian enterprise no. 992 842 970
Security Type:	Covered Bond Issue with floating rate.
Borrowing Limit – Tap Issue:	NOK 1,000,000,000
Borrowing Amount/First Tranche:	NOK 500,000,000
Denomination – Each Bond:	NOK 500,000 - each and among themselves pari passu ranking.
Securities Form:	The Bonds are electronic registered in book-entry form with the Securities Depository.
Disbursement/Settlement/Issue Date:	24 August 2011
Interest Bearing From and Including:	Disbursement/Settlement/Issue Date
Interest Bearing To:	Maturity
Maturity:	24 August 2017
Extended Maturity Date:	24 August 2018
NIBOR ¹ :	NIBOR 3 months
Margin:	0.53 % p.a.
Coupon Rate:	NIBOR + Margin.
Day Count Fraction - Coupon:	Act/360 – in arrears.
Business Day Convention:	Modified following. If the Interest Payment Date is not a Business Day, the Interest Payment Date shall be postponed to the next Business Day. However, if this day falls in the following calendar month, the Interest Payment Date is moved to the first Business Day preceding the original date.
Interest Rate Determination Date:	22 August 2011, and thereafter two Business Days prior to each Interest Rate Adjustment Day.
Interest Rate Adjustment Date:	With effect from Interest Payment Date.
Interest Payment Date/Coupon Date:	24 February, 24 May, 24 August and 24 November in each year. The first being 24 November 2011.
#Days first term:	92 days.
Issue Price:	100 % (par value).

¹ See also; "NIBOR-definition" and "NIBOR-reference Banks"

Yield:	<p>Dependent on the market price. Yield for the first interest period will be notified in 2 Banking Days prior to Disbursement Date.</p> <p>For future Yield, the Coupon rate will be set two Banking Days prior to each interest Payment Date. The current Coupon rate is 3.58 %.</p>
Business Day:	<p>A day when the Norwegian Central Bank's Settlement System is open and when Norwegian banks can settle foreign currency transactions.</p>
Amortisation:	<p>The bonds will run without installments and be repaid in full at Maturity at par.</p>
Redemption:	<p>Matured interest and matured principal will be credited each Bondholder directly from the Securities Registry. Claims for interest and principal shall be limited in time pursuant the Norwegian Act relating to the Limitation Period Claims of May 18 1979 no 18, p.t. 3 years for interest rates and 10 years for principal.</p> <p>This is a bullet loan with redemption date 24 August 2017.</p>
Extended Maturity Date:	<p>The extended date on which the Bonds fall due, as set out in Clause 3.6.4 in the Bond Agreement. The Extended Maturity Date shall be adjusted pursuant to the Business Day Convention.</p>
Payments:	<p>On each Coupon Date the Issuer shall in arrears pay the accrued Coupon amount to the Bondholders.</p> <p>On the Maturity Date the Issuer shall pay in respect of each Bond the Face Value multiplied by the Redemption Price to the Bondholders.</p> <p>On the Maturity Date the Issuer shall pay any Additional Return (if applicable) to the Bondholders.</p> <p>The Issuer may not apply any counterclaims in set-off against its payment obligations pursuant to this Bond Agreement.</p> <p>If the amount due is not paid in full on the Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Maturity Date, provided that any amount representing the amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Coupon Date occurring thereafter up to (and including) the relevant Extended Maturity Date.</p> <p>If a Call or Put is exercised, the Issuer shall at the relevant date indicated under Call or Put pay to the Bondholders the Face Value of the Bonds to be redeemed multiplied by the relevant price for the relevant date plus accrued Coupon on the redeemed Bonds.</p>

Amounts payable to the Bondholders by the Issuer shall be available to the Bondholders on the date the amount is due pursuant to this Bond Agreement.

In the event that the Issuer has not fulfilled its payment obligations pursuant to this Bond Agreement, interest shall accrue on the amount due at the higher of:

- (a) the seven day NIBOR plus 3.0 percentage points (to be fixed two Business Days before due date and thereafter weekly), and
- (b) the applicable Coupon at the due date plus 3.0 percentage points.

Default interest shall be added to the amount due on a monthly basis and accrue interest together with this (compound interest).

Status of the Loan:

The Bonds are unsubordinated obligations issued as covered bonds (obligasjoner med fortrinnsrett) in accordance with Chapter 2, Sub-chapter IV and appurtenant regulations of the Financial Institutions Act and rank pari passu among (i) themselves, (ii) any other bonds issued by the Issuer that have been given the same preferential rights to the Cover Pool and (iii) any obligations of the Issuer to counterparties under derivative contracts, if any, as referred to in Section 2-28 (e) of the Financial Institutions Act that have been provided the same preferred rights to settlement against the Cover Pool.

To the extent that claims in relation to the Bonds, other covered bonds and relating derivative agreements (both as registered in the Cover Pool Register) are not met out of the Cover Pool, the residual claims will rank pari passu with the unsecured and unsubordinated obligations of the Issuer, save for those preferred by law.

Cover Pool Register No. 1/2009

The Bonds are issued as covered bonds with preferential rights in the Issuer's first established pool of covered bonds, the Cover Pool Register No 1/2009

Security:

The Bonds are unsecured. In accordance with the Financial Institutions Act, the Bonds, together with (i) other covered bonds issued by the Issuer and registered in the Cover Pool Register at any time and (ii) any derivative contracts, as referred to in Section 2-28 (e) of the Financial Institutions Act and registered in the Cover Pool Register at any time, shall in the event of bankruptcy, negotiation of debt under the Bankruptcy Act, winding up of the Issuer or public administration of the Issuer, have an exclusive, equal and proportional preferential claim over the Cover Pool.

Cover Pool:

The pool of assets to which:

- (i) the Bondholders,
- (ii) any other holders of bonds issued by the Issuer that have been given the same preferential rights in the same cover pool, and

- (iii) counterparties to derivative contracts that have been given the same preferential rights in the same cover pool, if any, as referred to in Section 2-28 (e) of the Financial Institutions Act,

have a preferential right in accordance with the Financial Institutions Act Chapter 2, Sub-chapter IV and regulations given pursuant thereto, and which are registered in the designated Cover Pool Register at any time, subject to changes pursuant to Clause 3.5.2 of the Bond Agreement.

Cover Pool Register:

The register of:

- (i) the Bonds,
- (ii) any other bonds issued by the Issuer that have been given the same preferential rights to the Cover Pool,
- (iii) the derivative contracts which have been given the same preferential rights as the Bonds, and
- (iv) the assets in the Cover Pool,

- to be established and maintained by the Issuer in accordance with the Financial Institutions Act and regulations given pursuant thereto, and which is named as the "Cover Pool Register No. 1/2009".

Financial Institution:

Entity with authorization according to the Norwegian Financial Institution Act (1988/40).

Financial Institutions Act:

The Norwegian Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions.

Covenants:

- The Issuer undertakes not to (either in one action or as several actions, voluntarily or involuntarily):
 - (a) sell or otherwise dispose of all or parts of its assets or business,
 - (b) change the nature of its business, or
 - (c) merge, demerge or in any other way restructure its business,

if such action will materially and adversely affect the Issuer's ability to fulfil its obligations under this Bond Agreement.
- Notwithstanding Clause 3.5.1 in the Bond Agreement, the Issuer shall be entitled to:
 - (a) acquire, sell or dispose of and/or replace assets covered by the Cover Pool at any time (including to terminate and/or enter into new derivative contracts pursuant to Section 2-28 (e) of the Financial Institutions Act), and
 - (b) issue new bonds with the same preferred rights to settlement against the Cover Pool

as the Bonds,

provided always that the Cover Pool subsequent to such transaction(s) complies with the requirements in clause 3.5.3 in the Bond Agreement

- Notwithstanding Clause 3.5.1 and 3.5.2 in the Bond Agreement the Issuer undertakes to keep an over-collateralisation in the Cover Pool of at least 11.5% while the bonds are outstanding. If the parent bank's rating is changed to A2 or better, the Issuer's commitment of over-collateralisation will lapse.
- For further information about covenants, see clause 3.5 and 4.7 in the Bond Agreement

Listing: At Oslo Børs.

An application for listing will be sent after the Disbursement Date and as soon as possible after the prospectus has been approved by the Norwegian FSA.

The prospectus will be published in Norway.

Purpose: The purpose of the Issue is general financing of the Issuer.

NIBOR-definition: The rate for an interest period will be the rate for deposits in Norwegian Kroner for a period as defined under NIBOR which appears on the Reuters Screen NIBR Page as of 12.00 noon, Oslo time, on the day that is two Business Days preceding that Interest Payment Date. If such rate does not appear on the Reuters Screen NIBR Page, the rate for that Interest Payment Date will be determined as if the NIBOR is "NIBOR Reference Rate" as the applicable floating rate option.

NIBOR Reference Rate: The rate for an interest period will be determined on the basis of the rates at which deposits in Norwegian Kroner are offered by four large authorised exchange banks in the Oslo market (the "Reference Banks") at approximately 12.00 noon, Oslo time, on the day that is two Business Days preceding that Interest Payment Date to prime banks in the Oslo interbank market for a period as defined under NIBOR commencing on that Interest Payment Date and in a representative amount. The Bond Reference Banks will request the principal Oslo office of each Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for that Interest Payment Date shall be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that Interest Payment Date will be the arithmetic mean of the rates quoted by major banks in Oslo, selected by the Bond Trustee, at approximately 12.00 noon, Oslo time, on that Interest Payment Date for loans in Norwegian Kroner to leading European banks for a period as defined under Bond Reference Rate commencing on that Interest Payment Date and in a representative amount.

Approvals:	<p>The Bonds will be issued in accordance with the Borrower's Board approval dated 14 March 2011.</p> <p>The prospectus will be sent to the Norwegian FSA and Oslo Børs ASA for control and approval in relation to a listing application of the Loan.</p>
Bond Agreement:	<p>The Bond Agreement has been entered into between the Borrower and the Bond Trustee. The Bond Agreement regulates the Bondholder's rights and obligations in relations with the issue. The Bond Trustee enters into the agreement on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Bond Agreement.</p> <p>When bonds are subscribed / purchased, the Bondholder has accepted the Bond Agreement and is bound by the terms of the Bond Agreement.</p> <p>The Bond Agreement is available through the Joint Lead Managers or from the Borrower.</p>
Bondholders' meeting:	<p>At the Bondholders' meeting each Bondholder may cast one vote for each Voting Bond owned at close of business on the day prior to the date of the Bondholder's Meeting in accordance with the records registered in the Securities Register. Whoever opens the Bondholders Meeting shall adjudicate any question concerning which Bonds shall count as the Issuer's Bonds. The Issuer's Bonds shall not have any voting rights.</p> <p>For further description of the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights, see clause 5 in the Bond Agreement</p>
Availability of the Documentation:	<p>www.sor.no</p>
Bond Trustee:	<p>Norsk Tillitsmann ASA, P.O. Box 1470 Vika, 0116 Oslo, Norway.</p> <p>For more information on the authority of the Loan Trustee, please see clause 5 and 6 in the Bond Agreement.</p>
Lead Manager:	<p>DnB NOR Bank ASA, DnB NOR Markets, Stranden 21, N-0021 Oslo, Norway</p>
Paying Agent:	<p>Sparebanken Sør, Vesterveien 1, 4836 Arendal</p>
Calculation Agent:	<p>The Trustee</p>
Securities Depository:	<p>The Securities depository in which the Loan is registered, in accordance with the Norwegian Act of 2002 no. 64 regarding Securities depository.</p> <p>On Disbursement Date the Securities Depository is Verdipapirregisteret ("VPS"), Postboks 4, 0051 OSLO.</p>
Market-Making:	<p>There is no market-making agreement entered into in connection with the Loan.</p>

Reuters:	Financial information electronically transmitted by the news agency Reuters Norge AS.
Prospectus:	This Securities note dated 30 August 2011 and the Registration Document dated 1 August 2011, together constitute the prospectus.
Prospectus and listing fees:	Prospectus fee Registration Document NOK 40,000 (August 2011) Prospectus fee Securities Note NOK 10,000 Listing fee 2011: NOK 8.437,50
Legislation under which the Securities have been created:	Norwegian law.
Fees and Expenses:	The Borrower shall pay any stamp duty and other public fees in connection with the loan. Any public fees or taxes on sales of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise decided by law or regulation. The Borrower is responsible for withholding any withholding tax imposed by Norwegian law.

4. Additional information

Rating:

Sør Boligkreditt AS has been assigned the following rating:

Moody's: Aaa

The Covered Bonds have been assigned the following ratings:

Moody's: Aaa

The involved persons in Sør Boligkreditt AS have no interest, nor conflicting interests that is material to the Issue.

Sør Boligkreditt AS has mandated DnB NOR Bank ASA, DnB NOR Markets as Lead Manager for the issuance of the Loan. The Lead Manager has acted as advisor to Sør Boligkreditt AS in relation to the pricing of the Loan.

Statement from the Lead Manager:

DnB NOR Bank ASA, DnB NOR Markets has assisted the Borrower in preparing the prospectus. DnB NOR Bank ASA, DnB NOR Markets has not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and the Lead Manager expressly disclaims any legal or financial liability as to the accuracy or completeness of the information contained in this 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 Borrower. Each person receiving this prospectus acknowledges that such person has not relied on the Lead Managers nor on any person affiliated with it in connection with its investigation of the accuracy of such information or its investment decision.

Oslo, 30 August 2011

DnB NOR Bank ASA, DnB NOR Markets

Listing of the Loan:

The prospectus will be published in Norway.

An application for listing at Oslo Børs will be sent as soon as possible after the Issue Date.

Each bond is negotiable.

5. Appendix: Bond Agreement

