



Gjensidige

Gjensidige Bank Boligkreditt 2nd quarter and first half year 2014



Gjensidige Bank Boligkreditt AS highlights 2nd quarter and first half year 2014

In the following text numbers in brackets refer to the amount or percentage for the corresponding period last year.

Year to date development

Business

Gjensidige Bank Boligkreditt AS was established in the spring of 2009. Later same year it received a licence from the Financial Supervisory Authority of Norway that authorizes it to operate as a mortgage company and issue covered bonds. The Company's registered business address is in Oslo. Services such as customer support and loan management as well as day-to-day management and administrative services are provided by Gjensidige Bank ASA and Gjensidige Forsikring ASA.

The Company's mission is to provide and/or acquire residential mortgages, commercial mortgages, loans secured by mortgages on other real property or public loans and to fund lending activities, primarily by issuing covered bonds. At the close of the second quarter, the company's portfolio included only residential mortgage loans.

Gjensidige Bank Boligkreditt AS is a wholly owned subsidiary of Gjensidige Bank ASA. Gjensidige Bank ASA is a wholly owned subsidiary of Gjensidige Bank Holding AS, which in turn is a wholly owned subsidiary of Gjensidige Forsikring ASA.

The Company had issued covered bonds with a total face value of NOK 8,298.0 million as of 30. June 2014.

At the end of the first half year the Company had 6,913 mortgages with a total outstanding balance of NOK 9,801.7 million. The quality of the portfolio was good.

Earnings performance

Profit before tax expense was NOK 73.4 million (42.6) for the first half year. The main reasons for the development were higher lending volumes and improved margins.

Profit before tax expense was NOK 34.4 million (23.0) for the quarter.

Net interest income

Net interest income for the first half year was NOK 76.0 million (48.8). The increase was due to higher lending volumes and improved margins.

Net interest income for the quarter was NOK 36.3 million (26.8).

Net interest margin¹ was 1.38 per cent (1.11) at the end of the period.

Net commission income and other income

Net commission income and other income for the first half year were NOK 0.8 million (negative 0.5). The increase was driven by higher income from financial instruments.

Net commission income and other income for the quarter were NOK 0.5 million (negative 1.0).

Operating expenses

Total operating expenses for the first half year were NOK 4.0 million (4.1), fairly flat year over year.

Total operating expenses for the quarter were NOK 2.0 million (2.3).

Write-downs and losses

The group write-downs in the first half year decreased by NOK 0.6 million. At the end of the period group write-downs amounted to

NOK 9.7 million (8.9), which represented 0.1 per cent of the gross lending.

The group write-downs in the quarter increased by NOK 0.4 million.

The group write-downs should cover losses on commitments that are not individually identified as doubtful.

The Company uses the Banking Group's guidelines for assessing and writing down loans. No individual write-downs related to individual commitments have been made. At the end of the period the Company had two loans in default over 90 days.

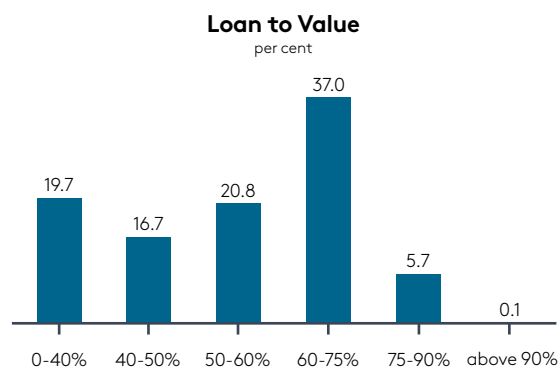
The write-downs and losses were in line with expectations.

Lending

At the end of the period, gross lending amounted to NOK 9,801.7 million (9,494.7).

The entire loans portfolio has been acquired from Gjensidige Bank ASA and consists of loans with variable interest rate. The average loan commitment in the mortgage portfolio was NOK 1.42 million per loan at the end of the period. The largest single exposure was NOK 7.5 million. 33.5 per cent of the loans portfolio consisted of loans with credit lines (fleksilån). When adding the unutilized credit facilities, 43.0 per cent of the loans portfolio consisted of loans with credit lines (fleksilån).

Gjensidige Bank Boligkreditt AS had a good loan portfolio, with a weighted indexed average loan-to-value ratio of 54.4 per cent. At the end of 2013 weighted indexed average loan-to-value ratio was 55.0 per cent, a decrease of 0.6 per cent. A positive development in the retail bank market the first half of 2014 is the main driver for the development in the ratio.



The graph shows that 57.2 per cent of loans were within 60 per cent loan-to-value ratio.

Segments

The target group of Gjensidige Bank Boligkreditt AS is retail customers. This segment comprises organization customers, loyalty programme customers and other customers. These customers are spread throughout Norway.

Geographical distribution of the loan portfolio based on residential address:

Geographical Distribution	per cent
Oslo	23.0
Akershus	22.9
Western Norway	22.0
Eastern Norway-ex. Oslo and Akershus	15.1
Central Norway	9.7
Northern Norway	3.9
Southern Norway	3.4
Total	100.0

As shown in the table above, 45.9 per cent of the loan portfolio was geographically located in Oslo and Akershus. 22.0 per cent of the loan portfolio was on the west coast, mainly in Bergen and Stavanger.

Capital adequacy

At the end of the period, the Company had a core capital adequacy ratio of 17.2 per cent (16.1) and core capital of NOK 695.3 million (613.5). The increase in core capital is a result of allocation of the Company's 2013 profit to other equity.

At the end of 2013 the Company had a core capital adequacy ratio of 16.6 per cent.

Rating

In the beginning of July Standard & Poor's upgraded the outlook for Gjensidige Bank ASA and Gjensidige Bank Boligkreditt AS from "negative" to "stable" and kept the long term rating unchanged to A-. The amendment was based on their assessment of the strategic position the bank has within Gjensidige Group. The outstanding covered bonds portfolio has been rated AAA.

Debt securities issued

The Company had issued covered bonds with a total face value of NOK 8,298.0 million as the end of the period. The portfolio includes 11 loans, the first of which matures on 16. September 2014 (extended due date 16. September 2015). NOK 200.0 million of covered bonds were issued during the first half of 2014. NOK 802.0 has been settled.

Liquidity

At the end of the period the Company had net liquid assets of NOK 701.5 million, divided between NOK 213.8 million in bank de-

posits, NOK 90.8 million in covered bonds and NOK 396.9 million in treasury bills.

The Company has a long-term credit facility in the parent company of NOK 1,000.0 million and a short-term vendor financing of up to NOK 1,500.0 million. Unutilised credit facilities amounted to NOK 747.8 million at the end of the period. In addition to that the Company has a credit facility agreement that provides Gjensidige Bank Boligkreditt AS with the ability to borrow money in order to repay its outstanding bond debt.

Key risk and uncertainty factors

Gjensidige Bank Boligkreditt AS's financial risk mainly comprises credit, liquidity and interest rate risk. Risk is reported monthly and is assessed in accordance with the principles, strategies and limits on risk adopted by the Board. Credit risk represents the risk of losses arising from customers and other counterparties failing to repay their debts when they are due.

The company uses risk classification models to calculate the risk associated with its exposure to customers. The company considers its loan performance to be satisfactory, and monitors its portfolio closely.

Liquidity risk is the risk that the company will be unable to meet all of its financial obligations when they are due, or be unable to fund its lending activities. Limits have been determined for the necessary access to liquid funds. In order to reduce the risk, liquidity forecasts are continuously updated. The company also holds an adequate liquidity buffer, designed to give it sufficient time to implement the necessary measures in the event of an acute liquidity freeze.

Interest rate risk is the risk that equity will fall in value as a result of unexpected changes in general interest rate levels. Any such change in interest rate levels may lead to a depreciation in market value of assets with fixed interest. Alternatively, the market value of fixed interest debt/liabilities may increase. The company's exposure to general interest rate levels shall be kept low in relation to its core capital.

Events after the balance sheet date

No significant events have occurred after quarter end.

Future prospects

The market for issuing of rated covered bonds is considered good. The Company has the capacity to issue additional debt securities, following the funding needs of Gjensidige Bank ASA.

Oslo, 14. July 2014

The Board of Gjensidige Bank Boligkreditt AS

Jørgen Ringdal
Chairman of the Board

Erik Ranberg

Karin Remøe

Solbjørg Lie

Jan Kåre Raæ
CEO

Profit & loss account

NOK thousand	Note	Q2 2014	Q2 2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Interest income etc.		95,556	79,744	194,069	148,528	340,451
Interest costs etc.		(59,278)	(52,932)	(118,091)	(99,732)	(219,427)
Net interest income		36,278	26,811	75,978	48,796	121,024
Commission income and income from bank services		602	636	1,218	1,245	2,512
Net gains on financial instruments at fair value		(253)	(1,765)	(645)	(1,969)	672
Other operating income		132	129	264	258	518
Net commission income and other operating income		481	(999)	836	(465)	3,702
Total income		36,759	25,812	76,814	48,331	124,726
Wages, salaries and general administration expenses		(319)	(238)	(689)	(633)	(1,350)
Depreciation of fixed assets						
Other operating expenses		(1,661)	(2,019)	(3,274)	(3,482)	(6,954)
Total operating expenses		(1,980)	(2,256)	(3,964)	(4,115)	(8,304)
Profit / (loss) before loan losses		34,778	23,555	72,850	44,216	116,422
Write-downs and losses	4	(375)	(544)	562	(1,589)	(2,904)
Profit / (loss) before tax expense		34,404	23,012	73,412	42,627	113,518
Tax expense		(9,812)	(6,443)	(20,345)	(11,936)	(31,786)
Profit/ (loss) for the period		24,591	16,569	53,067	30,691	81,732
Earnings per share (NOK) (basic and diluted)		189.2	127.5	408.2	236.1	628.7

Statement of comprehensive income

NOK thousand	Q2 2014	Q2 2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Profit/ (loss) for the period	24,591	16,569	53,067	30,691	81,732
Components of other comprehensive income					
Items that are not reclassified subsequently to profit or loss					
Items that may be reclassified subsequently to profit or loss					
Total components of other comprehensive income					
Total comprehensive income for the period	24,591	16,569	53,067	30,691	81,732

Balance sheet

NOK thousand	Note	30.6.2014	30.6.2013	31.12.2013
Assets				
Loans to and claims from credit institutions		213,789	393,549	437,257
Loans to and claims from customers	2	9,801,710	9,494,699	10,257,618
-Write-downs	4	(9,657)	(8,904)	(10,219)
Net loans to customers		9,792,053	9,485,795	10,247,399
Certificates, bonds and other interest-bearing securities		487,678	487,285	487,561
Intangible assets		91	129	91
Other assets		53,075		
Advance payments and accrued income		27,017	11,415	28,501
Total assets		10,573,703	10,378,173	11,200,808
Liabilities and equity				
Liabilities to credit institutions	6	1,391,529	1,792,049	1,510,139
Liabilities opened for the issue of securities	3	8,357,625	7,877,016	8,898,981
Other liabilities		29,410	38,352	50,050
Accrued costs and advance payment of income		46,721	26,434	46,286
Total liabilities		9,825,285	9,733,850	10,505,457
Equity				
Share capital		182,000	182,000	182,000
Premium reserve		388,020	388,020	388,020
Other equity		178,398	74,303	125,331
Total equity		748,418	644,323	695,351
Total liabilities and equity		10,573,703	10,378,173	11,200,808

Statement of changes in equity

NOK thousand	Share capital	Premium reserve	Total paid-in equity	Other equity	Total equity
Equity 1.1.2013	156,000	134,020	290,020	43,612	333,632
Capital expansion 1.1.-30.6.2013	26,000	254,000	280,000		280,000
Share-based payment transactions settled in equity					
Profit/ (loss) for the period 1.1.-30.6.2013				30,691	30,691
Components of other comprehensive income					
Items that are not reclassified subsequently to profit or loss					
Items that may be reclassified subsequently to profit or loss					
Total components of other comprehensive income					
Total comprehensive income for the period 1.1.-30.6.2013				30,691	30,691
Equity 30.6.2013	182,000	388,020	570,020	74,303	644,323
Capital expansion 1.7.-31.12.2013					
Share-based payment transactions settled in equity				(12)	(12)
Profit for the period 1.7.-31.12.2013				51,040	51,040
Components of other comprehensive income					
Total items that are not reclassified subsequently to profit or loss					
Items that may be reclassified subsequently to profit or loss					
Total components of other comprehensive income 1.7.-31.12.2013					
Total profit / (loss) for the period 1.7.-31.12.2013				51,040	51,040
Equity 31.12.2013	182,000	388,020	570,020	125,331	695,351
Equity 1.1.2014	182,000	388,020	570,020	125,331	695,351
Capital expansion 1.1.-30.6.2014					
Share-based payment transactions settled in equity					
Profit for the period 1.1.-30.6.2014				53,067	53,067
Components of other comprehensive income					
Total items that are not reclassified subsequently to profit or loss					
Items that may be reclassified subsequently to profit or loss					
Total components of other comprehensive income					
Total profit / (loss) for the period 1.1.-30.6.2014				53,067	53,067
Equity 30.6.2014	182,000	388,020	570,020	178,398	748,418
No. shares at end of period	130,000				

Statement of cash flow

NOK thousand	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Operating activities			
Net payment of loans to customers	455,908	(2,307,436)	(3,070,355)
Payment of interest from customers	188,499	138,548	321,416
Net payment of interest from credit institutions etc.	3,883	3,342	(8,084)
Taxes paid	(32,270)	(3,378)	(10,658)
Net other commission income	1,482	1,503	3,030
Payment to operations	(4,579)	(3,385)	(7,885)
Net received/paid (-) upon purchase and sale of financial instruments and interest-bearing securities	6,537	17,824	11,004
Net cash flow from operating activities	619,459	(2,152,983)	(2,761,532)
Investment activities			
Net purchase of intangible assets and fixed assets			
Net cash flow from investment activities			
Financing activities			
Net received/paid (-) when taking loans from credit institutions, bonds and certificates	(712,687)	2,115,278	2,862,690
Net payment of interest on financing activities	(113,382)	(92,349)	(188,184)
Net received/paid (-) for other short-term positions	(16,858)	(1,616)	(936)
Paid-up equity		280,000	280,000
Net cash flow from financing activities	(842,927)	2,301,313	2,953,570
Total cash flow	(223,468)	148,330	192,039
Cash flow for the period			
Liquid assets at start of period	437,257	245,218	245,218
Liquid assets at end of period	213,789	393,549	437,257
Net payment received/made(-) of cash	(223,468)	148,330	192,039
Specification of liquid assets			
Deposits with financial institutions	213,789	393,549	437,257
Liquid assets in statement of cash flow	213,789	393,549	437,257

The statement of cash flow displays payments made and received of cash and cash equivalents throughout the year. The analysis has been adjusted for items which do not initiate cash flow, such as provisions, depreciation and write-down of loans and guarantees. Cash flow is classified as operating activities, investment activities or financing activities. The liquid assets are defined as cash and claims from central banks and loans to and claims from credit institutions.

Notes

1. Accounting policies

Gjensidige Bank Boligkreditt AS prepares its accounts in accordance with international financial reporting standards (IFRS) and the interim accounts for the first half year have been prepared in accordance with IAS 34 - Interim reports.

The same accounting principles and calculation methods have been used as last annual report. For more detailed information on accounting principles, we refer to the annual report for 2013.

The following International Financial Reporting Standards (IFRS) and interpretation statements have been published up until 14. July 2014 without having entered into force or having been implemented early:

Standards that can influence accounting principles

- IFRS 9 Financial Instruments, issued in November 2009 and October 2010, is expected to enter into force on 1. January 2017. This is the first phase of the International Accounting Standards Board's (IASB) three-phase project aimed at replacing IAS 39. It concerns the classification and measurement of financial assets and liabilities. Financial assets will be classified as either valued at fair value or at amortised cost, depending on how they are managed and on what contractual cash flow characteristics they have. Phases two and three concern impairment losses and hedge accounting, respectively. The standard is still under preparation and is not yet completed. Our preliminary assessment is that the standard can result in the reclassification of financial instruments in the consolidated financial statements.

1. Accounting policies (cont.)

Preparation of the interim accounts involves the use of assessments, estimates and assumptions that affect the use of accounting policies and recognised amounts for assets and liabilities, revenues and expenses. Actual results may deviate from these estimates. The most material assessments connected with the use of the company's accounting policies and the key sources

of uncertainty in the estimates are the same in preparing the interim accounts as in the annual accounts for 2013.

All amounts are shown in NOK thousand unless otherwise indicated. Due to rounding differences, figures and percentages may not exactly add up to totals indicated.

2. Segment information

Gjensidige Bank Boligkreditt AS has only one business segment and that is lending to private customers. The segment consists of

loans to private customers and the entire loan portfolio is purchased from Gjensidige Bank ASA. The company's full accounts fall therefore entirely under the segment «Consumer».

3. Liabilities on the issue of securities

NOK thousand	30.6.2014	30.6.2013	31.12.2013
Liabilities opened for the issue of securities			
Bond debt	7,098,000	7,900,000	7,900,000
- Own non-amortised bonds		10,000	
Total liabilities incurred through the issue of securities	7,098,000	7,890,000	7,900,000
Liabilities opened for the issue of securities			
Bond debt	1,200,000		1,000,000
- Own non-amortised bonds			
Total liabilities included in fair value hedge	1,200,000		1,000,000
Total liabilities	8,298,000	7,890,000	8,900,000
Maturity			
Remaining maturity (nominal value)	30.6.2014	30.6.2013	31.12.2013
2013		500,000	
2014	750,000	1,450,000	1,450,000
2015	948,000	1,050,000	1,050,000
2016	1,000,000	300,000	1,000,000
2017	1,300,000	1,300,000	1,300,000
2018	1,400,000	1,400,000	1,400,000
2019	1,300,000	1,000,000	1,300,000
2020	1,000,000	400,000	800,000
2025	600,000	500,000	600,000
Total	8,298,000	7,900,000	8,900,000
New issues in 2014	200,000		
Repayments in 2014	802,000		

3. Liabilities on the issue of securities (cont.)

NOK thousand							Book value
ISIN Number	Currency	Rate	Issued	Due	Ext. Due	Face value	30.6.2014
NO0010538481	NOK	Floating	16.9.2009	16.9.2014	16.9.2015	150,000	150,000
NO0010538499	NOK	Floating	16.9.2009	15.4.2015	15.4.2016	250,000	250,000
NO0010538507	NOK	Floating	16.9.2009	16.11.2015	16.11.2016	500,000	500,000
NO0010538481	NOK	Floating	17.11.2010	16.9.2014	16.9.2015	300,000	295,800
NO0010615644	NOK	Floating	24.6.2011	30.6.2015	30.6.2016	198,000	197,816
NO0010629157	NOK	Floating	21.11.2011	21.11.2016	21.11.2017	300,000	299,580
NO0010538481	NOK	Floating	22.11.2011	16.9.2014	16.9.2015	200,000	197,214
NO0010538481	NOK	Floating	24.11.2011	16.9.2014	16.9.2015	100,000	98,610
NO0010641897	NOK	Floating	11.4.2012	11.4.2017	11.4.2018	500,000	499,500
NO0010641897	NOK	Floating	27.4.2012	11.4.2017	11.4.2018	400,000	399,920
NO0010641897	NOK	Floating	6.6.2012	11.4.2017	11.4.2018	100,000	99,942
NO0010660327	NOK	Floating	21.9.2012	21.9.2018	23.9.2019	500,000	499,400
NO0010662737	NOK	Floating	6.11.2012	6.5.2019	6.5.2020	700,000	699,146
NO0010660327	NOK	Floating	5.2.2013	21.9.2018	23.9.2019	500,000	503,475
NO0010662737	NOK	Floating	25.3.2013	6.5.2019	6.5.2020	300,000	299,520
NO0010678766	NOK	Fixed	8.5.2013	8.5.2025	8.5.2026	500,000	497,565
NO0010680283	NOK	Floating	3.6.2013	3.3.2020	3.3.2021	400,000	399,240
NO0010660327	NOK	Floating	13.6.2013	21.9.2018	23.9.2019	400,000	404,040
NO0010641897	NOK	Floating	28.6.2013	11.4.2017	11.4.2018	300,000	303,663
NO0010662737	NOK	Floating	9.9.2013	6.5.2019	6.5.2020	300,000	300,354
NO0010687429	NOK	Fixed	11.9.2013	11.9.2020	13.9.2021	400,000	397,100
NO0010678766	NOK	Fixed	25.9.2013	8.5.2025	8.5.2026	100,000	95,099
NO0010629157	NOK	Floating	10.10.2013	21.11.2016	21.11.2017	700,000	713,090
NO0010687429	NOK	Fixed	27.3.2014	11.9.2020	13.9.2021	100,000	103,220
NO0010687429	NOK	Fixed	16.5.2014	11.9.2020	13.9.2021	100,000	104,079
Amortisation							4,047
Other adjustments							46,206
Total liabilities through the issuance of securities						8,298,000	8,357,625
Own bonds							
Amortisation own bonds							
Total liabilities through the issuance of excluding own securities						8,298,000	8,357,625

4. Write-downs and losses on loans

NOK thousand	30.6.2014	30.6.2013	31.12.2013
Write-downs and losses for the period			
+/- Change for the period in group write-downs	(562)	1,589	2,904
+/- Change for the period in individual write-downs			
+ Write off during the period			
- Payments on previously written off accounts			
Write-downs and losses for the period	(562)	1,589	2,904
Individual write-downs			
Individual write-downs at the start of the period			
+/- Change for the period in individual write-downs			
Individual write-downs at the end of the period			
Group write-downs			
Group write-downs at the start of the period	10,219	7,315	7,315
+/- Change for the period in group write-downs	(562)	1,589	2,904
Group write-downs at the end of the period	9,657	8,904	10,219
Total write-downs at the end of the period	9,657	8,904	10,219
Defaulted loans			
Gross default over 90 days	1,618	1,813	

5. Capital adequacy

NOK thousand	30.6.2014	30.6.2013	31.12.2013
Net primary capital			
Share capital and premium reserve fund	570,020	570,020	570,020
Other equity	125,331	43,612	125,331
Total equity	695,351	613,632	695,351
Deduction:			
Profit not included in the calculation of net primary capital	53,067	30,691	
Deferred tax asset	(91)	(129)	(91)
Core capital	695,260	613,503	695,260
Deduction			
Net primary capital	695,260	613,503	695,260
Credit risk:			
Of which:			
Institutions	4,365	6,297	7,319
Enterprises	5,047	261	1,461
Mass market positions	9,723	10,069	9,868
Positions secured by mortgage	293,120	284,252	305,914
Overdue positions	133	146	
Covered bonds	722	722	722
Other positions	953	138	236
Total minimum requirement credit risk	314,063	301,885	325,520
Operational risk	9,603	4092	9,603
Deduction:			
Group write-downs	(773)	(712)	(818)
Minimum requirement for net primary capital	322,893	305,265	334,305
Basis of calculation balance sheet items not included in trading portfolio	3,634,077	3,483,554	3,773,883
Basis of calculation off balance sheet items not included in trading portfolio	291,652	290,005	295,117
Risk-weighted assets (calculation basis for capital adequacy ratio)	4,035,171	3,815,317	4,178,245
Capital adequacy			
Capital adequacy	17.2 %	16.1 %	16.6 %
Core capital adequacy	17.2 %	16.1 %	16.6 %

6. Closely related parties

Gjensidige Forsikring ASA, Gjensidige Bank ASA and Gjensidige Bank Boligkreditt AS are considered to be closely related parties. All transactions and agreements with these parties are carried out in accordance with arm's length principles.

Significant transactions with closely related parties:

Gjensidige Bank Boligkreditt AS purchases services such as customer support and loan management as well as day-to-day management and administrative services from Gjensidige Bank ASA.

In addition Gjensidige Bank Boligkreditt AS is granted three credit facilities with Gjensidige Bank ASA:

- a) A long-term credit facility of up to NOK 1,000.0 million. Expiry date is 31.12.2015. Total credit facility was utilised per 30. June 2014.
- b) A short-term credit facility of up to NOK 1,500.0 million. Expiry date is 31.12.2014. Utilised credit were per 30. June 2014 NOK 391.5 million.

c) Credit facility agreement that provides Gjensidige Bank Boligkreditt AS with the ability to borrow money in order to repay its outstanding bond debt. The credit facility shall be sufficient to cover the total repayment of the outstanding bonds over the next 12 months. Per 30. June 2014 the framework of the agreement was NOK 1,198.0 million. Expenses related to the agreements and loans from Gjensidige Bank ASA was NOK 22.4 million in the first half of 2014.

The CEO of Gjensidige Bank Boligkreditt AS was outsourced to Gjensidige Bank ASA with 40 per cent of the position. Revenue related to this agreement amounted to NOK 0.3 million.

Gjensidige Bank ASA has invested NOK 1,193.8 million in covered bonds issued by Gjensidige Bank Boligkreditt AS. Interest on bonds amounted to NOK 14.6 million.

Gjensidige Bank Boligkreditt AS had deposits with Gjensidige Bank ASA of NOK 213.8 million. Interest amounted to NOK 2.8 million.

7. Contingent liabilities

NOK thousand	30.6.2014	30.6.2013	31.12.2013
Unused credit facilities	1,643,889	1,635,498	1,645,757
Total contingent liabilities	1,643,889	1,635,498	1,645,757

8. Fair Value of financial instruments

NOK thousand	30.6.2014		30.6.2013		31.12.2013	
	Book value	Adjustment to fair value	Book value	Adjustment to fair value	Book value	Adjustment to fair value
Assets						
Net loans to and receivables from credit institutions						
Loans to and receivables from credit institutions, amortised cost	213,789	213,789	393,549	393,549	437,257	437,257
Loans to and receivables from credit institutions	213,789	213,789	393,549	393,549	437,257	437,257
Loans to and receivables from customers, fair value						
Loans to and receivables from customers, amortised cost	9,801,710	9,801,710	9,494,699	9,494,699	10,257,618	10,257,618
Total loans before individual and group write-downs	9,801,710	9,801,710	9,494,699	9,494,699	10,257,618	10,257,618
- Individual write-downs						
- Group write-downs	9,657	9,657	8,904	8,904	10,219	10,219
Total net loans to customers	9,792,053	9,792,053	9,485,795	9,485,795	10,247,399	10,247,399
Bonds and other fixed-income securities						
Certificates and bonds, fair value	487,678	487,678	487,285	487,285	487,561	487,561
Total bonds and other fixed-income securities	487,678	487,678	487,285	487,285	487,561	487,561
Derivatives						
Derivatives	53,075	53,075				
Other assets						
Other financial assets, amortised cost	24,910	24,910	11,316	11,316	26,726	26,726
Total other financial assets	24,910	24,910	11,316	11,316	26,726	26,726
Total financial assets	10,571,505	10,571,505	10,377,945	10,377,945	11,198,942	11,198,942
Liabilities						
Liabilities to credit institutions						
Loans and deposits from credit institutions, amortised cost	1,391,529	1,391,529	1,792,049	1,792,049	1,510,139	1,510,139
Total liabilities to credit institutions	1,391,529	1,391,529	1,792,049	1,792,049	1,510,139	1,510,139
Commercial paper and bonds, amortised cost						
Liability incurred through the issue of securities, fair value hedge	7,113,778	7,177,519	7,391,730	7,436,533	7,917,242	7,955,604
Total debt securities	8,357,625	8,437,477	7,877,016	7,920,983	8,898,981	8,944,285
Derivatives						
Derivatives	9,498	9,498	19,110	19,110	18,217	18,217
Other financial liabilities						
Other financial liabilities, amortised cost	42,541	42,541	21,004	21,004	41,443	41,443
Total other financial liabilities	42,541	42,541	21,004	21,004	41,443	41,443
Total financial liabilities	9,801,194	9,881,045	9,709,179	9,753,146	10,468,781	10,514,084

Assets and liabilities that are measured at fair value, whether this is because they are part of the trading portfolio, were designated at fair value on initial recognition or are held as available for sale, shall be classified according to how reliable the fair value estimate is. There are three classification levels, with level 1 assets having prices quoted in active markets. Level 2 valuations are directly or indirectly based on observable prices for similar assets. Level 3 valuations are not based on observable prices, and instead rely on e.g. our own valuation models.

8. Fair Value of financial instruments (cont.)

NOK thousand	30.6.2014			Total
	Level 1	Level 2	Level 3	
Interest-bearing securities, designated at fair value	396,872	90,805		487,677
Derivatives		53,075		53,075
Total financial assets measured at fair value	396,872	143,880		540,752
Liabilities opened for the issue of securities, measured at fair value				
Derivatives		9,498		9,498
Total financial liabilities measured at fair value		9,498		9,498
Liability incurred through the issue of securities, amortised cost		7,177,519		7,177,519
Total financial liabilities measured at amortised cost		7,177,519		7,177,519
Liability incurred through the issue of securities, fair value hedge		1,259,958		1,259,958
Total financial liabilities included in fair value hedge		1,259,958		1,259,958

NOK thousand	30.6.2013			Total
	Level 1	Level 2	Level 3	
Interest-bearing securities, designated at fair value	396,482	90,803		487,285
Derivatives				
Total financial assets measured at fair value	396,482	90,803		487,285
Liabilities opened for the issue of securities, measured at fair value				
Derivatives		19,110		19,110
Total financial liabilities measured at fair value		19,110		19,110
Liability incurred through the issue of securities, amortised cost		7,436,533		7,436,533
Total financial liabilities measured at amortised cost		7,436,533		7,436,533
Liability incurred through the issue of securities, fair value hedge		484,450		484,450
Total financial liabilities included in fair value hedge		484,450		484,450

NOK thousand	31.12.2013			Total
	Level 1	Level 2	Level 3	
Interest-bearing securities, designated at fair value	396,790	90,771		487,561
Derivatives				
Total financial assets measured at fair value	396,790	90,771		487,561
Liabilities opened for the issue of securities, measured at fair value				
Derivatives		18,217		18,217
Total financial liabilities measured at fair value		18,217		18,217
Liability incurred through the issue of securities, amortised cost		7,955,604		7,955,604
Total financial liabilities measured at amortised cost		7,955,604		7,955,604
Liability incurred through the issue of securities, fair value hedge		988,681		988,681
Total financial liabilities included in fair value hedge		988,681		988,681

There were no major moves between levels 1 and 2 in 2014

Declaration

Declaration from the board of directors and CEO

The Board and CEO have today reviewed and approved the interim report for Gjensidige Bank Boligkreditt AS for the period 1. January to 30. June 2014.

We declare to the best of our knowledge that the financial statements for the period 1. January to 30. June 2014 is prepared in accordance with applicable accounting standards, and that the information in the financial statements give a true picture of the

assets, liabilities, financial position and results of the group. Furthermore, the interim report provides a fair view of important events in the accounting period and their impact on the financial statements, the most important risk- and safety factors the company are facing in the next accounting period and the related parties significant transactions.

Oslo, 14. July 2014

The Board of Gjensidige Bank Boligkreditt AS

Jørgen Ringdal
Chairman of the Board

Erik Ranberg

Karin Remøe

Solbjørg Lie

Jan Kåre Raae
CEO

Quarterly earnings performance

NOK thousand	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Interest income etc.	95,556	98,512	102,106	89,817	79,744	68,784	62,631	47,383
Interest costs etc.	(59,278)	(58,813)	(62,281)	(57,415)	(52,932)	(46,800)	(44,344)	(35,680)
Net interest income	36,278	39,700	39,825	32,402	26,811	21,985	18,287	11,703
Commission income and income from bank services	602	616	632	635	636	609	610	484
Net gains on financial instruments at fair value	(253)	(392)	2	2,638	(1,765)	(204)	329	302
Other operating income	132	132	131	129	129	129	129	129
Total income	36,759	40,055	40,591	35,804	25,812	22,519	19,355	12,618
Wages, salaries and general administration expenses	(319)	(370)	(361)	(356)	(238)	(395)	(391)	(357)
Depreciation of fixed assets								(107)
Other operating costs	(1,661)	(1,613)	(1,825)	(1,648)	(2,019)	(1,463)	(1,741)	(1,464)
Total operating expenses	(1,980)	(1,984)	(2,185)	(2,004)	(2,256)	(1,859)	(2,132)	(1,928)
Profit / (loss) before loan losses	34,778	38,072	38,405	33,801	23,555	20,660	17,222	10,690
Write-downs and losses	(375)	937	(276)	(1,039)	(544)	(1,045)	(3,505)	
Profit / (loss) before tax expense	34,404	39,009	38,130	32,761	23,012	19,615	13,718	10,690

Key figures

		1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Net interest margin, annualised ¹	%	1.38	1.11	1.22
Write-downs and losses in per cent, annualised ²	%	(0.01)	0.04	0.03
Non-performing loans in per cent of gross lending	%	0.02	0.02	
Return on equity, annualised ³	%	20.51	17.58	22.06
Capital adequacy ⁴	%	17.23	16.08	16.64
Core capital adequacy ⁵	%	17.23	16.08	16.64
Average total assets	NOK thousand	11,101,459	8,877,139	9,899,483
Cover pool	NOK thousand	10,475,331	10,360,798	11,166,300
Number of loans	Number	6,913	6,819	7,035
Weighted indexed average loan-to-value ratio	%	54.4	53.8	55.0
Weighted average remaining life	Year	16.3	16.1	16.6

¹ Net interest margin, annualised = net interest income/average total assets

² Write-downs and losses in per cent, annualised = write-downs and losses/average gross lending

³ Return on equity, annualised = profit before tax/ average equity during the period

⁴ Capital adequacy = primary capital/ basis of calculation for credit risk, market risk and operational risk

Profit for the period is not included in the primary capital for the quarters, with the exception of fourth quarter

⁵ Core capital adequacy = core capital/basis of calculation for credit risk, market risk and operational risk

Profit for the period is not included in the core capital for the quarters, with the exception of fourth quarter

The accounts for the period have not been audited.

Gjensidige is a leading Nordic insurance group built by customers, for customers. The Group has been listed on the Oslo Stock Exchange since 2010. For nearly 200 years, we have worked passionately to secure the lives, health and assets of our customers. We have about 3,400 employees and offer insurance products in Norway, Denmark, Sweden and the Baltic states. In Norway, we also offer banking, pension and savings. Gjensidige Bank, which is a wholly-owned subsidiary of Gjensidige Forsikring ASA, offers electronic distribution of day-to-day banking services and consumer lending. The Group's operating income was NOK 20.9 billion in 2013, while total assets were NOK 108.9 billion.