



Securities Note

**4.00 per cent Sør Boligkreditt AS Covered Open Bond Issue 2013/2028
(Extendable to 24 January 2029)**

ISIN: NO 0010670409

Arendal/Oslo, 5 February 2013

Arranger:



Important information*

The Securities Note has been prepared in connection with listing of the securities at Oslo Børs. The Norwegian FSA has controlled and approved the Securities Note pursuant to Section 7-7 of the Norwegian Securities Trading Act. Finanstilsynet has not controlled and approved the accuracy or completeness of the information given in the Securities Note. Financial supervision and approval relates solely to the Company has included descriptions according to a pre-defined list of content requirements. Finanstilsynet has not undertaken any form of control or approval of corporate matters described in or otherwise covered by the Securities Note.

New information that is significant for the Issuer or its subsidiaries may be disclosed after the Securities Note has been made public, but prior to the expiry of the subscription period. 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 Issuer or its subsidiaries may not have been changed.

Only the Issuer and the Joint Lead Managers 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. Approval of the Securities Note by Norwegian FSA implies that the Note may be used in any EEA country. Finanstilsynet has not controlled and approved the accuracy or completeness of the information given in the Securities Note. Financial supervision and approval relates solely to the Company has included descriptions according to a pre-defined list of content requirements. Finanstilsynet has not undertaken any form of control or approval of corporate matters described in or otherwise covered by the Securities Note.

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 Issuer 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 Securities Note together with the Registration Document dated 7 June 2012 constitutes the Prospectus.

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 Issuer or the Joint Lead Managers to receive copies of the Securities Note.

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.

*The capitalised words in the section "Important Information" are defined in Chapter 3: "Detailed information about the securities".

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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. Prospective investors should also read the detailed information set out in the Registration Document dated 7 June 2012 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 three main risk factors that sum up the investors total risk exposure when investing in interest bearing securities: liquidity 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 Loan has been established at a fixed rate, and consequently the coupon doesn't vary with changes in interest rate levels. Investment in bond loans bearing interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the Loan.

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.

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:

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, 5 February 2013

Sør Boligkreditt AS



Rolf H. Søraker
Managing Director

3 Detailed information about the securities

ISIN code:	NO 0010670409
The Loan/The Reference Name/The Bonds:	Fixed Sør Boligkreditt AS Covered Open Bond 2013/2028 (extendable to 24 January 2029).
Issuer:	Sør Boligkreditt AS
Security Type:	Covered Bond issue with fixed rate to Maturity.
Borrowing Limit – Tap Issue:	NOK 1,250,000,000
Borrowing Amount/First Tranche:	NOK 300,000,000
Denomination – Each Bond:	NOK 1,000,000 - 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 January 2013
Interest Bearing From and Including:	Disbursement/Settlement/Issue Date.
Interest Bearing To:	Maturity.
Maturity:	24 January 2028 at par.
Extended Maturity:	24 January 2029
Coupon Rate:	4.00 per cent p.a. to Maturity, thereafter Reference Rate + Margin.
Reference Rate:	3 months NIBOR
Margin:	0.62 % p.a.
Day Count Fraction - Coupon:	From Issue Date to Maturity 30/360 – in arrears, thereafter Actual/360.
Business Day Convention:	From Issue Date until Maturity no adjustment. Thereafter Modified Following Business Day. <i>No adjustment</i> will be made, notwithstanding the period end date occurs on a day that is not a Business Day, and if such date is not a Business Day, payments of interest will be made on the first following day that is a Business Day (No Adjustments of Business Day). <i>Modified following.</i> 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 Payment Date:	From Issue Date until Maturity 24 January each year. Thereafter 24 April 2028, 24 July 2028, 24 October 2028 and 24 January 2029.
Interest Rate Determination Date:	Two Banking Days prior to each Interest Payment Date fra Maturity to Extended Maturity.
#Days first term:	360 days.

Issue Price:	100 % (par value).
Yield:	4.00 % effective annual rate to Maturity at a price of 100.00.
Business Day:	A day when the Norwegian Central Bank's Settlement System is open and when Norwegian banks can settle foreign currency transactions.
Amortisation:	The Bonds will run without installments and be repaid in full at Maturity at par.
Redemption:	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.
Extended Maturity Date:	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.
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. Relevant payments dates in case of Extended Maturity are 24 April 2028, 24 July 2028, 24 October 2028 and 24 January 2029.</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> <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.</p> <p>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:</p> <ul style="list-style-type: none">a) the seven day NIBOR plus 3.0 percentage points (to be fixed two Business Days before due date and thereafter weekly), andb) the applicable Coupon at the due date plus 3.0 percentage points. <p>Default interest shall be added to the amount due on a monthly basis and accrue interest together with this (compound interest).</p>
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 Finanstilsynet (the Norwegian FSA).

The Prospectus will be published in Norway.

Prospectus:

The Securities Note dated 5 February 2013 together with the Registration Document dated 7 June 2012 constitutes the Prospectus.

Purpose:

The net proceeds of the Bonds shall be employed for 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 Trustee 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:

The Bonds will be issued in accordance with the Issuer's Board of Directors approval dated 12 March 2012.

The prospectus has been sent the Norwegian FSA for control and approval and Oslo Børs in relation to a listing application of the Loan.

Finanstilsynet has not controlled and approved the accuracy or completeness of the information given in the Securities Note. Financial supervision and approval relates solely to the Company has included descriptions according to a pre-defined list of content requirements. Finanstilsynet has not undertaken any form of control or approval of corporate matters described in or otherwise covered by the Securities Note.

Bond Agreement:

The Bond Agreement has been entered into between the Issuer and the Bond Trustee. The Bond Agreement regulates the Bondholder's rights and obligations in relations with the issue. The Bond Trustee enters into this 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.

When Bonds are subscribed / purchased, the Bondholder has accepted the Bond Agreement and is bound by the terms of the Bond Agreement.

The Bond Agreement is an attachment to this Securities Note and is available through the Arranger or from the Issuer.

Bondholders' meeting:

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.

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.

Availability of the Documentation:

www.sor.no

Bond Trustee:

Norsk Tillitsmann ASA, P.O. Box 1470 Vika, 0116 Oslo, Norway.

For more information on the authority of the Loan Trustee, please see clause 5 and 6 in the Bond Agreement pursuant to the Bond Agreement. The Bond Trustee is not obligated to assess the Issuer's financial situation beyond what is directly set forth in the

	Bond Agreement.
Arranger:	DNB Bank ASA, DNB Markets, Dronning Eufemiasgate 30, N-0191 Oslo, Norway.
Paying Agent:	Sparebanken Sør, Vesterveien 1, 4836 Arendal. The Paying Agent is in charge of keeping the records in the Securities Depository.
Calculation Agent:	The Trustee
Securities Depository:	The Securities depository in which the Loan is registered, in accordance with the Norwegian Act of 2002 no. 64 regarding Securities depository. On Disbursement Date the Securities Depository is Verdipapirregisteret ("VPS"), Postboks 4, N-0051 Oslo, Norway.
Market-Making:	There is no market-making agreement entered into in connection with the Loan.
Reuters:	Financial information electronically transmitted by the news agency Reuters Norge AS.
Prospectus and listing fees:	Prospectus fee Registration Document NOK 50,000 (June 2012) Prospectus fee Securites Note NOK 13,000 Listing fee 2013: NOK 11,055
Legislation under which the Securities have been created:	Norwegian law.
Fees and Expenses:	The Issuer 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 Issuer is responsible for withholding any withholding tax imposed by Norwegian law.

4 Additional Information

Rating:

The Covered Bonds have been assigned the following ratings:

Moody's: Aaa

Moody's Investors Service Ltd. er etablert i EU og er registrert i henhold til artikkel 4 (1) i kommisjonsforordning 1060/2009.

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 Bank ASA, DNB Markets as Arranger for the issuance of the Loan. The Arranger has acted as advisor to Sør Boligkreditt AS in relation to the pricing of the Loan.

Statement from the Arranger:

DNB Bank ASA, DNB Markets has assisted the Issuer in preparing the Prospectus. DNB Bank ASA, DNB Markets has not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and the Arranger 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 Issuer. Each person receiving this Prospectus acknowledges that such person has not relied on the Arranger nor on any person affiliated with it in connection with its investigation of the accuracy of such information or its investment decision.

Oslo, 5 February 2013

DNB BANK ASA; DNB MARKETS

5 Appendix: Bond Agreement

