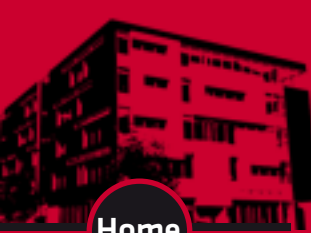


BN Boligkreditt AS
INTERIM REPORT
1st QUARTER | 2011



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Financial Ratios

NOK MILLION	NOTE	31.03.11		31.03.10		FULL YEAR	
			% OF ATA		% OF ATA	2010	% OF ATA
Summary of results							
Net income from interest and credit commissions		12	1.08 %	14	0.70 %	51	0.95 %
Total other operating income		-1	-0.09 %	2	0.10 %	-9	-0.17 %
Total income		11	0.99 %	16	0.80 %	42	0.78 %
Total other operating expense		2	0.18 %	8	0.40 %	18	0.33 %
Operating profit/(loss) before impairment losses		9	0.81 %	8	0.40 %	24	0.45 %
Impairment losses on loans and advances		0	0.00 %	-1	-0.05 %	-2	-0.04 %
Profit/(loss) before tax		9	0.81 %	9	0.45 %	26	0.48 %
Computed tax charge		3	0.27 %	3	0.15 %	7	0.13 %
Profit/(loss)		6	0.54 %	6	0.30 %	19	0.35 %
Profitability							
Return on equity	1	8.23 %		7.7 %		6.4 %	
Net interest margin	2	1.08 %		0.70 %		0.95 %	
Cost-income ratio	2	18.2 %		50.0 %		42.9 %	
Balance sheet figures							
Gross lending		2 830		6 228		2 790	
Increase/decrease lending (gross) last 12 months		-54.6 %		-12.5 %		-57.2 %	
Average total assets (ATA)	3	4 460		7 954		5 387	
Total assets		3 321		7 315		3 311	
Losses on loans and non-performing loans							
Loss ratio lending	4	0.00 %		-0.01 %		-0.05 %	
Non-performing loans as a percentage of gross lending		0.42 %		0.40 %		0.61 %	
Other doubtful commitments as a percentage of gross lending		0.00 %		0.00 %		0.00 %	
Solvency							
Capital adequacy	6	29.6 %		15.0 %		29.7 %	
Tier 1 capital ratio	6	23.3 %		12.0 %		23.4 %	
Tier 1 capital	6	285		306		282	
Capital base	6	361		382		358	
Shares							
Earnings per share for the period (whole NOK)		13.33		13.33		42.22	

Notes

- 1) Profit after tax as a percentage of average equity
- 2) Total net interest margin to date this year in relation to average total assets (ATA)
- 3) Total operating expense as a percentage of total operating income
- 4) Average total assets (ATA) are calculated as an average of quarterly total assets and as at 1 January and 31 December
- 5) Net loss as a percentage of average gross lending to date this year

Interim Report 1st Quarter

Summary of Q1 to 31 March 2011

BN Boligkreditt posted a profit of NOK 6 million after tax for the first quarter to 31 March 2011, compared with NOK 13 million for the fourth quarter of 2010. The decrease in profit is attributable to negative changes in the value of financial instruments.

The funding situation for BN Boligkreditt AS (BN Boligkreditt) is good, and the Company is well capitalised.

The figure for non-performing loans as a percentage of gross lending is still low, and fell further in the first quarter of 2011. BN Boligkreditt will continue to focus closely on monitoring and following up non-performing loans.

Operations, objectives and strategy

BN Boligkreditt is licensed by the Financial Supervisory Authority of Norway to operate as a mortgage credit institution. BN Boligkreditt is BN Bank's credit institution for the issuance of covered bonds.

The Company's strategy is to issue covered bonds on the basis of BN Bank's well-secured residential mortgage loans and to provide the BN Bank Group with access to this financing instrument. The objective is to facilitate effective and more diversified funding of the Group's businesses.

BN Boligkreditt does not provide loans itself, but procures residential mortgage loans from BN Bank. The Company procures loans that qualify for issuing covered bonds. The maximum amount of loan disbursed at the date of acquisition is 75 per cent loan-to-value ratio. The loan portfolio consists of residential mortgage loans and variable-rate credit lines secured on dwellings.

BN Boligkreditt was established in 2007 and acquired its first loan portfolio in January 2008.

BN Boligkreditt's head office is in Trondheim. The Company's borrowers are geographically spread, but concentrated in the largest Norwegian towns and cities.

Financial developments

BN Boligkreditt presents its financial statements in compliance with International Financial Reporting Standards (IFRS).

Profit performance for Q1 2011

BN Boligkreditt recorded a profit after tax of NOK 6 million for the first quarter to 31 March 2011, compared with NOK 13 million for fourth-quarter 2010. The decrease in profit is attributable to negative changes in the value of financial instruments.

Net interest income for first-quarter 2011 amounted to NOK 12 million, compared with NOK 11 million for fourth-quarter 2010. Margins remained unchanged in the first quarter of 2011.

In the first quarter of 2011, other operating income was down by NOK 9 million compared with fourth-quarter 2010. The Company's derivatives and some bond borrowings are carried at fair value. Interest rate risk in the Company is low, and fluctuations in interest rates should have a limited net profit-and-loss effect. During periods when interest rate spreads between different instruments develop differently, profit-and-loss effects may arise. For first-quarter 2011, this gave rise to a negative effect of NOK 1 million, while the effect for fourth-quarter 2010 was positive by NOK 8 million. These effects will even out in the long term.

First-quarter operating expense totalled NOK 2 million, which is on a par with fourth-quarter 2010. The Company purchases all its operation management services from BN Bank.

Non-performing loans totalled NOK 12 million at the end of the first quarter 2011. The corresponding volume at the start of the year was NOK 17 million. Non-performing loans as a percentage of gross lending fell by 0.19 percentage points in the first quarter, to 0.42 percentage points as at 31 March 2011.

There were no impairment losses on loans in first-quarter 2011 or fourth-quarter 2010. Collective write-downs totalled NOK 6 million at the end of the first quarter, which is 0.21 per cent of gross lending. Given the low risk attached to the Company's mortgage loan operations, the current loan loss provisions are considered adequate.

Balance Sheet

The loan portfolio stood at NOK 2.8 billion as at 31 March 2011, down from NOK 6.2 billion at the end of first-quarter 2010. During 2010, a loan portfolio valued at NOK 2.4 billion was sold to BN Bank to be sold on to SpareBank 1 Boligkreditt.

As a result of borrowings falling due, debt was reduced by NOK 4.6 billion in 2010. Bond debt remained constant in first-quarter 2011. The prices of the Company's remaining bonds are competitive.



Solvency

BN Boligkreditt's capital base at the end of the period was NOK 361 million, giving a capital adequacy ratio of 29.6 per cent. Tier 1 capital was NOK 285 million, giving a tier 1 capital ratio of 23.3 per cent as at 31 March 2011. Risk-weighted assets were NOK 1 218 million at the same date. The Board of Directors deems the relationship between BN Boligkreditt AS' capital adequacy and relevant risks to be good.

Outlook

A satisfactory funding situation, a good-quality loan portfolio and strengthened capitalisation all help make BN Boligkreditt well positioned to face any future challenges. Risk in the loan portfolio is considered low, and the Company will remain highly focused on monitoring and following up loans and commitments.

A priority area for BN Boligkreditt will be to make full use of the possibilities for issuing covered bonds. The work will continue to determine whether further developing and coordinating the operations of BN Boligkreditt and Sparebank 1 Boligkreditt can help strengthen the funding of BN Bank's operations.

The Board of Directors
Trondheim, 2 May 2011

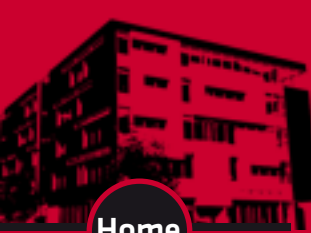
Income Statement

NOK MILLION	NOTE	Q1 2011	Q1 2010	FULL YEAR 2010
Interest and similar income		26	60	170
Interest expense and similar charges		14	46	119
Net income from interest and credit commissions		12	14	51
Change in value financial instruments at fair value, gains and losses	2	-1	2	-9
Total other operating income		-1	2	-9
Salaries and general administrative expenses		2	8	18
Other operating expense		0	0	0
Total other operating expense		2	8	18
Operating profit/(loss) before impairment losses		9	8	24
Impairment losses on loans and advances	4	0	-1	-2
Profit/(loss) before tax		9	9	26
Computed tax charge		3	3	7
Profit/(loss) for the period		6	6	19

Balance Sheet

NOK MILLION	NOTE	31.03.11	31.03.10	FULL YEAR 2010
Assets				
Loans and advances	4, 8	2 824	6 221	2 784
Financial derivatives	10	54	118	51
Cash and balances due from credit institutions		443	951	476
Total assets		3 321	7 290	3 311
Equity and liabilities				
Share capital		101	101	101
Retained earnings	3, 10	187	196	181
Total equity		288	297	282
Deferred tax		1	6	1
Subordinated loan capital		76	76	76
Liabilities to credit institutions		330	1 668	332
Debt securities in issue	5	2 621	5 240	2 618
Accrued expenses and deferred income		3	3	0
Tax payable		2	0	2
Total liabilities		3 033	6 993	3 029
Total equity and liabilities		3 321	7 290	3 311

The Board of Directors
Trondheim, 2 May 2011



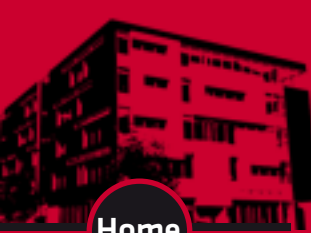
Statement of Changes in Equity

NOK MILLION	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-UP SHARE CAPITAL	OTHER RESERVES	TOTAL EQUITY
Balance Sheet as at 1 January 2010	101	174	0	16	291
Result for the period	0	0	0	6	6
Balance Sheet as at 31 March 2010	101	174	0	22	297
Group contribution paid to Parent Bank	0	0	0	-28	-28
Result for the period	0	0	0	13	13
Balance Sheet as at 31 Dec. 2010	101	174	0	7	282
Result for the period	0	0	0	6	6
Balance Sheet as at 31 March 2011	101	174	0	13	288

The Board of Directors
Trondheim, 2 May 2011

Statement of Cash Flows

NOK MILLION	31.03.2011	31.03.2010	FULL YEAR 2010
Cash flows from operating activities			
Interest/commission received and fees received from customers	22	52	151
Interest received on other investments	-7	9	5
Interest paid on other loans	-2	-54	-122
Receipts/disbursements (-) on loans and advances to customers	-41	286	3 717
Receipts/payments on customer deposits and accounts payable to customers	0	0	-1
Receipts/payments (-) on liabilities to credit institutions	0	1 402	103
Receipts/payments (-) on securities in issue	0	-921	-3 473
Other receipts/payments	-3	-1148	-1 192
Payments to suppliers for goods and services	-2	-8	-18
Net cash flow from operating activities	-33	-382	-830
Cash flows from investing activities			
Net cash flow from investing activities	0	0	0
Cash flow from financing activities			
Dividend/group contribution paid	0	0	-28
Net cash flow from financing activities	0	0	-28
Net cash flow for the period	-33	-382	-858
Cash and balances due from central banks as at 1 January	476	1 333	1 334
Cash and balances due from central banks as at 31 March	443	951	476



Notes

NOTE 1. ACCOUNTING POLICIES

The interim financial statements for the first quarter of 2011 have been prepared in compliance with IFRS, including IAS 34 Interim Financial Reporting. A description of the accounting policies on which the interim financial statements are based is provided in the Annual Report for 2010.

NOTE 2. CHANGE IN VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

NOK MILLION	31.03.2011	31.03.2010	FULL YEAR 2010
Change in value of interest rate derivatives obliged to be carried at fair value through profit or loss	-9	3	0
Change in value of borrowings selected for fair value carrying through profit or loss	8	1	4
Total change in value of financial instruments carried at fair value	-1	4	4
Realised gains/losses(-) bonds and certificates carried at amortised cost	0	-2	-13
Total change in value of financial instruments	-1	2	-9

NOTE 3. CHANGES IN EQUITY

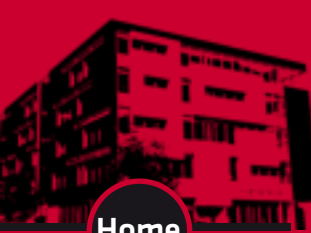
The Annual General Meeting has resolved to render group contribution to the Parent Bank of NOK 5 million before tax.

NOTE 4. IMPAIRMENT LOSSES AND WRITE-DOWNS ON LOANS CARRIED AT AMORTISED COST

The various elements included in impairment losses and write-downs on loans are set out in Note 1 to the Annual Report for 2010. Loans past due more than 3 months are defined as loans not serviced under the loan agreement for 3 months or more. As a first mortgage lender, the Company can however gain access to revenue.

NOK MILLION	31.03.2011	31.03.2010	FULL YEAR 2010
Write-offs in excess of prior-year write-downs	0	0	0
Write-offs on loans without prior write-downs	0	0	0
Write-downs for the period:			
Change in collective write-downs	0	-1	-2
Increase in loans with prior-year write-downs	0	0	0
Provisions against loans without prior write-downs	0	0	0
Decrease in loans with prior-year write-downs	0	0	0
Total change in individual write-downs	0	0	0
Gross impairment losses	0	-1	-2
Recoveries on previous write-offs	0	0	0
Impairment losses on loans and advances	0	-1	-2
Revenue recognition of interest on written-down loans	0	0	0

NOK MILLION	31.03.2011	31.03.2010	FULL YEAR 2010
Individual write-downs to cover impairment losses at start of the period	0	0	0
Write-offs covered by prior-year individual write-downs	0	0	0
Write-downs for the period:			
Increase in loans with prior-year individual write-downs	0	0	0
Write-downs on loans without prior individual write-downs	0	0	0
Decrease in loans with prior-year individual write-downs	0	0	0
Individual write-downs to cover impairment losses at end of the period	0	0	0
Collective write-downs to cover impairment losses at start of the period	6	8	8
Collective write-downs for the period to cover impairment losses	0	-1	-2
Collective write-downs to cover impairment losses at end of the period	6	7	6



Loans past due more than 3 months

NOK MILLION	31.03.2011	31.03.2010	FULL YEAR 2010
Gross principlal	12	25	17
Individual write-downs	0	0	0
Net principlal	12	25	17

Other loans with individual write-downs

NOK MILLION	31.03.2011	31.03.2010	FULL YEAR 2010
Gross principlal	0	0	0
Individual write-downs	0	0	0
Net principlal	0	0	0

Loans past due more than 3 months by sector and as a percentage of loans

NOK MILLION	GROSS OUTSTANDING		GROSS OUTSTANDING		GROSS OUTSTANDING	
	31.03.11	%	31.03.10	%	2010	%
Retail market	12	0.42	25	0.40	17	0.61

NOTE 5. BORROWING (FUNDING)**Debt securities in issue**

The Company had issued no bonds or certificates as at 31 March 2011.

Fixed-rate loans are carried in the balance sheet at fair value, while variable-rate loans are carried at amortised cost.

NOK MILLION	CERTIFICATES	BONDS	TOTAL
Net debt (face value) as at 1 January 2011	0	2 553	2 553
New issues	0	0	0
Increase in existing issues	0	0	0
Purchase and maturity of existing securities	0	0	0
Net debt (face value) as at 31 March 2011	0	2 553	2 553

Recognised values

NOK MILLION	31.03.2011	31.03.2010	FULL YEAR 2010
Bonds carried at amortised cost	1 757	3 521	1 757
Bonds selected for fair value carrying	864	1 719	861
Total recognised value of bonds	2 621	5 240	2 618
Total recognised value of debt securities in issue	2 621	5 240	2 618

NOTE 6. CAPITAL ADEQUACY

Process for assessing the capital adequacy requirement

The capital adequacy assessments for BN Boligkreditt are part of the overall assessments made by BN Bank's Board of Directors for the entire Group.

NOK MILLION			FULL YEAR
	31.03.2011	31.03.2010	2010
Share capital	275	275	275
Other reserves	10	31	7
Tier 1 capital	285	306	282
Fixed-term subordinated loan capital	76	76	76
Less:			
Fixed-term subordinated loan capital that cannot be included	0	0	0
Net tier 2 capital	76	76	76
Total capital base	361	382	358
Risk-weighted assets	1 218	2 545	1 206
Tier 1 capital ratio (%)	23.3	12.0	23.4
Capital adequacy ratio (%)	29.6	15.0	29.7

Specification of risk-weighted assets

NOK MILLION	31.03.2011		31.03.2010	
	RECOGNISED AMOUNT	WEIGHTED AMOUNT	RECOGNISED AMOUNT	WEIGHTED AMOUNT
RISK-WEIGHTING				
0 %	0	0	0	0
10 %	0	0	0	0
20 %	514	103	543	109
35 %	2 875	1 006	2 826	989
50 %	0	0	0	0
75 %	0	0	0	0
100 %	109	109	108	108
Investments included in the trading portfolio	0	0	0	0
Negotiable debt instruments included in the trading portfolio	0	0	0	0
Total risk-weighted assets	3 498	1 218	3 477	1 206
Capital adequacy ratio (%)		29.6		29.7

NOTE 7. CONTINGENT OUTCOMES, EVENTS AFTER THE REPORTING PERIOD

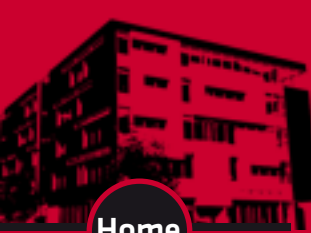
There are no assets or liabilities to which contingent outcomes are attached and where those outcomes could have a significant impact on the Company's financial position and results. There were no significant events after the reporting period.

NOTE 8. TRANSFER TO SPAREBANK 1 BOLIGKREDITT

SpareBank 1 Boligkredit is owned by the savings banks that form the SpareBank 1 consortium and is co-located with SpareBank 1 Næringskredit AS in Stavanger. The purpose of the company is to secure for the banks within the consortium a source of stable, long-term financing of residential mortgage loans at competitive rates. SpareBank 1 Boligkredit procures loans with mortgages on residential properties and issues covered bonds within the regulations governing such bonds established in 2007. As part of the consortium, BN Bank may transfer loans to the company and, as part of the Bank's funding strategy, loans were transferred from BN Boligkredit in Q2 and Q3 2010. At the end of March 2011, the book value of transferred loans was NOK 2.3 billion. BN Bank is responsible for managing the transferred loans and receives a commission based on the net return on the loans transferred by the Bank and the costs to the company.

NOTE 9. INCOME STATEMENTS FOR THE LAST FIVE QUARTERS

NOK MILLION	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Interest and similar income	26	27	33	50	60
Interest expense and similar charges	14	16	22	35	46
Net income from interest and credit commissions	12	11	11	15	14
Change in value of financial instruments at fair value, gains and losses	-1	8	-20	1	2
Total other operating income	-1	8	-20	1	2
Salaries and general administrative expenses	2	2	2	6	8
Other operating expense	0	0	0	0	0
Total other operating expense	2	2	2	6	8
Operating profit/(loss) before impairment losses	9	17	-11	10	8
Impairment losses on loans and advances	0	0	1	-2	-1
Operating profit/(loss) after impairment losses	9	17	-12	12	9
Profit/(loss) before tax	9	17	-12	12	9
Computed tax charge	3	4	-3	3	3
Profit/(loss) for the period	6	13	-9	9	6

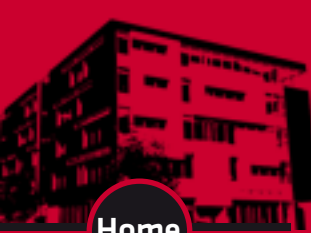


NOTE 10. ADJUSTMENT OF OPENING BALANCE SHEET AS AT 1 JANUARY 2010

BN Boligkreditt's derivatives and most other financial instruments with a maturity of more than one year are reported at fair value. Financial instruments traded in an active market are valued at observed market prices. Financial instruments that are not traded in an active market are assessed using valuation techniques. Valuation techniques are based on recent transactions between independent parties, reference to instruments with approximately the same content, or discounted cash flows. As far as possible, valuations are based on externally observed parameter values.

BN Boligkreditt adopted IFRS at the start of 2007, and these valuation techniques were established at that time in collaboration with the Company's auditors, PwC.

In the second half of 2010 it was discovered that the valuation technique on a specific financial instrument was based on assumptions that chiefly overvalued the instrument. As at 1 January 2010 and 1 January 2009 this overvaluation was estimated net at NOK 18 million after tax. The Company therefore wrote down the value of the instrument and the equity by this amount as at 1 January 2010 and 1 January 2009 in accordance with IAS 8, as an adjustment in the second half-year viewed in isolation was deemed significant. BN Boligkreditt is for that reason obliged to present the restated balance sheet as at 1 January 2009 and 31 December 2009.



Statement in accordance with the Norwegian Securities Trading Act, section 5-6

We certify that, to the best of our belief, the Company's interim financial statements for the period 1 January to 31 March 2011 have been prepared in compliance with IAS 34 Interim Financial Reporting, and that the disclosures in the interim financial statements give a true and fair view of the Company's assets, liabilities, financial position and performance as a whole.

To the best of our belief, the interim financial statements give a true and fair view of important events during the accounting period and their effect on the interim accounts, and a description of the most significant risks and uncertainty factors facing the Company in the next accounting period.

Trondheim, 2 May 2011
The Board of Directors of BN Boligkreditt AS

Lisbet K. Nærø
Chair

Kjell Fordal
Deputy Chair

Arve Austestad

Lars Bjarne Tvete

Tove Kolbjørnsen Kulseng

Svend Lund
(General Manager)

Auditor's Report



PricewaterhouseCoopers AS
Brattørkaia 17 B
NO-7492 Trondheim
Telefon 02316

To the Board of Directors of BN Boligkreditt AS

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed balance sheet of BN Boligkreditt AS as of 31 March 2011 and the related condensed statements of income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting".. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with standards on auditing adopted by Den Norske Revisorforening, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Trondheim, 2 May 2011
PricewaterhouseCoopers AS

Rune Kenneth S. Lædre
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

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