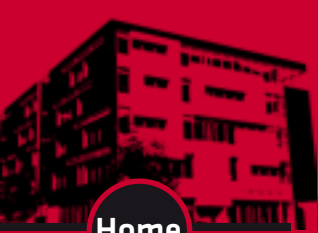


BNkreditt AS

INTERIM REPORT
2nd QUARTER | **2011**

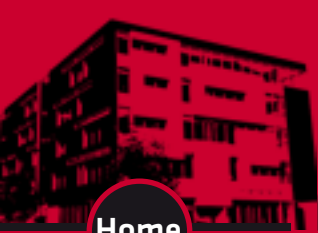


BN Bank



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Summary of results for Q2 2011

- Good, stable liquidity situation
- Profit of NOK 39 million (NOK 5 million: Q1 2011).
- Operating expense totalled NOK 24 million (NOK 22 million: Q1 2011).
- Total lending increased by NOK 1.2 billion in Q2 2011 (NOK 0.8 billion: Q1 2011).
- Decrease in non-performing loans from 0.43 per cent to 0.40 per cent.
- Impairment losses on loans NOK - 9 million (NOK 33 million: Q1 2011).
- A repossessed property was sold resulting in an accounting profit of NOK 9 million.
- Capital adequacy ratio of 18.2 per cent (19.2 per cent: 31.3.2011).

Financial Ratios

NOK MILLION	NOTE	FULL YEAR					
		30.06.11	% OF ATA	30.06.10	% OF ATA	2010	% OF ATA
Summary of results							
Net income from interest and credit commissions		96	1.21 %	99	1.26 %	194	1.29 %
Total other operating income		35	0.44 %	21	0.27 %	28	0.19 %
Total income		131	1.65 %	120	1.53 %	222	1.48 %
Total other operating expense		46	0.58 %	45	0.57 %	95	0.63 %
Operating profit/(loss) before impairment losses		85	1.07 %	75	0.96 %	127	0.84 %
Impairment losses on loans and advances		24	0.30 %	22	0.28 %	53	0.35 %
Pre-tax profit/(loss)		61	0.77 %	53	0.68 %	74	0.49 %
Computed tax charge		17	0.21 %	15	0.19 %	21	0.14 %
Profit/(loss) for the period		44	0.55 %	38	0.48 %	53	0.35 %
Profitability							
Return on equity	1	3.3 %		2.8 %		2.0 %	
Net interest margin	2	1.21 %		1.26 %		1.36 %	
Cost-income ratio	3	35.1 %		37.5 %		42.8 %	
Balance sheet figures							
Gross lending		16 075		14 056		15 342	
Increase/decrease in lending (gross) last 12 months		14.4 %		-31.3 %		13.9 %	
Average total assets (ATA)	4	15 891		15 672		15 040	
Total assets		16 829		14 794		16 120	
Balance sheet figures including SpareBank 1 Næringskreditt AS							
Gross lending		24 140		21 807		22 650	
Increase/decrease in lending (gross) last 12 months		10.7 %		6.6 %		5.7 %	
Losses on loans and non-performing loans							
Loss ratio lending	6	0.32 %		0.20 %		0.37 %	
Non-performing loans as a percentage of gross lending		0.40 %		0.39 %		0.44 %	
Other doubtful commitments as a percentage of gross lending		3.07 %		1.42 %		3.51 %	
Solvency							
Capital adequacy ratio	8	18.2 %		20.7 %		19.5 %	
Tier 1 capital ratio		15.6 %		17.6 %		16.6 %	
Tier 1 capital		2 560		2 574		2 629	
Capital base		3 011		3 025		3 080	
Offices and staffing							
Number of offices		2		2		2	
Number of full-time equivalents		50		50		50	
Shares							
Earnings per share for the period (whole NOK)		7.33		6.33		8.83	

Note

- 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

Directors' Report

Summary of First-Half 2011

The funding situation for Bolig- og Næringskreditt AS (BNkreditt) is good, loan default rates are low, and the Company's capitalisation remains strong.

BNkreditt posted a profit of NOK 44 million after tax for the first half-year to 30 June 2011, compared with a post-tax profit of NOK 38 million for first-half 2010. The increase in profit is mainly attributable to changes in the value of financial instruments.

Non-performing loans accounted for 0.40 per cent of gross lending at 30 June 2011, which is 0.04 percentage points lower than at the start of the year. A strong focus on monitoring and following up loans, improved debt servicing capacity among borrowers, and a better general economic outlook, have all contributed to low default rates.

BNkreditt's total assets stood at NOK 16.8 billion at 30 June 2011, which is NOK 2.0 billion up on the past 12 months. Loans and advances totalled NOK 16.1 billion at 30 June, which is an increase of NOK 2.0 billion on the past year. At 30 June 2011, loans for NOK 8.1 billion had been transferred to SpareBank 1 Næringskreditt. Lending, including loans transferred to SpareBank 1 Næringskreditt, has increased by NOK 2.3 billion in the past year.

Operations, objectives and strategy

The primary objective of BNkreditt's operations is to achieve optimum returns on equity within the guidelines of the Company's operations, current laws and other relevant parameters.

The Company aims to achieve this objective by maintaining cost-effective operations and low risk and by marketing a limited range of standardised products. By employing this strategy, BNkreditt shall serve as an attractive alternative in selected customer segments to financial groups offering a broad range of financial products and services.

BNkreditt's operations are nationwide. The Company has its head office in Trondheim and a branch office in Oslo.

BNkreditt provides long-term mortgage loans secured on real property, and in addition offers the Parent Bank's products to the corporate market. These consist of secured lines of credit, building loans, guarantees and deposit/payment facilities. Loans are also offered with security in shares in property companies through BN Bank. BNkreditt's lending business is funded primarily by issuing securities, through Sparebank 1 Næringskreditt as well as intercompany financing.

Financial developments

BNkreditt presents its financial statements in compliance with International Financial Reporting Standards (IFRS). See Note 1 for more information.

Profit performance for First-Half 2011

BNkreditt achieved a profit of NOK 44 million after tax for the first half of 2011, compared with a post-tax profit of NOK 38 million for first-half 2010. The improvement in profit is largely attributable to a positive trend in the value of financial instruments.

Total income for first-half 2011 was NOK 131 million, compared with NOK 120 million for first-half 2010. A positive first-half trend in the value of financial instruments and an increased volume of lending are the most important reasons for the increase, although reduced lending margins have pulled income down somewhat.

The transfer of loans to SpareBank 1 Næringskreditt will have a positive effect overall on the Company's income, but will also reduce the amount of net interest income. This is however expected to be compensated for by an increase in other income. BNkreditt receives commission from SpareBank 1 Næringskreditt that is equal to the margin on the loans, and in the first half-year received NOK 38 million in commission income, compared with NOK 44 million for the same period of 2010. As at 30 June 2011 loans had been transferred to the value of NOK 8.1 billion.

BNkreditt'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. In first-half 2011 this gave rise to a negative profit-and-loss effect of NOK 4 million, while the effect in first-half 2010 was also negative by NOK 29 million. These effects will even out in the long term. For more information concerning changes in value, see Note 2.

Other operating expense in the first half of 2011 totalled NOK 46 million, which is at the same level as first-half 2010. BNkreditt purchases all its operation management services from BN Bank. The Company's cost levels are stable over time.

Loan default rates fell in 2010 and remain low at the end of June 2011. Non-performing loans accounted for 0.40 per cent of lending at 30 June 2011, compared with 0.44 per cent at the start of the year. The trend in non-performing loans remained virtually unchanged in

the first half-year, while net doubtful loan commitments decreased by NOK 51 million in first-half 2011. Non-performing and doubtful loans, less individual write-downs, totalled NOK 518 million (3.22 per cent of gross lending) at the end of the second quarter of 2011. At the start of the year the corresponding volumes were NOK 571 million (3.72 per cent of gross lending). BNkredditt will continue to focus closely on the quality of the portfolio and on monitoring and following up doubtful loan commitments. See Note 6 for more information about non-performing and doubtful loans.

Impairment losses on loans and advances totalled NOK 24 million for first-half 2011, compared with NOK 22 million for first-half 2010. Collective write-downs rose by NOK 10 million during the first half-year, totalling NOK 49 million at 30 June 2011, which is 0.30 per cent of gross lending.

Profit performance for Q2 2011

BNkredditt achieved a profit of NOK 39 million after tax for the second quarter of 2011, compared with a post-tax profit of NOK 5 million for the first quarter of 2011. The improvement in profit is largely attributable to a decrease in impairment losses on loans.

Total income for second-quarter 2011 was NOK 69 million, compared with NOK 62 million for first-quarter 2011. A positive second-quarter trend in changes in the value of financial instruments and an increase in the volume of lending are the most important reasons for the increase in income, although reduced lending margins have pulled income down somewhat.

Changes in the value of financial instruments had a positive profit-and-loss effect of NOK 1 million in the second quarter, while the profit-and-loss effect in first-quarter 2011 was negative by NOK 5 million.

Other operating expenses in the second quarter of 2011 totalled NOK 24 million, which is NOK 2 million higher than for first-quarter 2011.

The trend in non-performing loans was virtually unchanged in the second quarter, while net doubtful loans decreased by NOK 375 million in the last quarter to NOK 518 million. Impairment losses on loans were minus NOK 9 million in the second quarter, compared with NOK 33 million in first-quarter 2011. The main reason for the recognition of income under impairment losses in the second quarter 2011 was the sale of a repossessed property which gave rise to an accounting profit of NOK 9 million. Collective write-downs were unchanged during the quarter and stood at NOK 49 million at 30 June 2011, which is 0.30 per cent of gross lending.

Balance sheet development

The loan portfolio stood at NOK 16.1 billion at 30 June 2011, compared with NOK 15.3 billion at the start of the year. At 30 June, loans for NOK 8.1 billion had been transferred to SpareBank 1 Næringskredditt.

The trend in gross lending, including lending in SpareBank 1 Næringskredditt, is as follows:

NOKbn	Q2 2011	Q1 2011	Q4 2010
BN kreditt	16.1	15.7	15.3
SpareBank 1 Næringskredditt	8.1	7.7	7.3
Gross lending	24.2	23.4	22.6

Gross lending, including loans transferred to SpareBank 1 Næringskredditt, rose by NOK 1.6 billion in first-half 2011, of which NOK 0.8 billion relates to second-quarter 2011.

The transfer of loans to SpareBank 1 Næringskredditt will boost the company's liquidity position, profitability and financial strength. BNkredditt has no ownership interest in the company.

To strengthen the interests of the existing bond holders in BNkredditt, BN Bank has provided a guarantee that BNkredditt will have a minimum capital adequacy ratio or junior financing of 20 per cent. At 30 June 2011, BNkredditt had a capital adequacy ratio of 18.2 per cent and a capital base of NOK 3.0 billion. BN Bank had ceded precedence in respect of its accounts receivable with BNkredditt for a total of NOK 290 million at 30 June. For more information, see Notes 8 and 10.

BNkredditt had NOK 4.3 billion in securities borrowings at 30 June 2011, which is a decrease of NOK 2.0 billion on the first half-year. Other interest-bearing debt consists chiefly of debt to the Parent Bank.

Total assets increased by NOK 0.7 billion during the first half-year, and amounted to NOK 16.8 billion at 30 June 2011. The increase is attributable to the growth in lending.



Solvency

BNkredditt's capital base was NOK 3 012 million at the end of the period, equivalent to a capital adequacy ratio of 18.2 per cent. Tier 1 capital was NOK 2 561 million, equivalent to a tier 1 capital ratio of 15.5 per cent at 30 June 2011. Risk-weighted assets were NOK 16 507 million at the same date. The Board deems the Company's capital adequacy to be good.

Outlook

Growing competition in BNkredditt's core areas will continue to exert pressure on earnings. However, a satisfactory funding situation, a good-quality loan portfolio and strong capitalisation all endow the Company with a sound foundation for future growth.

Overall, risk in the loan portfolio is considered to be low. The Company's commercial real estate portfolio is well diversified with a variety of types of tenant and lease object. The economic downturn, higher interest rates and a significant fall in property prices may impact negatively on borrowers' debt-servicing capacity. BNkredditt will continue to maintain a close focus on monitoring and following up loans and commitments.

A priority area for BNkredditt will be to make full use of the possibilities for issuing covered bonds.

The continuing sovereign debt crisis in several countries may affect BNkredditt in the time ahead. The Company has no direct exposure to foreign sovereign debt, but the crisis may affect its funding options.

During 2011, BNkredditt will be highly focused on implementing the Company's new strategy, which in the Board's opinion will provide a sound basis for maintaining and developing the Company's values and assets. BNkredditt enjoys a good position in selected markets, and the Board sees profitable growth opportunities in the Company's target areas.

Boar of the Directors
Trondheim, 8 August 2011

Income Statement

NOK MILLION	NOTE	Q2 2011	Q2 2010	30.06 2011	30.06 2010	FULL YEAR 2010
Interest and similar income		184	149	356	292	629
Interest expense and similar charges		136	101	260	193	435
Net income from interest and credit commissions		48	48	96	99	194
Change in value fin. instruments carried at fair value, gains & losses	2	1	-28	-4	-29	-60
Other operating income	3	20	22	39	50	88
Total other operating income		21	-6	35	21	28
Salaries and general administrative expenses		18	17	35	34	74
Other operating expense		6	6	11	11	21
Total other operating expense		24	23	46	45	95
Operating profit/(loss) before impairment losses		45	19	85	75	127
Impairment losses on loans and advances	6	-9	15	24	22	53
Profit/(loss) before tax		54	4	61	53	74
Computed tax charge		15	1	17	15	21
Profit/(loss) for the period		39	3	44	38	53

Balance Sheet

NOK MILLION	NOTE	30.06.11	30.06.10	FULL YEAR 2010
Assets				
Deferred tax assets		87	70	49
Reposessed properties		0	15	15
Loans and advances	5, 6, 10	15 986	13 975	15 268
Prepayments and accrued income		25	0	0
Financial derivatives		82	118	134
Short-term securities investments		520	520	520
Cash and balances due from credit institutions		129	96	134
Total assets		16 829	14 794	16 120
Equity and liabilities				
Share capital		600	600	600
Retained earnings	4	2 069	2 064	2 079
Total equity		2 669	2 664	2 679
Deferred tax		0	0	0
Subordinated loan capital	7	451	451	451
Liabilities to credit institutions		9 339	5 163	6 629
Debt securities in issue	7	4 290	6 278	6 286
Accrued expenses and deferred income		33	27	14
Other current liabilities		0	178	0
Financial derivatives		47	33	61
Total liabilities		14 160	12 130	13 441
Total equity and liabilities		16 829	14 794	16 120

The Board of Directors
Trondheim 8 August 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	600	1 000	0	1 082	2 682
Group contribution paid to Parent Bank	0	0	0	-56	-56
Result for the period	0	0	0	38	38
Balance Sheet as at 30 June 2010	600	1 000	0	1 064	2 664
Result for the period	0	0	0	15	15
Balance Sheet as at 31 Dec. 2010	600	1 000	0	1 079	2 679
Group contribution paid to Parent Bank	0	0	0	-98	-98
Group contrib. rec'vd from Parent Bank	0	0	44	0	44
Result for the period	0	0	0	44	44
Balance Sheet as at 30 June 2011	600	1 000	44	1 025	2 669

The Board of Directors
Trondheim, 8 August 2011

Statement of Cash Flows

NOK MILLION	30.06.2011	30.06.2010	FULL YEAR 2010
Cash flows from operating activities			
Interest/commission received and fees received from customers	386	4 443	4 501
Interest received on other investments	28	6	-14
Interest paid on other loans	-318	-225	-423
Receipts/disbursements (-) on loans and advances to customers	-577	-4 566	-5 435
Receipts/payments (-) on liabilities to credit institutions	2 541	83	1 362
Receipts/payments (-) on securities in issue	-1 911	415	242
Receipts on written-off debt	9	0	6
Other receipts/payments	-68	-12	-11
Payments to suppliers for goods and services	-49	-25	-49
Payments to employees, pensions and social security expenses	-18	-19	-41
Net cash flow from operating activities	23	100	138
Cash flows from investing activities			
Proceeds from sale of operating assets etc.	25	0	0
Net cash flow from investing activities	25	0	0
Cash flow from financing activities			
Dividend/group contribution paid	-53	-56	-56
Net cash flow from financing activities	-53	-56	-56
Net cash flow for the period	-5	44	82
Cash and balances due from central banks as at 1 January	134	52	52
Cash and balances due from central banks as at 30 June	129	96	134

Notes

NOTE 1. ACCOUNTING POLICIES

The half-yearly interim financial statements to 30 June 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.

As of 1 January 2011, the Company changed its accounting policy with respect to classifying immediate changes in value and gains/losses on the sale of repossessed properties. We have now elected to carry these under impairment losses on loans and advances since there is a close connection between the repossessed property and the original loan.

NOTE 2. CHANGE IN VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE, GAINS AND LOSSES

NOK MILLION	Q2 2011	Q2 2010	30.06.11	30.06.10	FULL YEAR 2010
Change in value interest rate derivatives oblig carried at fair value thro profit or loss ¹	-1	10	-21	24	1
Total change in value financial instruments obliged to be carried at fair value	-1	10	-21	24	1
Change in value borrowings selected for fair value carrying through profit or loss ¹	4	3	30	-5	17
Change in value loans selected for fair value carrying through profit or loss ¹	26	-44	6	-51	-87
Total change in value of financial instruments selected for fair value carrying	30	-41	36	-56	-70
Change in value of interest rate derivatives, hedging ³	7	8	-6	8	-1
Change in value of borrowings, hedged ³	-7	-8	6	-8	1
Total change in value of financial instruments for hedging	0	0	0	0	0
Total change in value of financial instruments carried at fair value	29	-31	15	-32	-69
Realised exch. gains/losses(-) bonds and certificates carried at amortised cost ⁴	0	0	0	-3	-1
Realised exch. gains/losses(-) loans and borrowings carried at amortised cost ⁴	0	0	0	9	9
Exchange gains/losses on borrowings and loans carried at amortised cost ²	-28	3	-19	-3	1
Total change in value of financial instruments carried at fair value, gains and losses	1	-28	-4	-29	-60

¹ The profit-and-loss effect as at 30 June 2011 comprises mainly expense recognition of interest rate hedging instruments and related hedge objects (fixed-rate loans and borrowings) totalling NOK 4 million and similar expense recognition of NOK 35 million for the same period of 2010. This effect is owing to changes in the fair value of financial instruments relating to the change in credit risk.

² Exchange gains/losses on borrowings and loans carried at amortised cost are chiefly attributable to exchange gain/loss effects which arise when borrowing and lending in foreign currencies are translated at the current exchange rate. Forward exchange contracts and combined interest rate and currency derivatives are carried at fair value with changes in value carried through profit or loss. Exposure to exchange rate fluctuations is low.

³ From 2010, BNKreditt has used fair value hedges for new fixed-rate borrowings and related hedge instruments. The borrowings are hedged 1:1 through external contracts where the principal, interest stream, term and hedging transaction match. It is the interest rate risk that is hedged and the hedging transactions entered into are documented. With fair value hedges, the hedge instrument is accounted for at fair value, and the hedge object is accounted for at fair value for the hedged risk. Changes in these values from the opening balance sheet are carried in profit or loss. The credit risk is not hedged and therefore does not affect the valuations. The value of the hedging instruments as at 30 June 2011 was negative by NOK 1 million.

⁴ Realised gains/losses on bonds, certificates and borrowings carried at amortised cost had no P&L effect as at 30 June 2011, compared with income recognition of NOK 6 million for the same period of 2010. NOK 8 million was recognised as income for the full year 2010.

NOTE 3. OTHER OPERATING INCOME

NOK MILLION	Q2 2011	Q2 2010	30.06.11	30.06.10	FULL YEAR 2010
Net commission income/charges ¹	19	22	38	44	82
Other operating income	1	0	1	6	6
Total other operating income	20	22	39	50	88

¹ Consists in its entirety of commission income for managing the portfolio of SpareBank 1 Næringskreditt AS.

NOTE 4. CHANGES IN EQUITY

The Annual General Meeting has resolved to render group contribution to the Parent Bank of NOK 136 million before tax. In addition, the Company has received NOK 44 million without tax effect from the Parent Bank.

NOTE 5. OVERVIEW OF GROSS LENDING IN MANAGED PORTFOLIO

NOK MILLION	30.06.2011	30.06.2010	FULL YEAR 2010
Gross lending	16 075	14 056	15 342
Loans transferred to SpareBank 1 Næringskreditt	8 065	7 751	7 308
Total loans managed portfolio	24 140	21 807	22 650

NOTE 6. 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, either through the courts or by some voluntary solution. Impairment losses and write-downs on loans described in this note apply to loans carried at amortised cost.

NOK MILLION	Q2 2011	Q2 2010	30.06.11	30.06.10	FULL YEAR 2010
Write-offs in excess of prior-year write-downs	0	0	4	0	27
Write-offs on loans without prior write-downs	0	0	5	0	0
Write-downs for the period:					
Change in collective write-downs	0	0	10	6	0
Total change in collective write-downs	0	0	10	6	0
Increase in loans with prior-year write-downs	3	15	12	16	23
Provisions against loans without write-downs	2	1	2	1	14
Decrease in loans with prior-year write-downs	-5	-1	0	-1	-11
Total change in individual write-downs	0	15	14	16	26
Gross impairment losses	0	15	33	22	53
Recovers on previous write-offs ¹	9	0	9	0	0
Impairment losses on loans and advances	-9	15	24	22	53
Revenue recognition of interest on written-down loans	1	1	5	2	6

¹ NOK 9 million relates to the reported profit on the sale of a previously repossessed property in Tromsø in the second quarter of 2011.

NOK MILLION	Q2 2011	Q2 2010	30.06.11	30.06.10	FULL YEAR 2010
Individual write-downs to cover impairment losses at start of the period	54	21	35	21	21
Write-offs covered by prior-year individual write-downs	-13	0	-4	0	-6
Write-downs for the period:					
Increase in loans with prior-year individual write-downs	3	15	10	15	17
Write-downs on loans without prior-year individual write-downs	2	1	2	1	14
Decrease in loans with prior-year individual write-downs	-6	-2	-3	-2	-11
Individual write-downs to cover impairment losses at end of the period	40	35	40	35	35
Collective write-downs to cover impairment losses at start of the period	49	45	39	39	39
Collective write-downs for the period to cover impairment losses	0	0	10	6	0
Collective write-downs to cover impairment losses at end of the period	49	45	49	45	39

Loans past due more than 3 months

NOK MILLION	30.06.2011	30.06.2010	FULL YEAR 2010
Gross principal	65	86	67
Individual write-downs	0	22	0
Net principal	65	64	67

Other loans with individual write-downs

NOK MILLION	30.06.2011	30.06.2010	FULL YEAR 2010
Gross principal	493	199	539
Individual write-downs	40	13	35
Net principal	453	186	504

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

NOK MILLION	GROSS OUTSTANDING 30.06.11		GROSS OUTSTANDING 30.06.10		GROSS OUTSTANDING 2010	
		%		%		%
Corporate market	65	0.40	86	0.39	67	0.44

NOTE 7. BORROWINGS (FUNDING)**Debt securities in issue**

The Company had issued bonds and certificates with a face value of NOK 50 million as at 30 June 2011, either as new issues or increases in existing tap issues.

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	557	5 551	6 108
New issues	0	0	0
Increase in existing issues	0	0	0
Purchase and maturity of existing issues	0	-280	-280
Net debt (face value) as at 31 March 2011	557	5 271	5 828
New issues	0	0	0
Increase in existing issues	0	50	50
Purchase and maturity of existing issues	-557	-1 121	-1 678
Net debt (face value) as at 30 June 2011	0	4 200	4 200

Subordinated loan capital and perpetual subordinated loan capital securities

The Company had issued no perpetual subordinated loan capital securities or subordinated loans as at 30 June 2011.

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

MILLIONER KRONER	PERPET. SUBORD. LOAN CAP. SEC.	SUBORDINATED LOAN CAPITAL	TOTAL
Net debt (face value) as at 1 January 2011	0	450	450
New issues	0	0	0
Increase in existing issues	0	0	0
Purchase and maturity of existing issues	0	0	0
Net debt (face value) as at 31 March 2011	0	450	450
New issues	0	0	0
Increase in existing issues	0	0	0
Purchase and maturity of existing issues	0	0	0
Net debt (face value) as at 30 June 2011	0	450	450

Recognised values

NOK MILLION	30.06.2011	30.06.2010	FULL YEAR 2010
Certificates carried at amortised cost	0	0	0
Certificates carried at fair value	0	964	567
Total recognised value of certificates	0	964	567
Bonds carried at amortised cost	1 420	1 870	1 853
Bonds selected for fair value carrying	2 870	3 444	3 866
Total recognised value of bonds	4 290	5 314	5 719
Total recognised value of debt securities in issue	4 290	6 278	6 286
Subordinated loans carried at amortised cost	451	451	451
Subordinated loans selected for fair value carrying	0	0	0
Total recognised value of subordinated loans	451	451	451

NOTE 8. CAPITAL ADEQUACY

Process for assessing the capital adequacy requirement

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

NOK MILLION	30.06.2011	30.06.2010	FULL YEAR 2010
Share capital	600	600	600
Other reserves	2 048	2 044	2 079
Proposed provision for group contribution	0	0	0
Perpetual subordinated loan capital (perpetual subordinated loan capital borrowings)	0	0	0
Less:			
Intangible assets	0	0	0
Deferred tax assets	-87	-70	-49
Tier 1 capital	2 561	2 574	2 630
Fixed-term subordinated loan capital ¹	451	450	451
Less:			
Fixed-term subordinated loan capital that cannot be included	0	0	0
Net tier 2 capital	451	451	451
Total capital base	3 012	3 025	3 081
Risk-weighted assets	16 507	14 610	15 818
Tier 1 capital ratio (%)	15.5	17.6	16.6
Capital adequacy ratio (%)	18.2	20.7	19.5

¹ For more details, see Note 7.

Specification of risk-weighted assets

NOK MILLION	30.06.2011		FULL YEAR 2010	
	RECOGNISED AMOUNT	WEIGHTED AMOUNT	RECOGNISED AMOUNT	WEIGHTED AMOUNT
RISK-WEIGHTING				
0 %	0	0	0	0
10 %	0	0	0	0
20 %	710	142	756	151
35 %	473	166	362	127
50 %	0	0	0	0
75 %	0	0	0	0
100 %	16 199	16 199	15 540	15 540
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	17 382	16 507	16 658	15 818
Capital adequacy ratio (%)		18.2		19.5

NOTE 9. 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 10. TRANSFER TO SPAREBANK 1 NÆRINGSKREDITT

SpareBank 1 Næringskreditt AS was established in 2009 and granted a licence by the Financial Supervisory Authority of Norway to operate as a credit institution. The company is owned by the savings banks that form the SpareBank 1 consortium and is co-located with SpareBank 1 Boligkreditt AS in Stavanger. The same banks own SpareBank 1 Næringskreditt as own BN Bank. The purpose of the company is to secure for the banks within the consortium a source of stable, long-term financing of commercial real estate at competitive rates. SpareBank 1 Næringskreditt procures loans with mortgages on commercial 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 have been transferred from BNkreditt. At the end of June 2011, the book value of transferred loans was NOK 8.1 billion. BN Bank is responsible for managing the transferred loans and BNkreditt receives a commission based on the net return on the loans transferred by the Bank and the costs to the company.

In order to attend to the interests of existing bond holders, in connection with the transfer BN Bank guaranteed that BNkreditt will have a capital adequacy ratio of at least 20 per cent at all times. Should the capital adequacy ratio fall below 20 per cent, the Parent Bank will cede precedence with respect to its accounts receivable with BNkreditt and/or provide a guarantee. As at 30 June 2011, BNkreditt's capital adequacy ratio was 18.2 per cent. The amount the Parent Bank is ceding precedence for stood at NOK 290 million as at 30 June 2011.

BN Bank has put up guarantees for the transferred loan commitments where they exceed 25 per cent of SpareBank 1 Næringskreditt's capital base. BN Bank has also provided guarantees for 3 per cent of the transferred volume of loans. As at 30 June 2011, these guarantees totalled NOK 527 million.

NOTE 11. INCOME STATEMENTS FOR THE LAST FIVE QUARTERS

NOK MILLION	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Interest and similar income	184	172	165	172	149
Interest expense and similar charges	136	124	121	121	101
Net income from interest and credit commissions	48	48	44	51	48
Change in value of financial instruments at fair value, gains and losses	1	-5	-22	-9	-28
Other operating income	20	19	19	19	22
Total other operating income	21	14	-3	10	-6
Salaries and general administrative expenses	18	17	22	18	17
Other operating expense	6	5	5	5	6
Total other operating expense	24	22	27	23	23
Operating profit/(loss) before impairment losses	45	40	14	38	19
Impairment losses on loans and advances	-9	33	25	6	15
Profit/(loss) before tax	54	7	-11	32	4
Computed tax charge	15	2	-3	9	1
Profit/(loss) for the period	39	5	-8	23	3



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

We certify that, to the best of our belief, the Company's half-yearly interim financial statements for the period 1 January to 30 June 2011 have been prepared in compliance with IAS 34 Interim Financial Reporting, and that the disclosures in the half-yearly 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 half-yearly financial statements give a true and fair view of important events during the accounting period and their effect on the half-yearly accounts, and a description of the most significant risks and uncertainty factors facing the Company in the next accounting period.

Trondheim, 8 August 2011
The Board of Directors of BN Boligkreditt AS

Arve Auestad

Lisbet K. Nærø
(Chair)

Svend Lund
(General Manager)

Tove Kolbjørnsen Kulseng

Lars Bjarne Tvete

Kjell Fordal
(Deputy Chair)

Auditor's Report



PricewaterhouseCoopers AS
Brattørkaia 17 B
NO-7492 Trondheim
Telefon 02316

To the Board of Directors of Bolig- og Næringskreditt AS

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying balance sheet of Bolig- og Næringskreditt AS as of 30 June 2011 and the related statements of income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this 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 interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Trondheim, 9 August 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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