BN Bank ASA

INTERIM REPORT 3TRD QUARTER | 2013

Innhold

Financial Ratios

		GROUP		
NOK MILLION	**REFERENCE**	**30.09.13**	**30.09.12**	**FULL-YEAR 2012**
Summary of results				
Net income from interest and credit commissions		300	258	343
Total other operating income		210	112	291
Total income		**510**	**370**	**634**
Total other operating expense		**161**	**191**	**262**
Operating profit before impairment losses		**349**	**179**	**372**
Impairment losses on loans and advances		65	36	114
Profit before tax		**284**	**143**	**258**
Computed tax charge		80	39	72
Profit after tax		**204**	**104**	**186**
Profitability				
Return on equity	1	8.0 %	4.3 %	5.8 %
Net interest margin	2	0.99 %	0.85 %	0.84 %
Cost-income ratio	3	31.6 %	51.6 %	41.3 %
Balance sheet figures				
Gross lending		30 998	31 885	33 305
Customer deposits		16 166	16 362	16 910
Deposit-to-loan ratio	4	52.2 %	51.3 %	50.8 %
Increase/decrease in lending (gross) last 12 months		-2.8 %	-3.9 %	-0.4 %
Increase/decrease in deposits last 12 months		-1.2 %	6.7 %	6.0 %
Average total assets (ATA)	5	40 519	40 605	40 770
Total assets		39 763	40 526	41 732
Balance sheet figures incl. SpareBank 1 Næringskreditt and SpareBank 1 Boligkreditt				
Gross lending		49 410	47 913	49 464
Customer deposits		16 166	16 362	16 910
Increase in lending (gross) last 12 months		3.1 %	7.5 %	8.3 %
Increase/decrease in deposits last 12 months		-1.2 %	6.7 %	6.0 %
Share of lending funded via deposits		32.7 %	34.1 %	34.2 %
Losses on loans and non-performing loans				
Loss ratio lending	6	0.27 %	0.15 %	0.35 %
Non-performing loans as % of gross lending	7	1.88 %	1.47 %	1.19 %
Other doubtful commitments as % of gross lending	7	1.88 %	1.14 %	1.57 %
Solvency				
Capital adequacy ratio		14.54 %	14.92 %	15.08 %
Tier 1 capital ratio		12.25 %	12.13 %	12.06 %
Core tier 1 capital ratio		10.41 %	10.32 %	10.25 %
Tier 1 capital		3 783	3 593	3 729
Capital base		4 492	4 418	4 661
Offices and staffing				
Number of offices		2	2	2
Number of full-time equivalents		112	110	114
Shares				
Earnings per share for the period (whole NOK)		15.26	8.01	14.32

Reference
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) Customer deposits as a percentage of lending to customers
5) Average total assets (ATA) are calculated as an average of quarterly total assets as of the last five quarters
6) Net loss as a percentage of average gross lending to date this year
7) The figures disclosed include the Guarantee Portfolio

Report of the Directors

Summary of results for the third quarter of 2013

The comparative figures in parentheses are for the second quarter of 2013.

- Net interest income was NOK 109 million (NOK 104 million)
- Other operating income was NOK 66 million (NOK 81 million)
- Profit after tax of NOK 93 million (NOK 81 million)
- Profit after tax of core business totalling NOK 93 million (NOK 80 million)
- Other operating expense was NOK 53 million (NOK 52 million)
- Cost-income ratio of 30 per cent (28 per cent)
- Return on equity after tax of 10.6 per cent (9.5 per cent)
- Impairment losses on loans gave rise to recognised income of NOK 7 million (recognised loss of NOK 20 million).

Summary of the three quarters to 30 September 2013

The comparative figures in parentheses are for the same period of 2012.

- Net interest income was NOK 300 million (NOK 258 million)
- Other operating income was NOK 210 million (NOK 112 million)
- Profit after tax of NOK 204 million (NOK 104 million)
- Profit after tax of core business totalling NOK 206 million (NOK 158 million)
- Other operating expense was NOK 161 million (NOK 191 million)
- Cost-income ratio of 32 per cent (52 per cent)
- Return on equity after tax of 8.0 per cent (4.3 per cent)
- Return on equity after tax of core business at 8.0 per cent (6.5 per cent)
- Growth in lending of NOK 1 497 million in the past 12 months (NOK 3 323 million)
- The margin on loans measured against 3 month NIBOR has increased by 51 basis points in 2013 to 2.38 per cent (1.87 per cent)
- The margin on deposits measured against 3 month NIBOR has decreased by 54 basis points
- The levy payable to the Norwegian Banks' Guarantee Fund totalled NOK 14 million
- Impairment losses on loans and advances of NOK 65 million (NOK 36 million).
- Capital adequacy ratio of 14.54 per cent (14.92 per cent)
- Tier 1 capital ratio of 12.25 per cent (12.13 per cent)
- Core tier 1 capital ratio of 10.41 per cent (10.32 per cent)

Profit performance for Q3 2013

The comparative figures in parentheses are for Q2 2013.

For the third quarter of 2013 the BN Bank Group posted a profit after tax of NOK 93 million (NOK 81 million). This produced an annualised return on equity of 10.6 per cent (9.5 per cent). The main reason for the increase on the second quarter is higher net interest income, lower write-downs on loans and a decrease in other operating income.

Total income for the third quarter of 2013 was NOK 175 million (NOK 185 million).

NOKm	Q3 2013	Q2 2013	CHANGE
Total income	175	185	-10
Margins and volumes, lending and deposits			2
Dividend, covered bonds companies			-7
Charges/fees			2
Changes in value			-10
Other			3

Net interest income for the third quarter was NOK 109 million (NOK 104 million). Other operating income excluding changes in value in the third quarter totalled 60 million (NOK 65 million). The increase in net interest income is attributable to increased margins on loans, lower deposit margins and a change in volume of lending and deposits. This also affects other operating income in the form of a slight increase in commission from transferred loans to the covered bonds companies in the SpareBank1 consortium. Total commission from SpareBank 1 Næringskreditt and SpareBank 1 Boligkreditt in the third quarter was NOK 61 million (NOK 59 million). In the second quarter BN Bank received dividends from these companies totalling NOK 7 million.

Operating expense for third-quarter 2013 totalled NOK 53 million (NOK 52 million). Other operating expense remains at a low level as a result of the Bank's focus on effective operations and costs. BN Bank aims to be one of Norway's most cost-effective banks. Other operating expense was 30 per cent of total income in the third quarter of 2013 (28 per cent).

In the third quarter of 2013, NOK 7 million was recognised as income under Impairment losses on loans and advances. Individual and collective impairment losses on loans in third-quarter 2013 were as follows:

NOKm	INDIVIDUAL	GROUP
Corporate	-7	-1
Retail	0	1
Duarantee Portfolio	6	-6

Highlights of the three quarters to 30 September 2013

The figures in parentheses are for the three quarters to 30 September 2012.

For the three quarters to 30 September 2013, the BN Bank Group posted a profit after tax of NOK 204 million (NOK 104 million), giving an annualised return on equity after tax of 8 per cent to date this year. Increased margins and a decrease in operating expense contributed positively to the result, while impairment losses on loans and the levy paid to the Norwegian Banks' Guarantee Fund contributed negatively.

The Bank's core business (the result of the corporate and retail banking activity) saw an increase in post-tax profit of NOK 48 million, up from NOK 158 million for the three quarters to 30 September 2012 to NOK 206 million for the three quarters to 30 September 2013.

Income

Total income for the first three quarters was NOK 510 million (NOK 370 million). The Bank has improved its lending margins in both the business and retail sector in 2013, owing to a falling NIBOR level and changes in interest rates made by the Bank. The Bank's total lending margin measured against 3 month NIBOR at the end of the third quarter was 2.38 per cent (1.87 per cent). The margin for retail lending was 2.22 per cent (1.59 per cent), while the margin for business lending was 2.45 per cent (1.95 per cent).

The Bank's margin on deposits measured against 3 month NIBOR in third-quarter 2013 was minus 1.19 per cent (minus 0.65 per cent).

Other operating income totalled NOK 210 million for the first three quarters of 2013 (NOK 112 million). The marked increase is largely owing to an increase in commission from SpareBank1 Næringskreditt and SpareBank1 Boligkreditt and changes in the value of financial instruments measured at fair value.

Expenditure

Operating expense for the three quarters to 30 September totalled NOK 161 million (NOK 191 million). The decrease is primarily attributable to the Bank's focus on effective operations and cost savings. The cost-income ratio to date this year is 32 per cent (52 per cent).

Impairment losses and non-performing loans

Net impairment losses on loans and guarantees totalled NOK 65 million (NOK 36 million). Of this figure, net losses in the Guarantee Portfolio were zero (NOK 0).

Non-performing loans as at 30 September 2013 were 1.88 per cent of gross lending in the BN Bank Group and the Guarantee Portfolio (1.47 per cent). Non-performing and doubtful loans, less individual write-downs, totalled NOK 972 million (NOK 760 million) at the end of third-quarter 2013, which is 3.14 per cent (2.38 per cent) of gross lending in the Group and the Guarantee Portfolio. See Note 7 for more information.

Individual and collective impairment losses on loans to date this year were as follows:

NOKm	INDIVIDUAL	GROUP
Corporate	55	8
Retail	1	1
Guarantee Portfolio	25	-25

Loan loss provisions in the core business as at 30 September 2013 totalled NOK 184 million. Of this figure, individual write-downs account for NOK 111 million and collective write-downs NOK 73 million.

Total loan loss provisions at the end of third-quarter 2013 were as follows:

	LOAN LOSS PROVISIONS (NOKm)	% OF GROSS LENDING, GROUP
Corporate	170	0,75
Retail	14	0,17

BN Bank has previously sold its portfolio in Ålesund to SpareBank 1 SMN. BN Bank provides guarantees for 60 per cent of the credit risk for part of this portfolio (referred to as the Guarantee Portfolio). As at 30 September 2013, the Guarantee Portfolio totals NOK 584 million, of which BN Bank is providing guarantees for NOK 343 million. This figure is 1.1 per cent of the Bank's gross lending at the end of third-quarter 2013. In addition to the provisions shown in the table above, provision of NOK 118 million has been made as a financial loss guarantee relating to the Guarantee Portfolio. This is 34 per cent of the guaranteed amount.

Balance sheet development and capital

Gross managed lending[1] has increased by NOK 1.5 billion, or 3 per cent, in the past 12 months. Gross managed loans totalled NOK 49.4 billion at the end of third-quarter 2013.

NOKbn	30.09.13	30.09.12
Gross lending	49.4	47.9
Change in past 12 months	1.5	0.8

Gross managed lending had the following segmental exposure as at 30 September 2013:

NOKbn	30.09.13	30.09.12
Retail	15.4	14.0
Corporate	34.0	32.8
Loans to SpareBank 1 SMN	0.0	1.1

Corporate lending has grown by NOK 1.2 billion, or 4 per cent, in the past 12 months. The volume of retail lending has increased by NOK 1.4 billion, or 10 per cent, in the same period. At the same time, there has been a decrease in loans to SpareBank1 SMN of NOK 1.1 billion. In 2013, corporate lending and retail lending have increased by NOK 23 million and NOK 930 million respectively, equivalent to growth of 0.1 per cent and 6.4 per cent respectively.

Deposits have been down by NOK 0.2 billion, or 0.1 per cent, in the past 12 months. For 2013 to date, deposits have decreased by NOK 744 million, or 0.4 per cent. Total deposits for third-quarter 2013 were NOK 16.2 billion. The deposit-to-loan ratio was 52.2 per cent at the end of the third quarter of 2013, an increase of 0.9 percentage points in the past 12 months.

[1] Brutto forvaltet utlån er summen av bedrifts- og personmarkedet i BN Bank, SpareBank 1 Næringskreditt, SpareBank 1 Boligkreditt og utlån til SpareBank 1 SMN

To date in 2013, the Bank has issued certificates and bonds in the Norwegian bond market for a total of NOK 5.3 billion. The Bank has a conservative liquidity strategy, aimed at ensuring that the Bank at all times has sufficient liquid funds to manage without accessing any new external funding for a period of 12 months. At the end of the third quarter, this target had been met. The Bank's liquidity portfolio stood at NOK 7.4 billion at the end of third-quarter 2013.

At the end of the third quarter, loans worth NOK 11.4 billion had been transferred to SpareBank 1 Næringskreditt and loans worth NOK 7.0 billion to SpareBank 1 Boligkreditt. In total, the Bank has transferred 34 per cent of business loans and 45 per cent of residential mortgage loans to these two companies. During the past 12 months the Bank has transferred loans for the net sums of NOK 1.8 billion and NOK 0.6 billion to SpareBank 1 Næringskreditt and SpareBank 1 Boligkreditt respectively.

BN Bank's total assets stood at NOK 39.8 billion as at 30 September 2013 (NOK 40.5 billion). Including loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, total assets are NOK 58.2 billion (NOK 56.6 billion).

BN Bank's capital adequacy ratio, tier 1 capital ratio and core tier 1 capital ratio are as follows:

FIGURES AS %	30.09.13	30.09.12
Capital adequancy ratio	14.5	14.9
Tier 1 capital ratio	12.3	12.1
Core tier 1 capital ratio	10.4	10.3

The Board of Directors has adopted a provisional capital plan for BN Bank aimed at attaining a core tier 1 capital ratio of 10.5 per cent by the end of 2013 and 12.5 per cent by the end of 2015. See Note 15 for more details concerning the Bank's capital adequacy ratio and solvency.

Other matters

In March 2013, the Norwegian Supreme Court passed judgment in the so-called "Røeggen case". The Norwegian Financial Services Complaints Board has in that connection requested all the banks involved, including BN Bank, to re-assess the complaints against them that have been brought before the Board, in the light of the Supreme Court judgment. BN Bank has found no grounds for changing its standpoint and still takes the view that the cases the Bank is involved in are not comparable with the "Røeggen case". As a result of this, the Bank has made no provision related to structured products as at 30 September 2013.

BN Bank has been a creditor of Zachariasbryggen AS in Bergen since 2005. Insolvency proceedings were commenced against the company on 11 September 2013. To secure its assets, BN Bank is in the process of transferring its claim against Zachariasbryggen AS to Bergen Sentrum Tomteselskap (BST). In that connection, the Bank will become a shareholder in BST together with AB Eiendommer and Realforum. As a result of transferring the claim, there will be no further need for write-downs in the Bank's accounts.

Accounting policies

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

The third-quarter interim financial statements give a true and fair view of the BN Bank Group's assets and liabilities, financial position and performance. The interim financial statements are based on the assumption that the entity is a going concern.

Subsidiaries

The BN Bank Group comprises the bank BN Bank ASA and the credit institutions Bolig- og Næringskreditt AS (BNkreditt) and BN Boligkreditt AS (BN Boligkreditt), which is currently under liquidation. The Group also includes the real estate company Collection Eiendom AS.

BNkreditt and BN Boligkreditt present separate financial statements in compliance with International Financial Reporting Standards (IFRS). Collection Eiendom presents its financial statements in compliance with NGAAP. See Note 1 for more information.

Bolig- og Næringskreditt AS (BNkreditt)

BNkreditt provides low-risk mortgage loans on commercial real estate. At the end of the third quarter of 2013, the company has a gross loan portfolio of NOK 16.9 billion, compared with NOK 18.5 billion as at 30 September 2012. A loan portfolio of NOK 11.5 billion had been transferred to SpareBank 1 Næringskreditt as at 30 September 2013.

BNkreditt posted a profit after tax of NOK 89 million for the third quarter of 2013 compared with a post-tax profit of NOK 77 million for the same period of 2012. Profits were boosted by increased margins on lending and an increase in commission on loans transferred to SpareBank 1 Næringskreditt, while impairment losses on loans pulled profits down.

Impairment losses on loans totalled NOK 85 million for the three quarters to 30 September 2013, compared with recognised income of NOK 2 million on impairment losses in the same period of 2012. Collective write-downs were up by NOK13 million for the three quarters to 30 September and total NOK 49 million, which is 0.29 per cent of gross lending in the company as at 30 September 2013.

BNkreditt had NOK 3.4 billion in bond debt outstanding as at 30 September 2013, down from NOK 4.1 billion as at 30 September 2012.

BN Bank has provided guarantees that BNkreditt will have a minimum capital adequacy ratio and junior financing from the Bank of 20 per cent. BN Bank's capital adequacy ratio as at 30 September was 17.21 per cent while the tier 1 capital ratio was 14.66 per cent. The amount BN Bank is ceding precedence for in relation to guarantees was NOK 491 million as at 30 September 2013.

BN Boligkreditt AS (under liquidation)

BN Boligkreditt was BN Bank's credit institution for issuance of covered bonds. As at 31 December 2012 all borrowings and lending had been transferred to SpareBank 1 Boligkreditt and the company is currently under liquidation.

The company posted a profit after tax for the third quarter of 30 September 2013 totalling NOK 5 million (NOK 6 million).

Collection Eiendom AS

Collection Eiendom was established in 2010 for the purpose of owning and managing repossessed properties.

Collection Eiendom posted a zero result after tax for the third quarter of 30 September 2013, the same result as for the same period of 2012.

Outlook

The capital adequacy rules are changing and new rules for minimum capital requirements and buffers are focused on core tier 1 capital. There is still uncertainty surrounding the overall level and practice of the rules. The new rules will at all events necessitate an increase in equity and BN Bank has adopted a provisional target for a core tier 1 capital ratio of 12.5 per cent by the end of 2015. The Bank has initiated a number of different measures aimed at reaching this target. The most important of these are the application to introduce the Advanced Internal Ratings-based (IRB) approach, significant cost-cutting measures, adjustment of lending volumes and margins, and retainment of profits. The Board of Directors expects these measures to result in satisfactory profitability for the remainder of 2013.

The retail market is still characterised by low unemployment and low interest levels. This means that households are well able to service their debts, and non-performing loans in the residential mortgage portfolio are at a low level. The average debt figure for households is nevertheless high, making some households vulnerable to interest rate rises and a reduction in earnings. At the same time, there are signs that house prices are flattening, and some market participants are expecting to see a slightly weaker housing market in the months ahead. Given this situation, it will be important to continue to maintain the Bank's conservative credit policy to ensure that the credit risk associated with the retail portfolio remains low.

The commercial property market has been characterised by stable and slightly rising rental prices and there is no sign of the market moving dramatically in any one direction in the foreseeable future. The Bank's losses in commercial property to date this year are associated particularly with two individual cases and are not connected with the trend in the commercial property market in general. The loss trend this year should not, therefore, in the Board's opinion be interpreted as an indication of a weakened underlying property market.

Using SpareBank1 Næringskreditt and SpareBank1 Boligkreditt is an important part of the funding structure for the aggregate loan portfolio. At the same time, there are limits as to how large a share of the portfolio can be funded with covered bonds, and the Bank will remain dependent in the coming months on market funding. In the past few quarters, BN Bank has increased the term to maturity on the Bank's market funding. This, combined with covered bonds funding a larger share of the Bank's total lending, means in the Board's opinion that the Bank is well equipped to weather any negative developments and events in the financial markets.

Trondheim, 29 October 2013
The Board of Directors of BN Bank ASA

Tore Medhus (Deputy Chair)
Stig Arne Engen
Finn Haugan (Chair)
Harald Gaupen
Helene Jebsen Anker

Kristin Undheim
Anita Finserås Bretun (Staff Representative)
Ella Skjørestad
Gunnar Hovland (Man. Director)

Consolidated Income Statement

GROUP

NOK MILLION	NOTE	Q3 2013	Q3 2012	30.09.13	30.09.12	FULL-YEAR 2012
Interest and similar income		395	394	1 189	1 223	1 614
Interest expense and similar charges		286	305	889	965	1 271
Net income from interest and credit commissions		**109**	**89**	**300**	**258**	**343**
Change in value of financial instruments at fair value, gains and losses	3, 4	6	5	34	20	29
Other operating income	5	60	33	176	92	145
Amicable settlement	6	0	0	0	0	117
Total other operating income		**66**	**38**	**210**	**112**	**291**
Salaries and general administrative expenses		43	50	131	157	203
Ordinary depreciation, amortisation and write-downs		3	5	9	14	31
Other operating expense		7	7	21	20	28
Other gains and losses		**53**	**62**	**161**	**191**	**262**
Total other operating expense		**122**	**65**	**349**	**179**	**372**
Operating profit before impairment losses	7	-7	13	65	36	114
Impairment losses on loans and advances		**129**	**52**	**284**	**143**	**258**
Operating profit after impairment losses on loans		**129**	**52**	**284**	**143**	**258**
Profit before tax		36	14	80	39	72
Tax charge		**93**	**38**	**204**	**104**	**186**
Total profit for the period						
Profit after tax		**93**	**38**	**204**	**104**	**186**
Statement of Other Comprehensive Income						
Items that will not be reclassified subsequently to profit or loss						
Actuarial gains (losses) on pension plans	1	0	0	0	0	22
Tax		0	0	0	0	-6
Other comprehensive income (net of tax)		**0**	**0**	**0**	**0**	**16**
Total comprehensive income for the period		**93**	**38**	**204**	**104**	**202**

Consolidated Balance Sheet

		GROUP		
NOK MILLION	**NOTE**	**30.09.13**	**30.09.12**	**31.12.12**
Deferred tax assets		43	51	43
Intangible assets		6	18	10
Subordinated loans	13	1	0	0
Tangible fixed assets		14	23	18
Repossessed properties		8	31	29
Loans and advances	4, 7, 8, 9, 10, 13, 15	30 836	31 779	33 193
Prepayments and accrued income	192	78	52	
Financial derivatives	4, 13, 14	616	859	759
Short-term securities investments	4, 13	7 354	6 071	6 135
Cash and balances due from credit institutions	13	693	1 624	1 495
Total assets		39 763	40 534	41 734
Share capital		706	668	668
Share premium		416	266	266
Retained earnings	1	2 418	2 304	2 402
Total equity		3 540	3 238	3 336
Subordinated loan capital	4, 11, 13	1 456	1 454	1 613
Liabilities to credit institutions	13	502	746	519
Debt securities in issue	4, 11, 13	17 157	17 837	18 369
Accrued expense and deferred income	7, 13	284	200	201
Other current liabilities	13	92	23	82
Tax payable		36	0	71
Financial derivatives	4, 13, 14	530	674	633
Customer deposits & accounts payable to cust.	4, 13	16 166	16 362	16 910
Total liabilities		36 223	37 296	38 398
Total equity and liabilities		39 763	40 534	41 734

Trondheim, 29 October 2013

The Board of Directors of BN Bank ASA

Tore Medhus
(Deputy Chair)

Stig Arne Engen

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Ella Skjørestad

Gunnar Hovland
(Man. Director)

Statement of Changes in Equity

GROUP

NOK MILLION	SHARE CAPITAL	SHARE PREM. RESERVE	OTHER PAID-UP SHARE CAPITAL	OTHER RESERVES[1]	TOTAL EQUITY
Balance Sheet as at 1 January 2012	649	190	0	2 295	3 134
Dividend paid	0	0	0	-95	-95
Share capital increase	19	76	0	0	95
Result for the period	0	0	0	104	104
Balance Sheet as at 30 September 2012	**668**	**266**	**0**	**2 304**	**3 238**
Result for the period	0	0	0	82	82
Actuarial gains/(losses) pensions (net of tax)	0	0	0	16	16
Balance Sheet as at 31 December 2012	**668**	**266**	**0**	**2 402**	**3 336**
Dividend paid	0	0	0	-187	-187
Share capital increase	37	150	0	0	187
Result for the period	0	0	0	204	204
Balance Sheet as at 30 September 2013	**705**	**416**	**0**	**2 419**	**3 540**

[1] See Note 1 for more information on changes relating to pension plans.

Trondheim, 29 October 2013

The Board of Directors of BN Bank ASA

Statement of Cash Flows

	GROUP		
NOK MILLION	**30.09.2013**	**30.09.2012**	**FULL-YEAR 2012**
Cash flows from operating activities			
Interest/commission received and fees received from customers	1 268	1 816	1 850
Interest/commission paid and fees paid to customers	-157	-91	-455
Interest received on other investments	92	183	283
Interest paid on other loans	-517	-606	-804
Receipts/disbursements (-) on loans to customers	2 180	735	-561
Receipts/payments on customer deposits & accounts payable to customers	-850	313	1 211
Receipts/payments (-) on liabilities to credit institutions	-105	-625	-962
Receipts/payments (-) on securities in issue	-1 231	-219	338
Receipts on previously written-off debt	15	13	7
Other receipts/payments	10	-79	184
Payments to suppliers for goods and services	-69	-70	-110
Payments to employees, pensions and social security expenses	-79	-82	-105
Tax paid	-36	-2	-34
Net cash flow from operating activities	521	1 286	842
Cash flows from investing activities			
Receipts/payments (-) on receivables from credit institutions	28	76	304
Receipts/payments (-) on short-term securities investments	-1213	-509	-577
Proceeds from sale of operating assets etc.	21	0	0
Purchase of operating assets etc.	-3	-43	-44
Net cash flow from investing activities	-1 167	-476	-317
Cash flow from financing activities			
Receipts/payments (-) of subordinated loan capital	-156	0	156
Net cash flow from financing activities	-156	0	156
Net cash flow for the period	-802	810	681
Cash and balances due from credit institutions as at 1 January	1 495	814	814
Cash and balances due from credit institutions at the close of the period	693	1 624	1 495

Notes

NOTE 1. ACCOUNTING POLICIES

The Q3 interim consolidated financial statements for the period 1 July to 30 September 2013 have been prepared in compliance with IFRS, including IAS 34 Interim Financial Reporting. A description of the accounting policies on which the financial statements are based is provided in the Annual Report for 2012, with the following exceptions:

Pensions

With effect from 1 January 2013, BN Bank has applied IAS 19 Employee Benefits and has changed the basis for calculating pension liabilities and pension costs. BN Bank has previously used the "corridor" method to account for unamortised estimate variances. The corridor method is no longer permitted and according to the revised standard IAS 19R, all estimate variances shall be recognised in a Statement of Other Comprehensive Income (OCI). Estimate variances as at 1 January 2012 which totalled NOK 29.8 million have been reset. The pension liability increased correspondingly as of 1 January 2012, while the equity was reduced by NOK 21.5 million after tax.

Previously, the return on pension assets was calculated using the long-term expected rate of return on the pension assets. By applying IAS 19R, the net interest expense for the period is now calculated by applying the discount rate for the liability at the beginning of the period to the net liability. The net interest expense therefore consists of the interest on the liability and the return on the pension assets, both calculated using the discount rate. Changes in the net pension liability as a result of premium receipts and payments of pensions are taken account of. The difference between the actual return on the pension assets and the return recognised in profit and loss, is accounted for immediately in OCI. The pension cost in 2012 under the previous accounting policy was NOK 13.4 million.

The net effect of the change in principle of the treatment of unamortised estimate variances and the calculation of the net interest expense, brought about no change in the pension cost recognised in profit and loss in 2012, while estimate variances for 2012 of NOK 22.4 million were recognised in income under the Statement of Other Comprehensive Income in the fourth quarter of 2012. The pension liability as at 31 December 2012 increased to NOK 47.9 million. IAS 19R has been applied retrospectively, so that the comparable figures have been changed.

NOTE 2. INFORMATION ABOUT OPERATING SEGMENTS

Segment reporting is reviewed regularly with the management. The management have elected to divide up the reporting segments according to the underlying business areas (business segments).

NOK MILLION	CORPORATE	RETAIL	GUARANTEE PORTFOLIO SMN	TOTAL 30.09.13
Net income from interest and credit commissions	**212**	**92**	**-4**	**300**
Change in value of financial instruments carried at fair value	22	12	0	34
Other operating income	122	53	1	176
Total other operating income	**144**	**65**	**1**	**210**
Salaries and general administrative expenses	-58	-73	0	-131
Ordinary depreciation, amortisation and write-downs	-5	-4	0	-9
Other operating expense	-9	-12	0	-21
Total other operating expense	**-72**	**-89**	**0**	**-161**
Operating profit/(loss) before impairment losses	**284**	**68**	**-3**	**349**
Impairment losses on loans and advances	**-64**	**-1**	**0**	**-65**
Operating profit/(loss) after impairment losses	**220**	**67**	**-3**	**284**
Computed tax charge	**-62**	**-19**	**1**	**-80**
Profit/(loss) after tax	**158**	**48**	**-2**	**204**

NOK MILLION	CORPORATE	RETAIL	GUARANTEE PORTFOLIO SMN	TOTAL 30.09.13
Loans (gross) managed portfolio	34 024	15 386	0	49 410
Customer deposits and accounts payable to customers	1 152	15 014	0	16 166

NOK MILLION	CORPORATE	RETAIL	GUARANTEE PORTFOLIO SMN	TOTAL 30.09.12
Net income from interest and credit commissions	**186**	**99**	**-27**	**258**
Change in value of financial instruments carried at fair value	13	7	0	20
Other operating income	78	14	0	92
Total other operating income	**91**	**21**	**0**	**112**
Salaries and general administrative expenses	-68	-89	0	-157
Ordinary depreciation, amortisation and write-downs	-6	-8	0	-14
Other operating expense	-9	-11	0	-20
Total other operating expense	**-83**	**-108**	**0**	**-191**
Operating profit/(loss) before impairment losses	**194**	**12**	**-27**	**179**
Impairment losses on loans and advances	**0**	**12**	**-47**	**-36**
Operating profit/(loss) after impairment losses	**194**	**24**	**-74**	**-143**
Computed tax charge	**-54**	**-6**	**21**	**-39**
Profit/(loss) after tax	**140**	**18**	**-53**	**104**

NOK MILLION	CORPORATE	RETAIL	GUARANTEE PORTFOLIO SMN	TOTAL 30.09.12
Loans (gross) managed portfolio	32 763	14 013	1 137	47 913
Customer deposits and accounts payable to customers	1 337	15 025	0	16 362

The Group operates in a geographically limited area and so reporting on geographical segments would provide little additional information.

NOTE 3. CHANGE IN VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE, GAINS AND LOSSES

NOK MILLION	Q3 2013	Q3 2012	30.09.13	30.09.12	FULL-YEAR 2012
Change in value of interest rate derivatives obliged to be carried at fair value through profit or loss [1, 4]	6	1	18	5	4
Change in value of currency derivatives obliged to be carried at fair value through profit or loss [2]	-11	34	-63	76	54
Change in value equity-linked options & equity options obliged carried at fair value thro profit or loss [1]	0	0	0	0	5
Total change in value of financial instruments obliged to be carried at fair value	**-5**	**35**	**-45**	**81**	**63**
Change in value of deposits selected for fair value carrying through profit or loss [4]	4	-11	18	-12	-12
Change in value of borrowings selected for fair value carrying through profit or loss [4]	8	-38	9	-34	-42
Change in value of loans selected for fair value carrying through profit or loss [4]	-6	27	-4	29	38
Change in value of short-term financial investments selected for fair value carrying [3]	-2	26	7	39	45
Total change in value of financial instruments selected for fair value carrying	**4**	**4**	**30**	**22**	**29**
Change in value of interest rate derivatives, hedging [5]	-30	29	-47	54	64
Change in value of borrowings, hedged [5]	30	-29	47	-54	-64
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	**-1**	**39**	**-15**	**103**	**92**
Realised exchange gains/(losses)(-) bonds and certificates carried at amortised cost [6]	-4	-1	-17	-10	-11
Realised exchange gains/(losses)(-) borrowings and loans carried at amortised cost [6]	0	0	-1	0	-1
Exchange gains/(losses) on borrowings and loans carried at amortised cost [2]	11	-33	67	-73	-51
Total change in value of financial instruments carried at fair value, gains and losses	**6**	**5**	**34**	**20**	**29**

[1] In connection with the sale and/or issue of the structured products, BN Bank has hedged exposure in the form of equity options, equity-linked options and interest rate swap agreements. The earlier turbulence in the financial markets caused the loss of some contractual counterparties, and it was not possible at the time to replace these hedging transactions. BN Bank is therefore partially exposed to the market development of a limited number of products. Changes in exposure are recognised in profit and loss immediately, and there was no P&L effect as at 30 September 2013 or for the same period of 2012. The effect for full-year 2012 was recognised income of NOK 5 million.

[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. The net foreign exchange effect for the Group was recognised income of NOK 4 million as at 30 September 2013, compared with recognised income of NOK 3 million for the same period of 2012. The effect for full-year 2012 was recognised income of NOK 3 million.

[3] Changes in the value of financial investments selected for fair value carrying gave rise to recognised income of NOK 7 million as at 30 September 2013, compared with recognised income of NOK 39 million for the same period of 2012. The effect for full-year 2012 was recognised income of NOK 45 million. Turbulence in the financial markets has caused big fluctuations in the value of these investments.

[4] The net effect of interest rate derivatives obliged to be carried at fair value and changes in the value of financial instruments selected for fair value carrying was recognised income of NOK 41 million as at 30 September 2013, compared with recognised expense of NOK 12 million for the same period of 2012. The effect for full-year 2012 was recognised expense of NOK 12 million.

[5] BN Bank uses 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 September 2013 was positive by NOK 156 million, down from NOK 192 million for the same period of 2012. As at 31 December 2012 the value was positive by NOK 192 million.

[6] Realised exchange gains/losses on bonds, certificates and borrowings carried at amortised cost gave rise to recognised expense of NOK 18 million as at 30 September 2013, compared with recognised expense of NOK 10 million for the same period of 2012. The effect for full-year 2012 was recognised expense of NOK 12 million.

NOTE 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

Methods of determining fair value

Interest swap agreements, currency swap agreements and forward exchange contracts

The measurement of interest swap agreements at fair value is performed using a valuation technique where future cash flows are discounted to present values. The calculation of expected cash flows and the discounting of these cash flows is performed using observed market interest rates for the various currencies (interest-rate swap curve) and observed exchange rates (from which forward exchange rates are derived).

Interest swap agreements with credit spread

The measurement of interest swap agreements with credit spread at fair value is performed using a valuation technique where future cash flows are discounted to present values. The calculation of expected cash flows and the discounting of these cash flows is performed using observed market interest rates for the various currencies (interest-rate swap curve) with premium for the original credit spread on the interest swap agreement.

Certificates and bonds

Certificates are measured at quoted prices where such are available and the securities are liquid. In the case of other securities, measurement is performed using a valuation technique and discounting of expected future cash flows. The risk-free interest rate is read from the market through the interest rate on loans between especially creditworthy banks (interest-rate swap curve). The premium for credit risk is determined on the basis of market players' assessments of the creditworthiness of the issuer.

Loans and advances

For loans measured at fair value, the valuation is performed using a valuation technique where expected future cash flows are discounted to present values. The risk-free interest rate is read from the market through the interest rate on loans between especially creditworthy banks (interest-rate swap curve). The premium for credit risk and margins is determined on the basis of the original premium for credit risk and margin, but with subsequent adjustment of these premiums in correlation with changes in the market pricing of risk, the borrowers' credit ratings and margin changes in the market.

Borrowings selected for fair value carrying

Where borrowing/funding is measured at fair value, quoted borrowings will be measured at quoted prices where such are available and the securities are liquid. In the case of other securities, measurement is performed using a valuation technique and discounting of expected future cash flows. The risk-free interest rate is read from the market through the interest rate on loans between especially creditworthy banks (interest-rate swap curve). The premium for credit risk is determined on the basis of other market players' ongoing assessments of the Bank's creditworthiness.

Hedged borrowing/funding

Borrowings included in fair value hedges are measured using a valuation technique and discounting of expected future cash flows. The risk-free interest rate is read from the market through the interest rate on loans between especially creditworthy banks (interest-rate swap curve). We have discounted by the interest-rate swap curve with premium for the original credit spread on the borrowing to eliminate the effects of the credit risk. It is the interest rate risk that is hedged.

Deposits

For deposits measured at fair value, the valuation is performed using a valuation technique where expected future cash flows are discounted to present values. The risk-free interest rate is read from the market through the interest rate on loans between especially creditworthy banks (interest-rate swap curve). The premium for credit risk is determined on the basis of other market players' ongoing assessments of the Bank's creditworthiness. The premium for margins is determined on the basis of the original margin, but with subsequent adjustment of margin in correlation with margin changes in the market.

Options

Equity options and equity-linked options are measured at fair value by obtaining market prices from the facilitators of the structured financial products.

Shares

The shares comprise mainly the investments in SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. There is an interplay between the transfer of loans to these companies, the provision of the necessary capital and the level of the commission that is received. The measurement of these shares at fair value is virtually equal to the amount of capital paid into these companies.

Division into measurement levels

Financial instruments measured at fair value at the end of the reporting period are divided into the following levels of fair value measurement:
- Level 1: Quoted price in an active market for an identical asset or liability
- Level 2: Measurement is performed using a valuation technique and discounting of expected future cash flows. The risk-free interest rate is read from the market through the interest rate of loans between especially creditworthy banks (interest-rate swap curve). The premium for credit risk is determined on the basis of other market players' ongoing assessments of the Bank's creditworthiness.
- Level 3: Measurement based on factors not taken from observable markets nor which have observable assumptions as input to the valuation.

The Group's assets and liabilities measured at fair value as at 30 September 2013

NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Loans and advances	0	0	915	915
Interest rate derivatives [1]	0	607	0	607
Currency derivatives	0	9	0	9
Short-term securities investments	0	4 655	537	5 192
Total assets	0	5 271	1 452	6 723
Subordinated loan capital	0	-170	0	-170
Liabilities to credit institutions	0	0	0	0
Debt securities in issue	0	-3 146	0	-3 146
Accrued expense and deferred income	0	0	0	0
Interest rate derivatives [1]	0	-464	0	-464
Currency derivatives	0	-66	0	-66
Customer deposits and accounts payable to customers	0	-599	0	-599
Total liabilities	0	-4 445	0	-4 445

[1] The value of the hedge instruments earmarked for fair value hedging as at 30 September 2013 was positive by NOK 156 million.

The Group's assets and liabilities measured at fair value as at 30 September 2012

NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Loans and advances	0	0	1 238	1 238
Interest rate derivatives [1]	0	786	0	786
Currency derivatives	0	70	0	70
Equity-linked options and equity options	0	3	0	3
Short-term securities investments	35	3 130	356	3 521
Total assets	35	3 989	1 594	5 618
Subordinated loan capital	0	-169	0	-169
Debt securities in issue	0	-4 173	0	-4 173
Interest rate derivatives [1]	0	-630	0	-630
Currency derivatives	0	-44	0	-44
Customer deposits and accounts payable to customers	0	-2 135	0	-2 135
Total liabilities	0	-7 151	0	-7 151

[1] The value of the hedge instruments earmarked for fair value hedging as at 30 September 2012 was positive by NOK 192 million.

The Group's assets and liabilities measured at fair value as at 31 December 2012

NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Loans and advances	0	0	1 226	1 226
Interest rate derivatives [1]	0	706	0	706
Currency derivatives	0	52	0	52
Equity-linked options and equity options	0	1	0	1
Short-term securities investments	29	3 141	420	3 590
Total assets	**29**	**3 900**	**1 646**	**5 575**
Subordinated loan capital	0	-172	0	-172
Debt securities in issue	0	-4 409	0	-4 409
Interest rate derivatives [1]	0	-586	0	-586
Currency derivatives	0	-47	0	-47
Customer deposits and accounts payable to customers	0	-1 951	0	-1 951
Total liabilities	**0**	**-7 165**	**0**	**-7 165**

[1] The value of the hedge instruments earmarked for fair value hedging as at 31 December 2012 was positive by NOK 192 million.

The Group's financial instruments measured at fair value, Level 3, as at 30 September 2013

NOK MILLION	LOANS	SHORT-TERM SECURITIES INVESTMENTS	TOTAL
Opening balance	1 226	420	1 646
Investments in the period/new agreements	2	117	119
Sale in the period (at book value)	0	0	0
Matured	-309	0	-309
Transferred from Level 1 or 2	0	0	0
Transferred to Level 1 or 2	0	0	0
Change in value of financial instruments carried at fair value, gains and losses	-4	0	-4
Closing balance	**915**	**537**	**1 452**
Of which result for the period relating to financial instruments still on the balance sheet	1	0	1

The Group's financial instruments measured at fair value, Level 3, as at 30 September 2012

NOK MILLION	LOANS	SHORT-TERM SECURITIES INVESTMENTS	TOTAL
Opening balance	1 880	178	2 058
Investments in the period/new agreements	57	177	234
Sale in the period (at book value)	0	0	0
Matured	-728	0	-728
Transferred from Level 1 or 2	0	0	0
Transferred to Level 1 or 2	0	0	0
Change in value of financial instruments carried at fair value, gains and losses	29	0	29
Closing balance	**1 238**	**355**	**1 593**
Of which result for the period relating to financial instruments still on the balance sheet	31	0	31

The Group's financial instruments measured at fair value, Level 3, as at 31 December 2012

NOK MILLION	LOANS	SHORT-TERM SECURITIES INVESTMENTS	TOTAL
Opening balance	1 880	178	2 058
Investments in the period/new agreements	54	242	296
Matured	-746	0	-746
Transferred from Level 1 or 2	0	0	0
Transferred to Level 1 or 2	0	0	0
Change in valueer financial instruments carried at fair value, gains and losses	38	0	38
Closing balance	**1 226**	**420**	**1 646**
Of which result for the period relating to financial instruments still on the balance sheet	40	0	40

Sensitivity analysis, Level 3
In the case of loans carried at fair value, it is only margin changes that are a not-observable input at fair value calculation. Margin changes do not affect the calculation of fair value to any significant degree and for that reason are not quantified.

The BN Bank Group's measurement and valuation techniques
The BN Bank Group has a team in its Accounts & Treasury department that is responsible for measuring various assets and liabilities for accounting purposes. This team reports to the Chief Financial Officer. In addition, the factual results from the period's valuations are reported to the audit committee in connection with presentation of the accounts. The team also makes regular reports to the audit committee on the valuation principles and techniques it has applied.

The assumptions used for valuations within Level 3 are related to margin changes on loans.

NOTE 5. OTHER OPERATING INCOME

NOK MILLION	Q3 2013	Q3 2012	30.09.13	30.09.12	FULL-YEAR 2012
Guarantee commission	1	-1	3	1	1
Net commission income/charges [1]	59	34	165	87	140
Other operating income	0	0	8	4	4
Total other operating income	**60**	**33**	**176**	**92**	**145**

[1] Commission income relating to the management of the portfolios in SpareBank 1 Næringskreditt and SpareBank 1 Boligkreditt totalled NOK 167 million as at 30 September 2013 and NOK 81 million for the same period of 2012. NOK 127 million was recognised as income for full-year 2012.

NOTE 6. AMICABLE SETTLEMENT

Amicable settlement with Glitnir banki hf, Iceland

Glitnir banki hf, now Glitnir hf, sued BN Bank ASA in 2011 for what Glitnir claimed was an unlawful offset of about NOK 240 million relating to claims and counter-claims between the parties declared by BN Bank ASA in November 2009. Oslo District Court gave judgment in the case in January 2012, according to which BN Bank ASA was ordered to pay back Glitnir hf approximately NOK 213 million plus interest.

Following the court case there were negotiations between BN Bank ASA and the Winding Up Board for Glitnir hf. The parties came to an amicable settlement after which BN Bank ASA paid NOK 81.8 million to Glitnir hf and Glitnir hf accepted offset of the other disputed portion of about NOK 135.2 million.

BN Bank ASA has previously reported the greater portion of the claims against Glitnir which were used for offset as a loss and not as settled by means of off-set. The P&L effect of the amicable settlement before tax was therefore NOK 117 million recognised as income in 2012.

NOTE 7. IMPAIRMENT LOSSES AND WRITE-DOWNS ON LOANS AND GUARANTEES

The various elements included in impairment losses & write-downs on loans are set out in Note 1 to the 2012 Annual Report. Loans past due more than 3 months are defined as loans not serviced under the loan agreement for 3 months or more. However, as a first mortgage lender the Group can gain access to revenue, either through the courts or by some voluntary solution. Impairment losses and write-downs described here apply to loans carried at amortised cost and changes in value and gains/losses on the sale of repossessed properties in the current period.

NOK MILLION	Q3 2013	Q3 2012	30.09.13	30.09.12	FULL-YEAR 2012
Write-offs in excess of prior-year write-downs	0	7	0	20	20
Write-offs on loans without prior write-downs	1	0	1	0	0
Write-downs for the period:					
Change in collective write-downs	-1	-1	8	-20	-20
Change in collective write-downs related to Guarantee Portfolio	-6	0	-25	-1	40
Total change in collective write-downs	**-7**	**-1**	**-17**	**-21**	**20**
Increase in loans with prior-year write-downs [1]	3	14	21	20	26
Provisions against loans without prior write-downs	14	8	93	35	68
Decrease in loans with prior-year write-downs	-18	-14	-21	-17	-18
Total change in individual write-downs	**-1**	**8**	**93**	**38**	**76**
Gross impairment losses	-7	14	77	37	116
Recoveries on previous write-offs	0	1	12	1	2
Impairment losses on loans and advances	**-7**	**13**	**65**	**36**	**114**
Revenue recognition of interest on written-down loans	**1**	**2**	**6**	**4**	**6**

[1] Changes in value related to repossessed properties totalled NOK 1.5 million as at 30 September 2013.

NOK MILLION	Q3 2013	Q3 2012	30.09.13	30.09.12	FULL-YEAR 2012
Individual write-downs to cover impairment losses at the start of the period	119	84	48	94	94
Write-offs covered by prior-year individual write-downs	0	-30	-2	-40	-40
Write-downs for the period:					
Increase in loans with prior-year individual write-downs	0	2	0	5	12
Write-downs on loans without prior individual write-downs	9	0	85	0	0
Decrease in loans with prior-year individual write-downs	-17	-14	-20	-17	-18
Individual write-downs to cover impairment losses at the end of the period	**111**	**42**	**111**	**42**	**48**
Collective write-downs to cover impairment losses at the start of the period	74	66	65	85	85
Collective write-downs for the period to cover impairment losses	-1	-1	8	-20	-20
Collective write-downs to cover impairment losses at the end of the period	**73**	**65**	**73**	**65**	**65**

NOK MILLION	Q3 2013	Q3 2012	30.09.13	30.09.12	FULL-YEAR 2012
Loss provision financial guarantee rel. to Guarantee Portf. at start of period [1]	90	56	72	28	28
Write-offs covered by prior-year individual write-downs	0	-29	0	-20	-27
Write-downs for the period:					
Increase in loans with prior-year individual write-downs	3	10	18	2	3
Write-downs on loans without prior individual write-downs	4	8	7	35	68
Decrease in loans with prior-year individual write-downs	-1	0	-1	0	0
Loss provision financial guarantee rel. to Guarantee Portf. at end of period [1]	**96**	**45**	**96**	**45**	**72**
Collective write-downs related to Guarantee Portfolio at the start of the period	28	6	47	20	20
Collective write-downs for the period to cover losses in Guarantee Portfolio	-6	0	-25	-14	27
Collective write-downs related to Guarantee Portfolio at the end of the period [1]	**22**	**6**	**22**	**6**	**47**
Total loss provisions related to Guarantee Portfolio	**118**	**51**	**118**	**51**	**119**

[1] BN Bank has previously entered into an agreement with SpareBank1 SMN for the latter to take over the Bank's Ålesund portfolio. The parties revised the agreement on 1 February 2012 according to which BN Bank sold NOK 2.3 billion of the portfolio valued at NOK 3.1 billion to SpareBank1 SMN. BN Bank now provides guarantees for 60% of the credit risk for this portfolio (referred to as the Guarantee Portfolio) of NOK 571 million. The Bank's maximum exposure is thus down to NOK 343 million, which at the end of Q3 2013 was 1.1% of the Bank's total lending. The total provision for losses in the Guarantee Portfolio was NOK 118 million at 30 September 2013. BN Bank will provide guarantees for losses in the Guarantee Portfolio for a period of 3-5 years from the inception of the original agreement. The loss provision is classified under Accrued expenses and deferred income.

Loans past due more than 3 months [1, 2]

NOK MILLION	30.09.13	30.09.12	31.12.12
Gross principal	595	477	404
Individual write-downs	52	9	3
Net principal	**543**	**468**	**401**

Other loans with individual write-downs [1]

NOK MILLION	30.09.13	30.09.12	31.12.12
Gross principal	584	370	524
Individual write-downs	155	78	117
Net principal	**429**	**292**	**407**

Loans past due more than 3 months by sector and as a percentage of loans [1, 2]

NOK MILLION	GROSS OUTSTANDING 30.09.13	%	GROSS OUTSTANDING 30.09.12	%	GROSS OUTSTANDING 31.12.12	%
Corporate loans	544	2.41	200	0.93	341	1.36
Retail loans	51	0.61	61	0.62	63	0.77
Guarantee Portfolio	0	0.00	20	0.58	0	0.00
Total	**595**	**1.88**	**281**	**0.80**	**404**	**1.19**

[1] With regard to disclosures in the notes concerning loans past due (non-performing loans), other loans with individual write-downs, and loans past due by sector and as a percentage of loans, the figures stated include the Guarantee Portfolio vis-à-vis SpareBank 1 SMN.

[2] Loans past due more than 3 months as a percentage of loans are calculated on the basis of loans in the remaining entity and the Guarantee Portfolio.

NOTE 8. OVERVIEW OF GROSS LENDING IN MANAGED PORTFOLIO

NOK MILLION	**30.09.13**	**30.09.12**	**31.12.12**
Corporate and retail loans, Group	31 020	30 748	32 394
Vendor financing	-22	1 137	911
Gross lending	30 998	31 885	33 305
Loans transferred to SpareBank 1 Næringskreditt	11 445	9 672	9 919
Loans transferred to SpareBank 1 Boligkreditt	6 967	6 356	6 240
Total loans in managed portfolio	49 410	47 913	49 464
Divested portfolio	0	13	13

NOTE 9. TRANSFER OF LOANS TO SPAREBANK 1 NÆRINGSKREDITT

SpareBank 1 Næringskreditt AS was established in 2009 and is licensed by the Financial Supervisory Authority of Norway to operate as a credit institution. The company's bonds have an AA2 rating from Moody's. 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. BN Bank has a 14.95% shareholding in the company at 30 September 2013. The purpose of the company is to secure for the consortium banks 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. Loans transferred to Sparebank 1 Næringskreditt AS are secured by mortgages on commercial properties for up to 60 per cent of the appraised value. Transferred loans are legally owned by Sparebank 1 Næringskreditt AS and, apart from the management right and the right to take over fully or partially written-down loans, BNkreditt has no right to the use of these loans. As at 30 September 2013, the book value of transferred loans was NOK 11.4 billion. BNkreditt 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.

BN Bank has put up guarantees for the transferred loan commitments where they exceed 25 per cent of SpareBank 1 Næringskreditt's capital base. As at 30 September 2013, these guarantees totalled NOK 19 million.

The loans transferred to SpareBank 1 Næringskreditt AS are very well secured and there is only a very slight probability of loss. BNkreditt has a remaining involvement in the form of a possible settlement against the commission it receives. Should there arise accounting credit losses or a fall in margin relating to one or more transferred loans, SpareBank 1 Næringskreditt AS can reduce the commission BNkreditt receives with the loss. A reduction in commission for BNkreditt is limited to the total commission for the calendar year and if SpareBank 1 Næringskreditt AS subsequently has its loss covered, the commission will be paid back to BNkreditt. The maximum amount which BNkreditt can be required to pay back has been calculated, but is not material and is thus not recorded on the balance sheet. The fair value of the expected reduction in commission has been calculated and deemed immaterial. A possible settlement against the commission has therefore had no effect on the balance sheet or the result during the period.

The consideration received for loans transferred from BNkreditt to SpareBank 1 Næringskreditt AS is equal to the nominal value of transferred loans and is measured as virtually concurrent with the fair value of the loans as at 30 September 2013 and for full-year 2012.

Guarantee provided by BN Bank to BNkreditt

In order to attend to the interests of existing bond holders in BNkreditt, in connection with the transfer of loans to Sparebank 1 Næringskreditt 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 September 2013, BNkreditt's capital adequacy ratio was 17.21 per cent. The amount the Parent Bank is ceding precedence for stood at NOK 491 million as at 30 September 2013.

NOTE 10. TRANSFER OF LOANS TO SPAREBANK 1 BOLIGKREDITT

SpareBank 1 Boligkreditt is owned by the savings banks that form the SpareBank 1 consortium and is co-located with SpareBank 1 Næringskreditt AS in Stavanger. BN Bank had a 3.90% shareholding in the company as at 30 September 2013. 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. The company's bonds have ratings of Aaa and AAA from Moody's and Fitch respectively. SpareBank 1 Boligkreditt 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 SpareBank 1 Boligkreditt and, as part of the Bank's funding strategy, loans have been transferred to the company. Loans transferred to SpareBank 1 Boligkreditt AS are secured by mortgages on residential properties for up to 75 per cent of the appraised value. Transferred loans are legally owned by SpareBank 1 Boligkreditt AS and, apart from the management right and the right to take over fully or partially written-down loans, BN Bank has no right to the use of these loans. At 30 September 2013, the book value of transferred loans was NOK 7.0 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.

BN Bank has, in conjunction with the other owners of SpareBank 1 Boligkreditt AS, entered into agreements to establish a liquidity facility for SpareBank 1 Boligkreditt AS. This means that the owner banks have undertaken to purchase covered bonds in the case that SpareBank 1 Boligkreditt AS is unable to refinance its business in the market. The purchase is limited to the total value of the maturities in the company at any time in the next twelve months. Previous purchases under this agreement are deducted from future purchase obligations. Each owner is principally liable for his share of the refinancing need, alternatively for the double of what the primary liability may be in accordance with the same agreement. The bonds can be deposited in Norges Bank and thus give rise to no material increase in risk for BN Bank. According to its own internal policy, SpareBank 1 Boligkreditt AS maintains its liquidity for the next 12 months' maturities. This is deducted when the banks' liability is measured. It is therefore only in the event that SpareBank 1 Boligkreditt AS no longer has sufficient liquidity for the next 12 months' maturities that BN Bank will report any commitment here with regard to capital adequacy or major commitments.

BN Bank has also entered into a shareholder agreement with the shareholders of SpareBank 1 Boligkreditt AS. Among other things, this means that BN Bank will contribute to SpareBank 1 Boligkreditt AS having a tier 1 capital ratio of at least 9.0 per cent, and if required inject tier 1 capital if it falls to a lower level. SpareBank 1 Boligkreditt AS has internal guidelines stipulating a tier 1 capital ratio of at least 10.0 per cent. On the basis of a concrete assessment, BN Bank has chosen not to hold capital for this obligation because the risk of BN Bank being compelled to contribute is considered very slight. Reference is also made in that connection to the fact that there are a number of alternative courses of action which may be relevant should such a situation arise.

The loans transferred to SpareBank 1 Boligkreditt AS are very well secured and there is only a very slight probability of loss. BN Bank has a remaining involvement in the form of a possible settlement against the commission it receives. Should there arise accounting credit losses or a fall in margin relating to one or more transferred loans, SpareBank 1 Boligkreditt AS can reduce the commission BN Bank receives with the loss. A reduction in commission for BN Bank is limited to the total commission for the calendar year and if SpareBank 1 Boligkreditt AS subsequently has its loss covered, the commission will be paid back to BN Bank. The maximum amount which BN Bank can be required to pay back has been calculated, but is not material and is thus not recorded on the balance sheet. The fair value of the expected reduction in commission has been calculated and deemed immaterial. A possible settlement against the commission has therefore had no effect on the balance sheet or the result during the period.

The consideration received for loans transferred from BN Bank to SpareBank 1 Boligkreditt AS is equal to the nominal value of transferred loans and is measured as virtually concurrent with the fair value of the loans as at 30 September 2013 and for full-year 2012.

NOTE 11. BORROWING (FUNDING)

Fixed-rate borrowings that are part of index linking are carried in the consolidated balance sheet at amortised cost, while other fixed-rate borrowings are selected for fair value carrying. Floating-rate borrowings are carried at amortised cost.

Debt securities in issue

The BN Bank Group has issued bonds and certificates with a total face value of NOK 5 320 million as at 30 September 2013, either as new issues or increases in existing tap issues.

NOK MILLION	CERTIFICATES	BONDS	TOTAL
Net debt (face value) as at 1 January.2013	3 234	14 827	18 061
New issues	0	1 635	1 635
Increase in existing issues	0	360	360
Purchase and maturity of existing issues	-392	-2 203	-2 595
Net debt (face value) as at 31 March 2013	**2 842**	**14 619**	**17 461**
New issues	1 650	0	1 650
Increase in existing issues	50	695	745
Purchase and maturity of existing issues	-1 612	-534	-2 146
Net debt (face value) as at 30 June 2013	**2 930**	**14 780**	**17 710**
New issues	0	0	0
Increase in existing issues	0	930	930
Purchase and maturity of existing issues	-847	-911	-1 758
Net debt (face value) as at 30 September 2013	**2 083**	**14 799**	**16 882**

Subordinated loan capital and perpetual subordinated capital securities

The BN Bank Group has issued no subordinated loans as at 30 September 2013.

NOK MILLION	PERPET. SUBORD. CAP. SEC.	SUBORDINATED LOAN CAPITAL	TOTAL
Net debt (face value) as at 1 January 2013	650	955	1 605
New issues	0	0	0
Increase in existing issues	0	0	0
Purchase and maturity of existing issues	0	-155	-155
Net debt (face value) as at 31 March 2013	**650**	**800**	**1 450**
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 2013	**650**	**800**	**1 450**
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 September 2013	**650**	**800**	**1 450**

Recognised values

NOK MILLION	30.09.13	30.09.12	31.12.12
Certificates selected for fair value carrying	2 108	2 788	3 285
Total recognised value of certificates	**2 108**	**2 788**	**3 285**
Bonds carried at amortised cost	9 785	10 031	10 028
Bonds carried at amortised cost (secured debt)	4 227	3 633	3 932
Bonds selected for fair value carrying	1 037	1 385	1 124
Total recognised value of bonds	**15 049**	**15 049**	**15 084**
Total recognised value of debt securities in issue	**17 157**	**17 837**	**18 369**

NOK MILLION	30.09.13	30.09.12	31.12.12
Perpetual subordinated capital securities carried at amortised cost	483	482	482
Perpetual subordinated capital securities selected for fair value carrying	170	169	172
Total recognised value of perpetual subordinated capital securities	**653**	**651**	**654**
Subordinated loans carried at amortised cost	803	803	959
Total recognised value of subordinated loans	**803**	**803**	**959**
Total recognised value of subordinated loans and perpetual subordinated capital securities	**1 456**	**1 454**	**1 613**

NOTE 12. DIVESTED OPERATION

Other assets and liabilities classifed as held for sale

In connection with a loan defaulted on in 2010, BN Bank took over 100% of the shares in a company and then sold the company in the second quarter of 2012.

NOTE 13. FAIR VALUE OF FINANCIAL INSTRUMENTS COMPARED WITH RECOGNISED VALUE

	30.09.13		30.09.12		31.12.12	
NOK MILLION	**FAIR VALUE**	**RECOG. VALUE**	**FAIR VALUE**	**RECOG. VALUE**	**FAIR VALUE**	**RECOG. VALUE**
Subordinated loans	1	1	0	0	0	0
Loans and advances	30 836	30 836	31 779	31 779	33 193	33 193
Prepayments and accrued income	192	192	76	76	52	52
Interest rate derivatives	607	607	786	786	706	706
Currency derivatives	9	9	70	70	52	52
Equity-linked options and equity options	0	0	3	3	1	1
Short-term securities investments	7 358	7 354	6 070	6 071	6 144	6 135
Cash and balances due from credit institutions	693	693	1 624	1 624	1 495	1 495
Subordinated loan capital	-1 478	-1 456	-1 439	-1 454	-1 605	-1 613
Liabilities to credit institutions	-502	-502	-746	-746	-519	-519
Debt securities in issue [1]	-17 181	-17 157	-17 820	-17 837	-18 465	-18 369
Accrued expense and deferred income	-118	-118	-51	-51	-119	-119
Other current liabilities	-58	-58	-13	-13	-1	-1
Interest rate derivatives	-464	-464	-630	-630	-586	-586
Currency derivatives	-66	-66	-44	-44	-47	-47
Customer deposits and accounts payable to customers [1]	-16 166	-16 166	-16 362	-16 362	-16 910	-16 910
Total	3 663	3 705	3 303	3 272	3 391	3 470

In the case of short-term financial instruments, the recognised amount will normally always be a good approximation of fair value. Financial derivatives and short-term securities investments are carried in their entirety at fair value, and consequently no difference will be presented in the balance sheet between fair value and recognised value.

NOTE 14. RIGHT OF SET-OFF, FINANCIAL DERIVATIVES

FAs of 2013 the BN Bank Group will disclose which financial instruments it has entered into off-setting agreements concerning, in accordance with IFRS 7.13 A-F.

The Group enters into standardised and chiefly bilateral ISDA contracts for derivatives transactions with financial institutions, which give the parties the right of set-off in the event of default. The Group has also entered into additional collateral-posting agreements (CSAs) with some of the counterparties.

Financial assets 30.09.13

COUNTERPARTY	AMOUNT IN BALANCE SHEET	AMOUNT SUBJECT TO SETTLEMENT ON NET BASIS[1]	AMOUNT AFTER POSSIBLE NET-OFFS
Counterparty 1	284	47	237
Counterparty 2	106	106	0
Counterparty 3	107	18	89
Counterparty 4	60	43	17
Counterparty 5	44	37	7
Counterparty 6	15	9	6
Total	616	260	356

Financial liabilities 30.09.13

COUNTERPARTY	AMOUNT IN BALANCE SHEET	AMOUNT SUBJECT TO SETTLEMENT ON NET BASIS[1]	AMOUNT AFTER POSSIBLE NET-OFFS
Counterparty 1	47	47	0
Counterparty 2	376	106	270
Counterparty 3	18	18	0
Counterparty 4	43	43	0
Counterparty 5	37	37	0
Counterparty 6	9	9	0
Total	530	260	270

Financial assets 30.09.12

COUNTERPARTY	AMOUNT IN BALANCE SHEET	AMOUNT SUBJECT TO SETTLEMENT ON NET BASIS[1]	AMOUNT AFTER POSSIBLE NET-OFFS
Counterparty 1	383	71	312
Counterparty 2	199	199	0
Counterparty 3	125	28	97
Counterparty 4	69	51	18
Counterparty 5	47	47	0
Counterparty 6	15	12	3
Counterparty 7	0	0	0
Counterparty 8	0	0	0
Total	839	408	431
No right of set-off	20		

Financial liabilities 30.09.12

COUNTERPARTY	AMOUNT IN BALANCE SHEET	AMOUNT SUBJECT TO SETTLEMENT ON NET BASIS[1]	AMOUNT AFTER POSSIBLE NET-OFFS
Counterparty 1	71	71	0
Counterparty 2	431	199	232
Counterparty 3	28	28	0
Counterparty 4	51	51	0
Counterparty 5	59	47	12
Counterparty 6	12	12	0
Counterparty 7	2	0	2
Total	654	408	246

Financial assets 31.12.12

COUNTERPARTY	AMOUNT IN BALANCE SHEET	AMOUNT SUBJECT TO SETTLEMENT ON NET BASIS[1]	AMOUNT AFTER POSSIBLE NET-OFFS
Counterparty 1	358	69	289
Counterparty 2	162	162	0
Counterparty 3	135	29	106
Counterparty 4	58	43	15
Counterparty 5	37	37	0
Counterparty 6	9	9	0
Total	759	349	410

Financial liabilities 31.12.12

COUNTERPARTY	AMOUNT IN BALANCE SHEET	AMOUNT SUBJECT TO SETTLEMENT ON NET BASIS[1]	AMOUNT AFTER POSSIBLE NET-OFFS
Counterparty 1	69	69	0
Counterparty 2	418	162	256
Counterparty 3	29	29	0
Counterparty 4	43	43	0
Counterparty 5	62	37	25
Counterparty 6	11	9	2
Counterparty 7	1	0	1
Total	633	349	284

[1] The amount subject to settlement on a net basis that is not presented net in the balance sheet

NOTE 15. CAPITAL ADEQUACY

Process for assessing the capital adequacy requirement

BN Bank has established a strategy and process for risk management and assessment of the capital adequacy requirement and how capital adequacy can be maintained. The collective term for this is ICAAP (Internal Capital Adequacy Assessment Process). Assessing the capital adequacy requirement includes assessing the size, composition and distribution of the capital base adapted to the level of risks that the Bank is or may be exposed to. The assessments are risk-based and forward-looking. Risk areas assessed in addition to the Pillar 1 risks are concentration risk in the credit portfolio, interest rate and foreign exchange risk in the bank portfolio, liquidity risk, market risk, owner's risk and reputation risk, compliance risk and strategic risk. ICAAP is not focused on a single method or a single figure, but presents a set of calculations including different time horizons, confidence levels and assumptions.

NOK MILLION	30.09.13	30.09.12	31.12.12
Share capital	706	668	668
Other reserves	2 732	2 539	2 673
Total equity	**3 438**	**3 207**	**3 341**
Net perpetual subordinated capital (perpetual subordinated capital securities borrowings) [1]	567	538	559
Deductions for:			
Equity and subordinated capital in other financial institutions	-173	-91	-121
Intangible assets	-6	-18	-10
Deferred tax assets	-43	-43	-40
Other deductions in tier 1 capital	0	0	0
Tier 1 capital	**3 783**	**3 593**	**3 729**
Tier 1 capital excluding hybrid capital and deductions (core tier 1 capital)	**3 216**	**3 055**	**3 170**
Fixed-term subordinated loan capital	798	803	837
Perpetual subordinated capital securities, hybrid capital in excess of 15%	84	113	95
Deductions for:			
Fixed-term subordinated loan capital that cannot be included	0	0	0
Other deductions in tier 2 capital	-173	-91	0
Net tier 2 capital	**709**	**825**	**932**
Total capital base	**4 492**	**4 418**	**4 661**
Risk-weighted assets	30 884	29 614	30 923
Tier 1 capital ratio (%)	**12.25**	**12.13**	**12.06**
Tier 1 capital excluding hybrid capital and deductions (core tier 1 capital) (%)	**10.41**	**10.32**	**10.25**
Capital adequacy ratio (%)	**14.54**	**14.92**	**15.08**

[1] For more details, see Note 11.

Specification of risk-weighted assets

	30.09.13		30.09.12		31.12.12	
NOK MILLION	**RECOGNISED AMOUNT**	**WEIGHTED AMOUNT**	**RECOGNISED AMOUNT**	**WEIGHTED AMOUNT**	**RECOGNISED AMOUNT**	**WEIGHTED AMOUNT**
0 %	850	0	1 318	0	1 486	0
10 %	2 138	214	2 089	209	2 094	209
20 %	3 726	745	5 648	1 130	5 056	1 011
35 %	9 081	3 177	8 999	3 150	9 289	3 251
50 %	100	50	0	0	3	2
75 %	103	77	93	70	91	68
100 %	26 620	26 620	25 056	25 056	26 381	26 381
Investments included in the trading portfolio	0	0	0	0	0	0
Tradeable debt instruments included in the trading portfolio	0	0	0	0	0	0
Total risk-weighted assets	**42 618**	**30 884**	**43 203**	**29 614**	**44 400**	**30 923**
Capital adequacy ratio (%)		**14,54**		**14,92**		**15,08**

NOTE 16. CONTINGENT LIABILITIES

Sale of structured products

BN Bank was sued in a group action over structured savings products in 2008. The Supreme Court ruled in February 2010 that group litigation is not appropriate for assessing this type of product. The group action against BN Bank has thus been brought to a conclusion.

Three of the Bank's customers then sued the Bank individually in the District Court, but the Court ruled against them on 8 July 2011. The ruling was appealed to the Borgarting Court of Appeal, but the case was settled in court with the same result for the Bank as after the District Court's decision, whereby the Bank was obliged to pay its own costs.

BN Bank has also provided loans to finance Artemis structured products. BN Bank was sued by six customers, but the lawsuits were settled in court without the Bank having paid any compensation to the applicants.

In March 2013, the Supreme Court passed judgment in the so-called "Røeggen case". The Norwegian Financial Services Complaints Board has in that connection requested BN Bank and other banks to reassess the complaints against them that have been brought before the Board, in the light of the court judgment. BN Bank has found no grounds for changing its standpoint and still takes the view that the cases the Bank is involved in are not comparable with the "Røeggen case". As a result, no provision has been made relating to structured savings products to date in 2013.

NOTE 17. CONTINGENT OUTCOMES, EVENTS AFTER THE REPORTING PERIOD

Apart from the matters mentioned in Note 16 above, there are no assets or liabilities to which contingent outcomes are attached and where those outcomes could have a significant impact on the Group's financial position and results.

There were no significant events after the reporting period.

NOTE 18. INCOME STATEMENTS FOR THE LAST FIVE QUARTERS

NOK MILLION	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Interest and similar income	395	400	394	391	394
Interest expense and similar charges	286	296	307	306	305
Net income from interest and credit commissions	**109**	**104**	**87**	**85**	**89**
Change in value of financial instruments carried at fair value, gains and losses	6	16	12	9	5
Other operating income	60	65	51	53	33
Amicable settlement	0	0	0	117	0
Total other operating income	**66**	**81**	**63**	**179**	**38**
Salaries and general administrative expenses	43	42	46	46	50
Depreciation, amortisation and write-downs	3	3	3	17	5
Other operating expense	7	7	7	8	7
Total other operating expense	**53**	**52**	**56**	**71**	**62**
Impairment losses on loans and advances	-7	20	52	78	13
Profit before tax	**129**	**113**	**42**	**115**	**52**
Computed tax charge	36	32	12	33	14
Profit after tax	**93**	**81**	**30**	**82**	**38**

Income Statement

PARENT BANK

NOK MILLION	NOTE	3. KV. 2013	3. KV. 2012	30.09.13	30.09.12	FULL-YEAR 2012
Interest and similar income		304	314	927	942	1 249
Interest expense and similar charge		257	267	800	818	1 086
Net income from interest and credit commissions		**47**	**47**	**127**	**124**	**163**
Change in value of financial instruments at fair value, gains and losses	2	4	5	40	36	50
Other operating income	4	22	8	64	29	49
Amicable settlement	5	0	0	0	0	117
Total other operating income		**26**	**13**	**104**	**65**	**216**
Salaries and general administrative expenses		25	32	75	102	130
Ordinary depreciation, amortisation and write-downs		3	5	9	14	31
Other operating expense		5	1	14	4	7
Total other operating expense		**33**	**38**	**98**	**120**	**168**
Operating profit before impairment losses		**40**	**22**	**133**	**69**	**211**
Impairment losses on loans and advances	7	-16	21	-20	41	116
Operating profit after impairment losses		**56**	**1**	**153**	**28**	**95**
Income from ownership interests in group companies	6	0	0	118	164	164
Profit before tax		**56**	**1**	**271**	**192**	**259**
Tax charge		16	0	43	52	72
Profit after tax		**40**	**1**	**228**	**140**	**187**
Total profit for the period						
Profit after tax		**40**	**1**	**228**	**140**	**187**
Statement of Other Comprehensive Income						
Items that will not be reclassified subsequently to profit or loss						
Actuarial gains (losses) on pension plans	1	0	0	0	0	14
Tax		0	0	0	0	-4
Other comprehensive income (net of tax)		**0**	**0**	**0**	**0**	**10**
Total comprehensive income for the period		**40**	**1**	**228**	**140**	**197**

Balance Sheet

		PARENT BANK		
NOK MILLION	**NOTE**	**30.09.13**	**30.09.12**	**31.12.12**
Intangible assets		6	18	10
Ownership interests in group companies		1 877	1 877	1 877
Subordinated loans	13	451	526	451
Tangible fixed assets		14	23	18
Loans and advances	3, 7, 8, 9, 10, 13, 14	14 060	13 077	15 043
Prepayments and accrued income	193	82	53	
Financial derivatives	3, 13, 14	553	761	662
Short-term securities investments	3, 13	7 355	5 547	5 612
Cash and balances due from credit institutions	13	10 889	13 364	12 860
Assets classified as held for sale	12	0	1	1
Total assets		**35 398**	**35 276**	**36 587**
Share capital		706	668	668
Share premium		266	266	266
Retained earnings	1	1 452	1 205	1 262
Total equity		**2 424**	**2 139**	**2 196**
Deferred tax		42	42	42
Subordinated loan capital	3, 11, 13	1 456	1 454	1 613
Liabilities to credit institutions	13	787	1 147	806
Debt securities in issue	3, 11, 13	13 709	13 322	14 123
Accrued expenses and deferred income	7, 13	225	140	183
Other current liabilities	13	92	23	80
Tax payable		3	0	31
Financial derivatives	3, 13, 14	490	647	603
Customer deposits & accounts payable to cust.	3, 13	16 170	16 362	16 910
Total liabilities		**32 974**	**33 137**	**34 391**
Total equity and liabilities		**35 398**	**35 276**	**36 587**

Trondheim, 29 October 2013

The Board of Directors of BN Bank ASA

Tore Medhus (Deputy Chair) | Stig Arne Engen | Finn Haugan (Chair) | Harald Gaupen | Helene Jebsen Anker

Kristin Undheim | Anita Finserås Bretun (Staff Representative) | Ella Skjørestad | Gunnar Hovland (Man. Director)

Statement of Changes in Equity

PARENT BANK

NOK MILLION	SHARE CAPITAL	SHARE PREM. RESERVE	OTHER PAID-UP SHARE CAPITAL	OTHER RESERVES[1, 2]	TOTAL EQUITY
Balance Sheet as at 1 January 2012	649	190	282	878	1 999
Dividend paid	0	0	0	-95	-95
Share capital increase	19	76	0	0	95
Result for the period	0	0	0	140	140
Balance Sheet as at 30 September 2012	**668**	**266**	**282**	**923**	**2 139**
Result for the period	0	0	0	47	47
Actuarial gains (loses) on pensions (net of tax)	0	0	0	10	10
Balance Sheet as at 31 December 2012	**668**	**266**	**282**	**980**	**2 196**
Dividend paid	0	0	0	-187	-187
Share capital increase	37	150	0	0	187
Result for the period	0	0	0	228	228
Balance Sheet as at 30 September 2013	**705**	**416**	**282**	**1 021**	**2 424**

[1] The reserve for unrealised gains is included in Other reserves. Provision of NOK 174 million had been made as at 31 December 2012.

[2] See Note 1 for more information on changes relating to pension plans.

Trondheim, 29 October 2013

The Board of Directors of BN Bank ASA

Statement of Cash Flows

PARENT BANK

NOK MILLION	30.09.13	30.09.12	FULL-YEAR 2012
Cash flows from operating activities			
Interest/commission received and fees received from customers	583	997	805
Interest/commission paid and fees paid to customers	-164	-107	-475
Interest received on other investments	83	140	255
Interest paid on other loans	-390	-392	-551
Receipts/disbursements (-) on loans and advances to customers	836	1 040	-1 187
Receipts/payments on customer deposits & accounts payable to cust.	-846	313	1 211
Receipts/payments (-) on liabilities to credit institutions	-107	-911	-1 362
Receipts/payments(-) on securities in issue and securities buy-back	-487	1 848	2 668
Receipts on previously written-off debt	8	33	3
Other receipts/payments	-77	-75	229
Payments to suppliers for goods and services	-40	-32	-60
Payments to employees, pensions and social security expenses	-46	-53	-66
Tax paid	-34	0	-34
Net cash flow from operating activities	**-681**	**2 801**	**1 436**
Cash flows from investing activities			
Receipts/payments (-) on receivables from credit institutions	2 037	-2 180	-731
Receipts/payments (-) on short-term securities investments	-1 737	-509	-578
Receipts/payments (-) on long-term securities investments	118	164	164
Purchase of operating assets etc.	-3	-12	-15
Net cash flow from investing activities	**415**	**-2 537**	**-1 160**
Cash flow from financing activities			
Receipts of subordinated loan capital	-156	0	156
Net cash flow from financing activities	**-156**	**0**	**156**
Net cash flow for the period	**-422**	**264**	**432**
Cash and balances due from central banks as at 1 January *	436	4	4
Cash and balances due from central banks at the close of the period	**14**	**268**	**436**

* In the case of the Parent Bank, cash and balances consist of deposits in Norges Bank.

Notes

NOTE 1. ACCOUNTING POLICIES

The Q3 financial statements for the period 1 Julyl to 30 September 2013 have been prepared in compliance with IFRS, including IAS 34 Interim Financial Reporting. A description of the accounting policies on which the financial statements are based is provided in the Annual Report for 2012, with the following exceptions:

Pensions

With effect from 1 January 2013, the Parent Bank has applied IAS 19 Employee Benefits and changed the basis for calculating pension liabilities and pension costs. The Bank has previously used the "corridor" method to account for unamortised estimate variances. The corridor method is no longer permitted and under the revised standard IAS 19R, all estimate variances shall be recognised in a Statement of Other Comprehensive Income (OCI). Estimate variances at 1 January 2012 of NOK 19.1 million have been reset. The pension liability increased correspondingly as of 1 Jan. 2012, while the equity was reduced by NOK 13.7 million after tax.

Previously, the return on pension assets was calculated using the long-term expected rate of return on the pension assets. By applying IAS 19R, the net interest expense for the period is now calculated by applying the discount rate for the liability at the beginning of the period to the net liability. The net interest expense therefore consists of the interest on the liability and the return on the pension assets, both calculated using the discount rate. Changes in the net pension liability as a result of premium receipts and payments of pensions are taken account of. The difference between the actual return on the pension assets and the return recognised in profit and loss, is accounted for immediately in OCI. The pension cost in 2012 under the previous accounting policy was NOK 8.6 million.

The net effect of the change in principle of the treatment of unamortised estimate variances and the calculation of the net interest expense, brought about no change in the pension cost recognised in profit and loss in 2012, while estimate variances for 2012 of NOK 14.3 million were recognised in income under the Statement of Other Comprehensive Income in the fourth quarter of 2012. The pension liability as at 31 December 2012 increased to NOK 30.7 million. IAS 19R has been applied retrospectively, so that the comparable figures have been changed.

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

NOK MILLION	Q3 2013	Q3 2012	30.09.13	30.09.12	31.12.12
Change in value int. rate deriv. obliged carried at fair value thro profit or loss [1, 4]	7	0	18	18	18
Change in value currency deriv. obliged carried at fair value thro profit or loss [2]	-12	33	-63	76	54
Change value comb. int. rate & curr. deriv. oblig. carried fair value thro profit/loss [2]	0	0	0	0	0
Change value equity-linked options & eq. options oblig. fair value thro profit/loss [1]	0	0	0	0	5
Total change in value of financial instruments obliged to be carried at fair value	**-5**	**33**	**-45**	**94**	**77**
Change in value of deposits selected for fair value carrying through profit or loss [4]	4	-11	18	-12	-11
Change in value of borrowings selected for fair value carrying thro profit or loss [4]	3	-16	6	-35	-37
Change in value of loans selected for fair value carrying through profit or loss [4]	29	-3	91	-9	-9
Change in value short-term financial investments selected for fair value carrying [3]	-2	26	7	39	45
Total change in value of financial instruments selected for fair value carrying	**34**	**-4**	**122**	**-17**	**-12**
Change in value of interest rate derivatives, hedging [5]	-25	17	-44	44	53
Change in value of borrowings, hedged [5]	25	-17	44	-44	-53
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**	**29**	**77**	**77**	**65**
Realised exchange gains/losses(-) bonds and certificates carried at amort. cost [6]	-4	-1	-12	-3	-3
Realised exchange gains/losses(-) borrowings and loans carried at amort. cost [6]	0	0	-1	0	-1
Exchange gains/losses on borrowings and loans carried at amortised cost [2]	-21	-23	-24	-38	-11
Total change in value of financial instruments carried at fair value, gains & losses	**4**	**5**	**40**	**36**	**50**

[1] In connection with the sale and/or issue of the structured products, BN Bank has hedged exposure in the form of equity options, equity-linked options and interest rate swap agreements. The earlier turbulence in the financial markets caused the loss of some contractual counterparties, and it was not possible at the time to replace these hedging transactions. BN Bank is therefore partially exposed to the market development of a limited number of products. Changes in exposure are recognised in profit and loss immediately, and there was no P&L effect as at 30 September 2013 or for the same period of 2012. The effect for full-year 2012 was recognised income of NOK 5 million.

[2] Excchange 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. The net foreign exchange effect for the Group was recognised income of NOK 4 million as at 30 September 2013, compared with recognised income of NOK 3 million for the same period of 2012. The effect for full-year 2012 was recognised income of NOK 3 million.

[3] Changes in the value of financial investments selected for fair value carrying gave rise to recognised income of NOK 7 million as at 30 September 2013, compared with recognised income of NOK 39 million for the same period of 2012. The effect for full-year 2012 was recognised income of NOK 45 million. Turbulence in the financial markets has caused big fluctuations in the value of these investments.

[4] The net effect of interest rate derivatives obliged to be carried at fair value and changes in the value of financial instruments selected for fair value carrying was recognised income of NOK 42 million as at 30 September 2013, compared with recognised expense of NOK 3 million for the same period of 2012. The effect for full-year 2012 was recognised expense of NOK 1 million.

[5] BN Bank uses 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 September 2013 was positive by NOK 126 million, down from NOK 135 million for the same period of 2012. As at 31 December 2012 the value was positive by NOK 117 million.

[6] Realised exchange gains/losses on bonds, certificates and borrowings carried at amortised cost gave rise to recognised expense of NOK 13 million at 30 Sept. 2013, as against recognised expense of NOK 3 million for the same period of 2012. The effect for full-year 2012 was recognised expense of NOK 4 million.

NOTE 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

Methods of determining fair value

Interest swap agreements, currency swap agreements and forward exchange contracts

The measurement of interest swap agreements at fair value is performed using a valuation technique where future cash flows are discounted to present values. The calculation of expected cash flows and the discounting of these cash flows is performed using observed market interest rates for the various currencies (interest-rate swap curve) and observed exchange rates (from which forward exchange rates are derived).

Interest swap agreements with credit spread

The measurement of interest swap agreements with credit spread at fair value is performed using a valuation technique where future cash flows are discounted to present values. The calculation of expected cash flows and the discounting of these cash flows is performed using observed market interest rates for the various currencies (interest-rate swap curve) with premium for the original credit spread on the interest swap agreement.

Certificates and bonds

Certificates are measured at quoted prices where such are available and the securities are liquid. In the case of other securities, measurement is performed using a valuation technique and discounting of expected future cash flows. The risk-free interest rate is read from the market through the interest rate on loans between especially creditworthy banks (interest-rate swap curve). The premium for credit risk is determined on the basis of market players' assessments of the creditworthiness of the issuer.

Loans and advances

For loans measured at fair value, the valuation is performed using a valuation technique where expected future cash flows are discounted to present values. The risk-free interest rate is read from the market through the interest rate on loans between especially creditworthy banks (interest-rate swap curve). The premium for credit risk and margins is determined on the basis of the original premium for credit risk and margin, but with subsequent adjustment of these premiums in correlation with changes in the market pricing of risk, the borrowers' credit ratings and margin changes in the market.

Borrowings selected for fair value carrying

Where borrowing/funding is measured at fair value, quoted borrowings will be measured at quoted prices where such are available and the securities are liquid. In the case of other securities, measurement is performed using a valuation technique and discounting of expected future cash flows. The risk-free interest rate is read from the market through the interest rate on loans between especially creditworthy banks (interest-rate swap curve). The premium for credit risk is determined on the basis of other market players' ongoing assessments of the Bank's creditworthiness.

Hedged borrowing/funding

Borrowings included in fair value hedges are measured using a valuation technique and discounting of expected future cash flows. The risk-free interest rate is read from the market through the interest rate on loans between especially creditworthy banks (interest-rate swap curve). We have discounted by the interest-rate swap curve with premium for the original credit spread on the borrowing to eliminate the effects of the credit risk. It is the interest rate risk that is hedged.

Deposits

For deposits measured at fair value, the valuation is performed using a valuation technique where expected future cash flows are discounted to present values. The risk-free interest rate is read from the market through the interest rate on loans between especially creditworthy banks (interest-rate swap curve). The premium for credit risk is determined on the basis of other market players' ongoing assessments of the Bank's creditworthiness. The premium for margins is determined on the basis of the original margin, but with subsequent adjustment of margin in correlation with margin changes in the market.

Options

Equity options and equity-linked options are measured at fair value by obtaining market prices from the facilitators of the structured financial products.

Shares

The shares comprise mainly the investments in SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. There is an interplay between the transfer of loans to these companies, the provision of the necessary capital and the level of the commission that is received. The measurement of these shares at fair value is virtually equal to the amount of capital paid into these companies.

Division into measurement levels

Financial instruments measured at fair value at the end of the reporting period are divided into the following levels of fair value measurement:

- Level 1: Quoted price in an active market for an identical asset or liability
- Level 2: Measurement is performed using a valuation technique and discounting of expected future cash flows. The risk-free interest rate is read from the market through the interest rate of loans between especially creditworthy banks (interest-rate swap curve). The premium for credit risk is determined on the basis of other market players' ongoing assessments of the Bank's creditworthiness.
- Level 3: Measurement based on factors not taken from observable markets nor which have observable assumptions as input to the valuation.

The Parent Bank's assets and liabilities measured at fair value as at 30 September 2013

NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Loans and advances	0	0	426	426
Interest rate derivatives [1]	0	544	0	544
Currency derivatives	0	9	0	9
Short-term securities investments	0	4 655	537	5 192
Total assets	0	5 208	963	6 171
Subordinated loan capital	0	-170	0	-170
Debt securities in issue	0	-2 182	0	-2 182
Interest rate derivatives [1]	0	-424	0	-424
Currency derivatives	0	-66	0	-66
Customer deposits & accounts payable to customers	0	-599	0	-599
Total liabilities	0	-3 441	0	-3 441

[1] The value of the hedge instruments earmarked for fair value hedging as at 30 September 2013 was positive by NOK 126 million.

The Parent Bank's assets and liabilities measured at fair value as at 30 September 2012

NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Loans and advances	0	0	530	530
Interest rate derivatives [1]	0	688	0	688
Currency derivatives	0	70	0	70
Equity-linked options and equity options	0	3	0	3
Short-term securities investments	35	3 130	356	3 521
Total assets	35	3 891	886	4 812
Subordinated loan capital	0	-169	0	-169
Debt securities in issue	0	-2 863	0	-2 863
Interest rate derivatives [1]	0	-603	0	-603
Currency derivatives	0	-44	0	-44
Customer deposits & accounts payable to customers	0	2 135	0	2 135
Total liabilities	0	-1 544	0	-1 544

[1] The value of the hedge instruments earmarked for fair value hedging as at 30 September 2012 was positive by NOK 135 million.

The Parent Bank's assets and liabilities measured at fair value as at 31 December 2012

NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Loans and advances	0	0	521	521
Interest rate derivatives [1]	0	609	0	609
Currency derivatives	0	52	0	52
Equity-linked options and equity options	0	1	0	1
Short-term securities investments	29	3 141	420	3 590
Total assets	**29**	**3 803**	**941**	**4 773**
Subordinated loan capital	0	-172	0	-172
Debt securities in issue	0	-3 350	0	-3 350
Interest rate derivatives [1]	0	-556	0	-556
Currency derivatives	0	-47	0	-47
Customer deposits & accounts payable to customers	0	-1 951	0	-1 951
Total liabilities	**0**	**-6 076**	**0**	**-6 076**

[1] The value of the hedge instruments earmarked for fair value hedging as at 31 December 2012 was positive by NOK 117 million.

The Parent Bank's financial instruments measured at fair value, Level 3, as at 30 September 2013

NOK MILLION	LOANS	SHORT-TERM SECURITIES INVESTMENTS	TOTAL
Opening balance	521	420	941
Investments in the period/new agreements	2	117	119
Sale in the period (at book value)	-99	0	-99
Matured	0	0	0
Transferred from Level 1 or 2	0	0	0
Transferred to Level 1 or 2	0	0	0
Change in value of financial instruments carried at fair value, gains and losses	2	0	2
Closing balance	**426**	**537**	**963**
Of which result for the period relating to financial instruments still on the balance sheet	3	0	3

The Parent Bank's financial instruments measured at fair value, Level 3, as at 30 September 2012

NOK MILLION	LOANS	SHORT-TERM SECURITIES INVESTMENTS	TOTAL
Opening balance	717	178	895
Investments in the period/new agreements	31	177	208
Sale in the period (at book value)	0	0	0
Matured	-234	0	-234
Transferred from Level 1 or 2	0	0	0
Transferred to Level 1 or 2	0	0	0
Change in value of financial instruments carried at fair value, gains and losses	16	0	16
Closing balance	530	355	885
Of which result for the period relating to financial instruments still on the balance sheet	16	0	16

The Parent Bank's financial instruments measured at fair value, Level 3, as at 31 December 2012

NOK MILLION	LOANS	SHORT-TERM SECURITIES INVESTMENTS	TOTAL
Opening balance	717	178	895
Investments in the period/new agreements	28	242	270
Sale in the period (at book value)	0	0	0
Matured	-244	0	-244
Transferred from Level 1 or 2	0	0	0
Transferred to Level 1 or 2	0	0	0
Change in value of financial instruments carried at fair value, gains and losses	20	0	20
Closing balance	521	420	941
Of which result for the period relating to financial instruments still on the balance sheet	20	0	20

Sensitivity analysis, Level 3

In the case of loans carried at fair value, it is only margin changes that are a not-observable input at fair value calculation. Margin changes do not affect the calculation of fair value to any significant degree and for that reason are not quantified.

The Group's valuation and measurement techniques

The BN Bank Group has a team in its Accounts & Treasury department that is responsible for measuring various assets and liabilities for accounting purposes. This team reports to the Chief Financial Officer. In addition, the factual results from the period's valuations are reported to the audit committee in connection with presentation of the accounts. The team also makes regular reports to the audit committee on the valuation principles and techniques it has applied.

The assumptions used for valuations within Level 3 are related to margin changes on loans.

NOTE 4. OTHER OPERATING INCOME

NOK MILLION	Q3 2013	Q3 2012	30.09.13	30.09.12	FULL-YEAR 2012
Guarantee commission	1	-1	3	1	1
Net commission income/charges [1]	21	8	54	21	40
Other operating income	0	1	7	7	8
Total other operating income	22	8	64	29	49

[1] Commission income relating to the management of the portfolios in SpareBank 1 Næringskreditt and SpareBank 1 Boligkreditt totalled NOK 56 million as at 30 September 2013 and NOK 15 million for the same period of 2012. NOK 27 million was recognised as income for full-year 2012.

NOTE 5. AMICABLE SETTLEMENT

Amicable settlement with Glitnir banki hf, Iceland

Glitnir banki hf, now Glitnir hf, sued BN Bank ASA in 2011 for what Glitnir claimed was an unlawful offset of about NOK 240 million relating to claims and counter-claims between the parties declared by BN Bank ASA in November 2009. Oslo District Court gave judgment in the case in January 2012, according to which BN Bank ASA was ordered to pay back Glitnir hf approximately NOK 213 million plus interest.

Following the court case there were negotiations between BN Bank ASA and the Winding Up Board for Glitnir hf. The parties came to an amicable settlement after which BN Bank ASA paid NOK 81.8 million to Glitnir hf and Glitnir hf accepted offset of the other disputed portion of about NOK 135.2 million.

BN Bank ASA has previously reported the greater portion of the claims against Glitnir which were used for offset as a loss and not as settled by means of offset. The P&L effect of the amicable settlement before tax was therefore NOK 117 million recognised as income in 2012.

NOTE 6. INCOME FROM OWNERSHIP INTERESTS IN GROUP COMPANIES

The 2013 Annual General Meetings of the subsidiaries Bolig- og Næringskreditt AS and BN Boligkreditt AS have resolved to distribute dividends of, respectively, NOK 110 million and NOK 7 million before tax. No tax has been computed on the dividends as they were distributed within the Group's tax payment arrangements.

NOTE 7. IMPAIRMENT LOSSES AND WRITE-DOWNS ON LOANS AND GUARANTEES

De forskjellige elementene som inngår i tap og nedskrivninger på utlån, er omtalt i note 1 i årsrapporten. Lån misligholdt mer enn 3 måneder er definert som lån som ikke er betjent i.h.t. låneavtalen på 3 måneder eller mer. Som førsteprioritetsinstitusjon kan konsernet likevel få tilgang på inntekter, enten ved tvangsbruk eller ved frivillige løsninger. Tap og nedskrivninger på utlån beskrevet i denne note gjelder utlån vurdert til amortisert kost og løpende verdiendringer og gevinst/tap ved salg av overtatte eiendommer.

NOK MILLION	Q3 2013	Q3 2012	30.09.13	30.09.12	FULL-YEAR 2012
Write-offs in excess of prior-year write-downs	0	2	0	13	13
Write-offs on loans without prior write-downs	1	0	1	0	0
Write-downs for the period:					
Change in collective write-downs	-5	4	-5	-10	-8
Change in collective write-downs related to Guarantee Portfolio	-6	0	-25	-1	40
Total change in collective write-downs	**-11**	**4**	**-30**	**-11**	**32**
Increase in loans with prior-year write-downs [1]	3	12	21	10	11
Provisions against loans without prior write-downs	5	8	11	35	68
Decrease in loans with prior-year write-downs	-14	-4	-17	-5	-6
Total change in individual write-downs	**-6**	**16**	**15**	**40**	**73**
Gross impairment losses on loans and advances	-16	22	-14	42	118
Recoveries on previous write-offs	0	1	6	1	2
Impairment losses on loans and advances	**-16**	**21**	**-20**	**41**	**116**
Revenue recognition of interest on written-down loans	-2	1	1	1	2

NOK MILLION	Q3 2013	Q3 2012	30.09.13	30.09.12	FULL-YEAR 2012
Individual write-downs to cover impairment losses at the start of the period	28	36	30	34	34
Write-offs covered by prior-year individual write-downs	0	-4	-2	-3	-3
Write-downs for the period:					
Increase in loans with prior-year individual write-downs	0	1	0	3	5
Write-downs on loans without prior individual write-downs	3	0	6	0	0
Decrease in loans with prior-year individual write-downs	-13	-4	-16	-5	-6
Individual write-downs to cover impairment losses at the end of the period	**18**	**29**	**18**	**29**	**30**
Collective write-downs to cover impairment losses at the start of the period	29	23	29	37	37
Collective write-downs for the period to cover impairment losses	-5	4	-5	-10	-8
Collective write-downs to cover impairment losses at the end of the period	**24**	**27**	**24**	**27**	**29**

NOK MILLION	Q3 2013	Q3 2012	30.09.13	30.09.12	FULL-YEAR 2012
Loss provision financial guarantee related to Guarantee Portfolio at start of period	90	56	72	28	28
Write-offs covered by prior-year individual write-downs	0	-29	0	-20	-27
Write-downs for the period:					
Increase in loans with prior-year individual write-downs	3	10	18	2	3
Write-downs on loans without prior individual write-downs	4	8	7	35	68
Decrease in loans with prior-year individual write-downs	-1	0	-1	0	0
Loss provision financial guarantee related to Guarantee Portfolio at end of period [1]	**96**	**45**	**96**	**45**	**72**
Collective write-downs related to Guarantee Portfolio at the start of the period	28	6	47	20	20
Collective write-downs for the period to cover losses in Guarantee Portfolio	-6	0	-25	-14	27
Collective write-downs related to Guarantee Portfolio at the end of the period [1]	**22**	**6**	**22**	**6**	**47**
Total loss provisions related to Guarantee Portfolio [1]	**118**	**51**	**118**	**51**	**119**

[1] BN Bank has previously entered into an agreement with SpareBank1 SMN for the latter to take over the Bank's Ålesund portfolio. The parties revised the agreement on 1 February 2012 according to which BN Bank sold NOK 2.3 billion of the portfolio valued at NOK 3.1 billion to SpareBank1 SMN. BN Bank now provides guarantees for 60% of the credit risk for this portfolio (referred to as the Guarantee Portfolio) of NOK 571 million. The Bank's maximum exposure is thus down to NOK 343 million, which at the end of Q3 2013 was 1.1% of the Bank's total lending. The total provision for losses in the Guarantee Portfolio was NOK 118 million at 30 September 2013. BN Bank will provide guarantees for losses in the Guarantee Portfolio for a period of 3-5 years from the inception of the original agreement. The loss provision is classified under Accrued expenses and deferred income.

Loans past due more than 3 months [1, 2]

NOK MILLION	30.09.13	30.09.12	31.12.12
Gross principal	133	139	117
Individual write-downs	6	9	3
Net principal	**127**	**130**	**114**

Other loans with individual write-downs [1]

NOK MILLION	30.09.13	30.09.12	31.12.12
Gross principal	438	306	460
Individual write-downs	108	66	99
Net principal	**330**	**240**	**361**

Loans past due more than 3 months by sector and as a percentage of loans [1, 2]

NOK MILLION	GROSS OUTSTANDING 30.09.13	%	GROSS OUTSTANDING 30.09.12	%	GROSS OUTSTANDING 31.12.12	%
Corporate loans	82	1.46	50	0.88	54	0.78
Retail loans	51	0.61	68	0.92	63	0.77
Guarantee Portfolio	0	0.00	21	3.44	0	0.00
Total	**133**	**0.91**	**139**	**1.01**	**117**	**0.75**

[1] With regard to disclosures in the notes concerning loans past due (non-performing loans), other loans with individual write-downs, and loans past due by sector and as a percentage of loans, the figures stated include the Guarantee Portfolio vis-à-vis SpareBank 1 SMN.

[2] Loans past due more than 3 months as a percentage of loans are calculated on the basis of loans in the remaining entity and the Guarantee Portfolio.

NOTE 8. OVERVIEW OF GROSS LENDING IN MANAGED PORTFOLIO

NOK MILLION	**30.09.13**	**30.09.12**	**31.12.12**
Corporate and retail loans	14 080	11 997	14 191
Vendor financing	-22	1 137	911
Gross lending	14 058	13 134	15 102
Loans transferred to SpareBank 1 Boligkreditt	6 967	6 356	6 240
Total loans in managed portfolio	21 025	19 490	21 342
Divested portfolio	0	13	13

NOTE 9. TRANSFER OF LOANS TO SPAREBANK 1 NÆRINGSKREDITT

SpareBank1 Næringskreditt AS was established in 2009 and is licensed by the Financial Supervisory Authority of Norway to operate as a credit institution. The company's bonds have an AA2 rating from Moody's. 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. BN Bank has a 14.95% shareholding in the company at 30 September 2013. The purpose of the company is to secure for the consortium banks 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. Loans transferred to Sparebank 1 Næringskreditt AS are secured by mortgages on commercial properties for up to 60 per cent of the appraised value. Transferred loans are legally owned by Sparebank 1 Næringskreditt AS and, apart from the management right and the right to take over fully or partially written-down loans, BNkreditt has no right to the use of these loans. As at 30 September 2013, the book value of transferred loans was NOK 11.4 billion. BNkreditt 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.

BN Bank has put up guarantees for the transferred loan commitments where they exceed 25 per cent of SpareBank 1 Næringskreditt's capital base. As at 30 September 2013, these guarantees totalled NOK 19 million.

The loans transferred to SpareBank 1 Næringskreditt AS are very well secured and there is only a very slight probability of loss. BNkreditt has a remaining involvement in the form of a possible settlement against the commission it receives. Should there arise accounting credit losses or a fall in margin relating to one or more transferred loans, SpareBank 1 Næringskreditt AS can reduce the commission BNkreditt receives with the loss. A reduction in commission for BNkreditt is limited to the total commission for the calendar year and if SpareBank 1 Næringskreditt AS subsequently has its loss covered, the commission will be paid back to BNkreditt. The maximum amount which BNkreditt can be required to pay back has been calculated, but is not material and is thus not recorded on the balance sheet. The fair value of the expected reduction in commission has been calculated and deemed immaterial. A possible settlement against the commission has therefore had no effect on the balance sheet or the result during the period.

The consideration received for loans transferred from BNkreditt to SpareBank 1 Næringskreditt AS is equal to the nominal value of transferred loans and is measured as virtually concurrent with the fair value of the loans as at 30 September 2013 and for full-year 2012.

Guarantee provided by BN Bank to BNkreditt

In order to attend to the interests of existing bond holders in BNkreditt, in connection with the transfer of loans to Sparebank 1 Næringskreditt 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 September 2013, BNkreditt's capital adequacy ratio was 17.21 per cent. The amount the Parent Bank is ceding precedence for stood at NOK 491 million as at 30 September 2013.

NOTE 10. TRANSFER OF LOANS TO SPAREBANK 1 BOLIGKREDITT

SpareBank 1 Boligkreditt is owned by the savings banks that form the SpareBank 1 consortium and is co-located with SpareBank 1 Næringskreditt AS in Stavanger. BN Bank had a 3.90% shareholding in the company as at 30 September 2013. 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. The company's bonds have ratings of Aaa and AAA from Moody's and Fitch respectively. SpareBank 1 Boligkreditt 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 SpareBank 1 Boligkreditt and, as part of the Bank's funding strategy, loans have been transferred to the company. Loans transferred to SpareBank 1 Boligkreditt AS are secured by mortgages on residential properties for up to 75 per cent of the appraised value. Transferred loans are legally owned by SpareBank 1 Boligkreditt AS and, apart from the management right and the right to take over fully or partially written-down loans, BN Bank has no right to the use of these loans. At 30 September 2013, the book value of transferred loans was NOK 7.0 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.

BN Bank has, in conjunction with the other owners of SpareBank 1 Boligkreditt AS, entered into agreements to establish a liquidity facility for SpareBank 1 Boligkreditt AS. This means that the owner banks have undertaken to purchase covered bonds in the case that SpareBank 1 Boligkreditt AS is unable to refinance its business in the market. The purchase is limited to the total value of the maturities in the company at any time in the next twelve months. Previous purchases under this agreement are deducted from future purchase obligations. Each owner is principally liable for his share of the refinancing need, alternatively for the double of what the primary liability may be in accordance with the same agreement. The bonds can be deposited in Norges Bank and thus give rise to no material increase in risk for BN Bank. According to its own internal policy, SpareBank 1 Boligkreditt AS maintains its liquidity for the next 12 months' maturities. This is deducted when the banks' liability is measured. It is therefore only in the event that SpareBank 1 Boligkreditt AS no longer has sufficient liquidity for the next 12 months' maturities that BN Bank will report any commitment here with regard to capital adequacy or major commitments.

BN Bank has also entered into a shareholder agreement with the shareholders of SpareBank 1 Boligkreditt AS. Among other things, this means that BN Bank will contribute to SpareBank 1 Boligkreditt AS having a tier 1 capital ratio of at least 9.0 per cent, and if required inject tier 1 capital if it falls to a lower level. SpareBank 1 Boligkreditt AS has internal guidelines stipulating a tier 1 capital ratio of at least 10.0 per cent. On the basis of a concrete assessment, BN Bank has chosen not to hold capital for this obligation because the risk of BN Bank being compelled to contribute is considered very slight. Reference is also made in that connection to the fact that there are a number of alternative courses of action which may be relevant should such a situation arise.

The loans transferred to SpareBank 1 Boligkreditt AS are very well secured and there is only a very slight probability of loss. BN Bank has a remaining involvement in the form of a possible settlement against the commission it receives. Should there arise accounting credit losses or a fall in margin relating to one or more transferred loans, SpareBank 1 Boligkreditt AS can reduce the commission BN Bank receives with the loss. A reduction in commission for BN Bank is limited to the total commission for the calendar year and if SpareBank 1 Boligkreditt AS subsequently has its loss covered, the commission will be paid back to BN Bank. The maximum amount which BN Bank can be required to pay back has been calculated, but is not material and is thus not recorded on the balance sheet. The fair value of the expected reduction in commission has been calculated and deemed immaterial. A possible settlement against the commission has therefore had no effect on the balance sheet or the result during the period.

The consideration received for loans transferred from BN Bank to SpareBank 1 Boligkreditt AS is equal to the nominal value of transferred loans and is measured as virtually concurrent with the fair value of the loans as at 30 September 2013 and for full-year 2012.

NOTE 11. BORROWING (FUNDING)

Fixed-rate borrowings that are part of index linking are carried in the consolidated balance sheet at amortised cost, while other fixed-rate borrowings are selected for fair value carrying. Floating-rate borrowings are carried at amortised cost.

Debt securities in issue

The Parent Bank has issued bonds and certificates with a total face value of NOK 5 070 million as at 30 September 2013, either as new issues or increases in existing tap issues.

NOK MILLION	CERTIFICATES	BONDS	TOTAL
Net debt (face value) as at 1 January 2013	3 084	10 860	13 944
New issues	0	1 635	1 635
Increase in existing issues	0	360	360
Purchase and maturity of existing issues	-392	-1 484	-1 876
Net debt (face value) as at 31 March 2013	**2 692**	**11 371**	**14 063**
New issues	1 500	0	1 500
Increase in existing issues	50	695	745
Purchase and maturity of existing issues	-1 462	-499	-1 961
Net debt (face value) as at 30 June 2013	**2 780**	**11 567**	**14 347**
New issues	0	0	0
Increase in existing issues	0	830	830
Purchase and maturity of existing issues	-847	-802	-1 649
Net debt (face value) as at 30 September 2013	**1 933**	**11 595**	**13 528**

Subordinated loan capital and perpetual subordinated capital securities

The Parent Bank has issued no subordinated loans as at 30 September 2013.

NOK MILLION	PER. SUBORD. CAP. SEC.	SUBORDINATED LOAN CAPITAL	TOTAL
Net debt (face value) as at 1 January 2013	650	955	1 605
New issues	0	0	0
Increase in existing issues	0	0	0
Purchase and maturity of existing issues	0	-156	-156
Net debt (face value) as at 31 March 2013	**650**	**799**	**1 449**
Net debt (face value) as at 1 January 2013	650	955	1 605
New issues	0	0	0
Increase in existing issues	0	0	0
Purchase and maturity of existing issues	0	-156	-156
Net debt (face value) as at 30 June 2013	**650**	**799**	**1 449**
Net debt (face value) as at 1 January 2013	650	955	1 605
New issues	0	0	0
Increase in existing issues	0	0	0
Purchase and maturity of existing issues	0	-156	-156
Net debt (face value) as at 30 September 2013	**650**	**799**	**1 449**

Recognised values

NOK MILLION	30.09.13	30.09.12	31.12.12
Certificates carried at fair value	1 957	2 636	3 131
Total recognised value of certificates	**1 957**	**2 636**	**3 131**
Bonds carried at amortised cost	8 257	8 160	8 192
Bonds carried at amortised cost (secured debt)	3 271	2 299	2 581
Bonds selected for fair value carrying	224	227	219
Total recognised value of bonds	**11 752**	**10 686**	**10 992**
Total recognised value of debt securities in issue	**13 709**	**13 322**	**14 123**

NOK MILLION	30.09.13	30.09.12	31.12.12
Perpetual subordinated capital securities carried at amortised cost	483	482	482
Perpetual subordinated capital securities carried at fair value	170	169	172
Total recognised value of perpetual subordinated capital securities	**653**	**651**	**654**
Subordinated loans carried at amortised cost	803	803	959
Total recognised value of subordinated loans	**803**	**803**	**959**
Total recognised value of subordinated loans and perpetual subordinated capital securities	**1 456**	**1 454**	**1 613**

NOTE 12. DIVESTED OPERATION

In connection with a loan defaulted on in 2010, BN Bank took over 100% of the shares in a company and then sold the company in the second quarter of 2012.

NOTE 13. FAIR VALUE OF FINANCIAL INSTRUMENTS COMPARED WITH RECOGNISED VALUE

	30.09.13		30.09.12		31.12.12	
NOK MILLION	**FAIR VALUE**	**RECOGNISED VALUE**	**FAIR VALUE**	**RECOGNISED VALUE**	**FAIR VALUE**	**RECOGNISED VALUE**
Subordinated loans	452	451	526	526	453	451
Loans and advances	14 060	14 060	13 077	13 077	15 043	15 043
Prepayments and accrued income	193	193	80	80	53	53
Interest rate derivatives	544	544	688	688	609	609
Currency derivatives	9	9	70	70	52	52
Equity-linked options and equity options	0	0	3	3	1	1
Short-term securities investments	7 359	7 355	5 546	5 547	5 620	5 612
Cash and balances due from credit institutions	10 889	10 889	13 364	13 364	12 860	12 860
Assets classified as held for sale	0	0	1	1	1	1
Subordinated loan capital	-1 478	-1 456	-1 439	-1 454	-1 605	-1 613
Liabilities to credit institutions	-787	-787	-1 147	-1 147	-806	-806
Debt securities in issue	-13 732	-13 709	-13 321	-13 322	-14 217	-14 123
Accrued expense and deferred income	-118	-118	-51	-51	-119	-119
Other current liabilities	-58	-58	-13	-13	-1	-1
Interest rate derivatives	-424	-424	-603	-603	-556	-556
Currency derivatives	-66	-66	-44	-44	-47	-47
Customer deposits & accounts payable to customers	-16 170	-16 170	-16 362	-16 362	-16 910	-16 910
Total	673	713	375	360	431	507

In the case of short-term financial instruments, the recognised amount will normally always be a good approximation of fair value. Financial derivatives and short-term securities investments are carried in their entirety at fair value, and consequently no difference will be presented in the balance sheet between fair value and recognised value.

NOTE 14. RIGHT OF SET-OFF, FINANCIAL DERIVATIVES

As of 2013 the BN Bank Group will disclose which financial instruments it has entered into off-setting agreements concerning, in accordance with IFRS 7.13 A-F.

The Group enters into standardised and chiefly bilateral ISDA contracts for derivatives transactions with financial institutions, which give the parties the right of set-off in the event of default. The Group has also entered into additional collateral-posting agreements (CSAs) with some of the counterparties.

Financial assets 30.09.13

COUNTERPARTY	AMOUNT IN BALANCE SHEET	AMOUNT SUBJECT TO SETTLEMENT ON NET BASIS[1]	AMOUNT AFTER POSSIBLE NET-OFFS
Counterparty 1	277	37	240
Counterparty 2	102	102	0
Counterparty 3	65	18	47
Counterparty 4	51	16	35
Counterparty 5	44	36	8
Counterparty 6	14	9	5
Total	553	218	335

Financial liabilities 30.09.13

COUNTERPARTY	AMOUNT IN BALANCE SHEET	AMOUNT SUBJECT TO SETTLEMENT ON NET BASIS[1]	AMOUNT AFTER POSSIBLE NET-OFFS
Counterparty 1	37	37	0
Counterparty 2	374	102	272
Counterparty 3	18	18	0
Counterparty 4	16	16	0
Counterparty 5	36	36	0
Counterparty 6	9	9	0
Total	490	218	272

Financial assets 30.09.12

COUNTERPARTY	AMOUNT IN BALANCE SHEET	AMOUNT SUBJECT TO SETTLEMENT ON NET BASIS[1]	AMOUNT AFTER POSSIBLE NET-OFFS
Counterparty 1	378	72	306
Counterparty 2	191	191	0
Counterparty 3	71	27	44
Counterparty 4	59	24	35
Counterparty 5	47	47	0
Counterparty 6	15	12	3
Counterparty 7	0	0	0
Counterparty 8	0	0	0
Total	761	373	388

Financial liabilities 30.09.12

COUNTERPARTY	AMOUNT IN BALANCE SHEET	AMOUNT SUBJECT TO SETTLEMENT ON NET BASIS[1]	AMOUNT AFTER POSSIBLE NET-OFFS
Counterparty 1	72	72	0
Counterparty 2	432	191	241
Counterparty 3	27	27	0
Counterparty 4	24	24	0
Counterparty 5	58	47	11
Counterparty 6	12	12	0
Counterparty 7	2	0	2
Counterparty 8	0	0	0
Total	627	373	254
No right of set-off	20		

Financial assets 31.12.12

COUNTERPARTY	AMOUNT IN BALANCE SHEET	AMOUNT SUBJECT TO SETTLEMENT ON NET BASIS[1]	AMOUNT AFTER POSSIBLE NET-OFFS
Counterparty 1	355	69	286
Counterparty 2	151	151	0
Counterparty 3	68	28	40
Counterparty 4	41	15	26
Counterparty 5	38	38	0
Counterparty 6	9	9	0
Total	662	310	352

Financial liabilities 31.12.12

COUNTERPARTY	AMOUNT IN BALANCE SHEET	AMOUNT SUBJECT TO SETTLEMENT ON NET BASIS[1]	AMOUNT AFTER POSSIBLE NET-OFFS
Counterparty 1	69	69	0
Counterparty 2	417	151	266
Counterparty 3	28	28	0
Counterparty 4	15	15	0
Counterparty 5	62	38	24
Counterparty 6	11	9	2
Counterparty 7	1	0	1
Total	603	310	293

[1] The amount subject to settlement on a net basis that is not presented net in the balance sheet

NOTE 15. CAPITAL ADEQUACY

Process for assessing the capital adequacy requirement

BN Bank has established a strategy and process for risk management and assessment of the capital adequacy requirement and how capital adequacy can be maintained. The collective term for this is ICAAP (Internal Capital Adequacy Assessment Process). Assessing the capital adequacy requirement includes assessing the size, composition and distribution of the capital base adapted to the level of risks that the Bank is or may be exposed to. The assessments are risk-based and forward-looking. Risk areas assessed in addition to the Pillar 1 risks are concentration risk in the credit portfolio, interest rate and foreign exchange risk in the bank portfolio, liquidity risk, market risk, owner's risk and reputation risk, compliance risk and strategic risk. ICAAP is not focused on a single method or a single figure, but presents a set of calculations including different time horizons, confidence levels and assumptions.

NOK MILLION	30.09.13	30.09.12	31.12.12
Share capital	706	668	668
Other reserves	1 604	1 413	1 531
Total equity	**2 310**	**2 081**	**2 199**
Net perpetual subordinated capital (perpetual subordinated capital securities borrowings) [1]	376	347	365
Deductions for:			
Equity and subordinated capital in other financial institutions	-173	-91	-121
Intangible assets	-6	-18	-10
Deferred tax assets	0	0	0
Other deductions in tier 1 capital	0	0	
Tier 1 capital	**2 507**	**2 319**	**2 433**
Tier 1 capital excluding hybrid capital and deductions (core tier 1 capital)	**2 131**	**1 972**	**2 068**
Fixed-term subordinated loan capital	797	803	958
Perpetual subordinated capital securities, hybrid capital in excess of 15%	275	304	290
Deductions for:			
Fixed-term subordinated loan capital that cannot be included	0	-120	-214
Other deductions in tier2 capital	-173	-91	-121
Net tier 2 capital	**899**	**896**	**913**
Total capital base	**3 406**	**3 215**	**3 346**
Risk-weighted assets	17 758	15 637	16 921
Tier 1 capital ratio (%)	**14.11**	**14.84**	**14.38**
Tier 1 capital excluding hybrid capital and deductions (core tier 1 capital) (%)	**12.00**	**12.61**	**12.22**
Capital adequacy ratio (%)	**19.18**	**20.56**	**19.77**

[1] For more details, see Note 11.

Specification of risk-weighted assets

	30.09.13		30.09.12		31.12.12	
NOK MILLION	**RECOGNISED AMOUNT**	**WEIGHTED AMOUNT**	**RECOGNISED AMOUNT**	**WEIGHTED AMOUNT**	**RECOGNISED AMOUNT**	**WEIGHTED AMOUNT**
0 %	814	0	1 318	0	1 486	0
10 %	2 139	214	2 089	209	2 094	209
20 %	14 318	2 864	17 289	3 458	16 243	3 249
35 %	9 081	3 177	7 848	2 747	8 935	3 127
50 %	100	50	0	0	0	0
75 %	100	75	80	60	76	57
100 %	11 378	11 378	9 163	9 163	10 279	10 279
Investments included in the trading portfolio	0	0	0	0	0	0
Tradeable debt instruments included in the trading portfolio	0	0	0	0	0	0
Total risk-weighted assets	**37 930**	**17 758**	**37 787**	**15 637**	**39 113**	**16 921**
Capital adequacy		**19.18**		**20.56**		**19.77**

NOTE 16. CONTINGENT LIABILITIES

Sale of structured products

BN Bank was sued in a group action over structured savings products in 2008. The Supreme Court ruled in February 2010 that group litigation is not appropriate for assessing this type of product. The group action against BN Bank has thus been brought to a conclusion.

Three of the Bank's customers then sued the Bank individually in the District Court, but the Court ruled against them on 8 July 2011. The ruling was appealed to the Borgarting Court of Appeal, but the case was settled in court with the same result for the Bank as after the District Court's decision, whereby the Bank was obliged to pay its own costs.

BN Bank has also provided loans to finance Artemis structured products. BN Bank was sued by six customers, but the lawsuits were settled in court without the Bank having paid any compensation to the applicants.

In March 2013, the Supreme Court passed judgment in the so-called "Røeggen case". The Norwegian Financial Services Complaints Board has in that connection requested BN Bank and other banks to reassess the complaints against them that have been brought before the Board, in the light of the court judgment. BN Bank has found no grounds for changing its standpoint and still takes the view that the cases the Bank is involved in are not comparable with the "Røeggen case". As a result, no provision has been made relating to structured savings products to date in 2013.

NOTE 17. CONTINGENT OUTCOMES, EVENTS AFTER THE REPORTING PERIOD

Apart from the matters mentioned in Note 16 above, there are no assets or liabilities to which contingent outcomes are attached and where those outcomes could have a significant impact on the Group's financial position and results.

NOTE 18. INCOME STATEMENTS FOR THE LAST FIVE QUARTERS

NOK MILLION	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Interest and similar income	304	308	315	307	314
Interest expense and similar charges	257	267	276	268	267
Net income from interest and credit commissions	**47**	**41**	**39**	**39**	**47**
Change in value of financial instruments carried at fair value, gains and losses	4	17	19	14	5
Other operating income	22	26	16	20	8
Amicable settlement	0	0	0	117	0
Total other operating income	**26**	**43**	**35**	**151**	**13**
Salaries and general administrative expenses	25	23	27	28	32
Depreciation, amortisation and write-downs	3	3	3	17	5
Other operating expense	5	5	4	3	1
Total other operating expense	**33**	**31**	**34**	**48**	**38**
Operating profit before impairment losses	**40**	**53**	**40**	**142**	**22**
Impairment losses on loans and advances	-16	0	-4	74	21
Operating profit after impairment losses	**56**	**53**	**44**	**68**	**1**
Income from ownership interests in group companies	0	118	0	0	0
Profit before tax	**56**	**171**	**44**	**68**	**1**
Computed tax charge	16	15	12	20	0
Profit after tax	**40**	**156**	**32**	**48**	**1**

Til Styret i BN Bank ASA

Uttalelse om forenklet revisorkontroll av delårsrapportering

Innledning

Vi har foretatt en forenklet revisorkontroll av vedlagte delårsrapportering for BN Bank ASA som består av konsernregnskap og selskapsregnskap. Konsernregnskapet og selskapsregnskapet består av balanse pr. 30. september 2013 og tilhørende resultatregnskap og oppstilling over endringer i egenkapital og kontantstrømoppstilling for nimånedersperioden avsluttet denne dato. Ledelsen er ansvarlig for utarbeidelsen og fremstillingen av delårsrapporteringen i samsvar med International Accounting Standard 34 "Interim Financial Reporting". Vår oppgave er å avgi en uttalelse om delårsrapporteringen basert på vår forenklede revisorkontroll.

Omfanget av den forenklede revisorkontrollen

Vi har utført vår forenklede revisorkontroll i samsvar med ISRE 2410 "Forenklet revisorkontroll av delårsregnskaper, utført av foretakets valgte revisor". En forenklet revisorkontroll av en delårsrapportering består i å rette forespørsler, primært til personer med ansvar for økonomi og regnskap, og å gjennomføre analytiske og andre kontrollhandlinger. En forenklet revisorkontroll har et betydelig mindre omfang enn en revisjon utført i samsvar med revisjonsstandarder fastsatt av Den norske Revisorforening, og gjør oss følgelig ikke i stand til å oppnå sikkerhet om at vi er blitt oppmerksomme på alle vesentlige forhold som kunne ha blitt avdekket i en revisjon. Vi avgir derfor ikke revisjonsberetning.

Konklusjon

Vi har ved vår forenklede revisorkontroll ikke blitt oppmerksomme på noe som gir oss grunn til å tro at den vedlagte delårsrapporteringen i det alt vesentlige ikke er utarbeidet i samsvar med International Accounting Standard 34 "Interim Financial Reporting".

Trondheim, 29. oktober 2013
PricewaterhouseCoopers AS

Rune Kenneth S. Lædre
Statsautorisert revisor

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