BN Bank

BN Bank ASA

INTERIM REPORT 3RD QUARTER | 2012

Content

Highlights of year to end of Q3 2012

(Figures compared with year to end of Q3 2011)

- Profit after tax of NOK 104 million (NOK 128 million)
- Profit after tax of core business totalling NOK 157 million (NOK 90 million)
- Return on equity after tax of 4.3 per cent (5.6 per cent)
- Return on equity after tax of core business 6.5 per cent (4.0 per cent).
- Tier 1 capital ratio of 12.1 per cent (10.9 per cent); core tier 1 capital ratio of 10.3 per cent (9.5 per cent)
- 11 per cent growth in business lending and 6 per cent growth in retail lending in the past 12 months
- SpareBank 1 SMN took over NOK 2.3 billion of the NOK 3.1 billion portfolio in Ålesund as at 1 February 2012. BN Bank is now providing guarantees for 60% of the credit risk for this portfolio ("Guarantee Portfolio"). BN Bank's maximum loss is thus now down to NOK 443 million, which at the end of Q3 2012 was 1.4 per cent of the Group's total lending.

Financial Ratios

NOK MILLION	NOTE	30.09.12	30.09.11	FULL-YEAR 2011
Summary of results				
Net income from interest and credit commissions		258	279	385
Total other operating income		112	77	103
Total income		**370**	**356**	**488**
Total other operating expense		**191**	**163**	**234**
Operating profit/(loss) before impairment losses		**179**	**193**	**254**
Impairment losses on loans and advances		36	44	62
Profit/(loss) before tax		**143**	**149**	**192**
Computed tax charge		39	33	44
Profit/(loss) for the period, remaining entity		**104**	**116**	**148**
Profitability				
Return on equity	1	4,3 %	5,6 %	5,0 %
Net interest margin	2	0,85 %	0,91 %	0,94 %
Cost-income ratio	3	51,6 %	45,8 %	48,0 %
Balance sheet figures				
Gross lending		31 885	33 191	33 439
Customer deposits		16 362	15 340	15 959
Deposit-to-loan ratio	4	51,3 %	46,2 %	47,7 %
Increase/decrease in lending (gross) last 12 months		-3,9 %	7,5 %	2,6 %
Increase/decrease in deposits last 12 months		6,7 %	-3,5 %	-2,7 %
Average total assets (ATA)	5	40 605	40 996	40 887
Total assets		40 526	40 905	40 722
Balance sheet figures remaining entity including SpareBank 1 Næringskreditt and SpareBank 1 Boligkreditt				
Gross lending		47 913	44 590	45 663
Customer deposits		16 362	15 340	15 959
Increase/decrease in lending (gross) last 12 months		7,5 %	7,9 %	8,0 %
Increase/decrease in deposits last 12 months		6,7 %	-3,5 %	-2,7 %
Shared of lending financed via deposits		34,1 %	34,4 %	34,9 %
Losses on loans and non-performing loans				
Loss ratio lending	6	0,15 %	0,18 %	0,19 %
Non-performing loans as a percentage of gross lending in the Group and the Ålesund portfolio	7	1,47 %	0,80 %	0,59 %
Other doubtful commitm. as a percentage of gross lending in the Group and the Ålesund portf.	7	1,14 %	1,55 %	1,87 %
Solvency				
Capital adequacy ratio		14,9 %	13,8 %	13,7 %
Tier 1 capital ratio		12,1 %	10,9 %	11,0 %
Tier 1 capital		3 593	3 520	3 644
Capital base		4 418	4 442	4 543
Offices and staffing				
Number of offices		2	2	2
Number of full-time equivalents		110	100	108
Shares				
Earnings per share for period (whole NOK) before discont. operations		8,01	9,37	11,39
Earnings per share for period (whole NOK) inc. discontinued operations		8,01	10,34	11,86

Notes

1) Profit after tax as a percentage of average equity
2) Total net interest margin to date this year in relation to average total assets (ATA)
3) Total operating expense as a percentage of total operating income
4) Customer deposits as a percentage of lending to customers
5) Average total assets (ATA) are calculated as an average of quarterly total assets and as at 1 January and 31 December
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 three quarters to 30 September 2012

The comparative figures in parentheses below are for the three quarters to 30 September 2011:

- Growth in lending of NOK 3 323 million in the past 12 months (NOK 3 253 million)
- Profit after tax of NOK 104 million (NOK 128 million)
- Profit after tax of core business totalling NOK 157 million (NOK 90 million)
- Return on equity after tax of 4.3 per cent (5.6 per cent)
- Return on equity after tax of core business of 6.5 per cent (4.0 per cent)
- Impairment losses on loans and advances of NOK 36 million (NOK 44 million)
- Tier 1 capital ratio of 12.1 per cent (10.9 per cent)
- Core tier 1 capital ratio of 10.3 per cent (9.5 per cent)

Highlights of year to the end of Q3 2012

The comparative figures in parentheses below are for the three quarters to 30 September 2011.

For the three quarters to 30 September 2012, the BN Bank Group posted a profit after tax of NOK 104 million (NOK 128 million). The decrease in profit is owing to a negative trend in the performance of the Guarantee Portfolio in 2012 and a gain on the sale of BN Bank's head office in 2011. The Bank's core business (the business and retail banking activities), saw an increase in post-tax profit of NOK 67 million.

Total income for the year to 30 September 2012 was NOK 370 million (NOK 356 million). An increase in the volume of lending and positive changes in the value of financial instruments made a positive contribution to income, but this was pulled down by a decrease in income from the Guarantee Portfolio.

Operating expenses for the year to 30 September 2012 were NOK 191 million (NOK 163 million). The most important reason for the rise in operating expenses is the gain on the sale of the Bank's head office[1] in Q3 2011. The cost-income ratio for the three quarters to 30 September 2012 was 52 per cent (46 per cent).

Net impairment losses on loans and guarantees for the year to 30 September 2012 totalled NOK 36 million (NOK 44 million), including a decrease in collective write-downs of NOK 21 million (NOK 0 million).

Non-performing loans as at 30 September 2012 were 1.47 per cent of gross lending in the Group and the Guarantee Portfolio (0.80 per cent).

On a 12-month basis, growth in lending was 7.5 per cent and growth in deposits 6.7 per cent at the end of the three quarters to 30 September 2012. Business lending has increased by NOK 3.0 billion, while the volume of retail lending has increased by NOK 0.8 billion in the past 12 months. Loans to SpareBank 1 SMN as a result of the transfer of the Ålesund portfolio have fallen by NOK 0.6 billion in the past 12 months.

In the year to 30 September 2012, BN Bank issued certificates and bonds in the Norwegian bonds market for a total of NOK 8.6 billion. The Bank also transferred NOK 1.0 billion and NOK 2.7 billion to SpareBank 1 Næringskreditt and SpareBank 1 Boligkreditt respectively.

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

FIGURES IN %	Q3 2012	Q3 2011
Capital adequacy ratio	14.8	13.8
Tier 1 capital ratio	12.1	10.9
Core tier 1 capital ratio	10.3	9.5

[1] The gain on the sale of the head office was classified as Other operating expense.

See Note 9 for more details of the capital adequacy ratio.

BN Bank's total assets as at 30 September 2012 were NOK 40.5 billion (NOK 40.9 billion).

On 26 January 2012, Oslo District Court gave judgment in the case in which the Icelandic bank Glitnir banki hf, has sued BN Bank ASA for what Glitnir claims was an unlawful offset of about NOK 240 million. According to the judgment, BN Bank ASA was ordered to pay Glitnir NOK 213 million plus interest. The Court found that about NOK 27 million was lawfully offset. In BN Bank's view, the Court has made an error on a key point relating to the largest single item that the offset was made against, but BN Bank has otherwise won on the other, important points. BN Bank has accordingly appealed the judgment to the Borgarting Court of Appeal. As BN Bank has previously reported the offset amount as lost, the judgment has only a limited negative accounting effect for the Bank.

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 SpareBank1 SMN took over NOK 2.3 billion of the portfolio valued at NOK 3.1 billion. BN Bank is now providing guarantees for 60 per cent of the credit risk for the remaining portfolio (known as the "Guarantee Portfolio"). This has reduced BN Bank's theoretical maximum exposure to NOK 443 million, which was 1.4 per cent of the Bank's total lending as at 30 September 2012.

Economic developments

BN Bank presents its consolidated and separate interim 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.

Profit performance for Q3 2012

The comparative figures in parentheses below are the second-quarter figures for 2012.

For the third quarter of 2012, BN Bank's profit after tax was NOK 38 million (NOK 29 million), producing a return on equity of 4.7 per cent (3.7 per cent). The increase in profit is attributable to an increase in the volume of lending, improved lending margins and positive changes in the value of financial instruments.

Income

Total income for the third quarter of 2012 was NOK 127 million (NOK 116 million).

NOKm	Q3 2012	Q2 2012	CHANGE
Total income	127	116	11
Margins and volumes on lending/deposits			12
Interest on overdue payments			-2
Value changes, financial instruments			5
Return on unrestricted funds (equity)			-1
Other			-3

In third-quarter 2012, changes in the value of financial instruments totalled NOK 5 million (NOK 0 million). See Note 2 for more information about the value changes.

Operating expense

Third-quarter operating expense was NOK 62 million (NOK 62 million). A decrease in consultancy and marketing costs was balanced out by one-time costs on pay and pension expenditure.

BN Bank's cost-income ratio for third-quarter 2012 was 49 per cent (53 per cent).

Impairment losses and non-performing loans

Impairment losses on loans for the third quarter of 2012 totalled NOK 13 million (NOK 14 million).

Impairment losses on loans in third-quarter 2012 were NOK 1 million in retail loans, income recognition of NOK 6 million in corporate loans, and income recognition of NOK 18 million in the Guarantee Portfolio.

Collective write-downs were down by NOK 1 million in the third quarter.

Individual and collective impairment losses on loans in third-quarter 2012 were as follows:

NOKm	INDIVIDUAL	COLLECTIVE
Corporate	-6	-1
Retail	1	0
Guarantee Portfolio	18	0

Non-performing and doubtful loans, less individual write-downs, totalled NOK 760 million (NOK 810 million) at the end of third-quarter 2012, which is 2.30 per cent (2.55 per cent) of gross lending in the Group and the Guarantee Portfolio. See Note 6 for more information.

Loan loss provisions at the end of the third quarter of 2012 totalled NOK 107 million, of which individual write-downs accounted for NOK 42 million and collective write-downs NOK 65 million. Total loan loss provisions at the end of the third quarter were as follows:

	LOAN LOSS PROVISIONS (NOKm)	% OF GROSS LENDING GROUP
Corporate	94	0.46
Retail	13	0.16

In addition, provision of NOK 51 million has been made as a financial loss guarantee relating to the Guarantee Portfolio.

Total assets

BN Bank's total assets were NOK 40.5 billion at the end of the third quarter of 2012, which is NOK 0.4 billion down on the past year. The decrease is attributable to a transfer of loans to SpareBank 1 Næringskreditt and SpareBank 1 Boligkreditt.

Growth in lending and deposits

Gross managed lending[2] has increased by NOK 3.3 billion, or 7.5 per cent, in the past 12 months. Gross managed loans totalled NOK 47.9 billion at the end of third-quarter 2012.

NOKbn	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Gross lending	47.9	47.1	45.9	45.7
Change in the quarter	0.8	1.2	0.2	1.1

Gross managed lending had the following segmental exposure as at 30 September 2012:

NOKbn	Q3 2012	Q3 2011
Retail	14.0	13.2
Corporate	32.8	29.6
Loans transferred to SpareBank 1 SMN	1.1	1.7

Growth in corporate lending in the past 12 months was NOK 3.1 billion, or 11 per cent, while growth in retail lending in the past 12 months was NOK 0.8 billion, or 6 per cent.

Gross lending in the BN Bank Group[3] as at 30 September 2012 had the following sectoral exposure:

FIGURES IN %	Q3 2012	Q3 2011
Real estate operations	60	52
Retail market	26	32
Financial industry	8	5
Other	6	11

At the end of third-quarter 2012 a loan portfolio of NOK 9.7 billion had been transferred to SpareBank 1 Næringskreditt and a loan portfolio of NOK 6.4 billion to SpareBank 1 Boligkreditt.

Customer deposits have increased by NOK 1.1 billion in the past 12 months. Total deposits stood at NOK 16.4 billion at the end of the third quarter of 2012.

The deposit-to-loan ratio at the end of third-quarter 2012 was 51.3 per cent, which is 5.1 percentage points higher than at 30 September 2011.

[2] Gross managed lending is the sum total of corporate and retail lending in BN Bank, SpareBank 1 Næringskreditt, SpareBank 1 Boligkreditt and loans transferred to SpareBank 1 SMN.

[3] Gross lending for the Group is the sum total of corporate and retail lending in BN Bank and loans transferred to SpareBank 1 SMN.

Funding and liquidity

In the third quarter, BN Bank issued certificates and bonds for a total of NOK 2.6 billion.

The Bank's liquidity portfolio was NOK 6.1 billion at the end of third-quarter 2012.

BN Bank's target is to have at all times sufficient liquid funds to manage without accessing any new external funding for a period of 12 months. At the end of the third quarter of 2012, this target had been met by a good margin.

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). The Group also includes the real estate company Collection Eiendom AS.

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

Bolig- og Næringskreditt AS

BNkreditt provides low-risk mortgage loans on commercial real estate. At the end of the third quarter of 2012 the company had a gross loan portfolio totalling NOK 18.5 billion, compared with NOK 15.8 billion as at 30 September 2011. NOK 9.7 billion in loans had been transferred to SpareBank1 Næringskreditt at 30 September 2012.

BNkreditt posted a profit after tax of NOK 77 million for the three quarters to 30 September 2012, compared with a post-tax profit of NOK 62 million for the same period last year. The increase in profit is primarily attributable to a decrease in impairment losses on loans.

Impairment losses on loans were recognised in income in the sum of NOK 2 million for the three quarters to 30 September 2012, compared with NOK 35 million recognised in expense for the same period in 2011. Collective write-downs were down by NOK 6 million for the year to 30 September 2012 and totalled NOK 36 million, which is 0.19 per cent of gross lending in the Group at 30 September 2012.

BNkreditt had NOK 4.3 billion in bond debt outstanding as at 30 September 2012, compared with NOK 4.5 billion as at 30 September 2011.

BN Bank has provided guarantees that BNkreditt will have a minimum capital adequacy ratio and junior financing of 20 per cent. BNkreditt's capital adequacy ratio and tier 1 capital ratio were, respectively, 16.0 per cent and 13.6 per cent as at 30 September 2012. The amount BN Bank is ceding precedence for in relation to guarantees was NOK 767 million as at 30 September 2012.

BN Boligkreditt AS

BN Boligkreditt is BN Bank's credit institution for issuance of covered bonds. At the end of the third quarter of 2012 the company had a residential mortgage portfolio totalling NOK 233 million, which is NOK 1.9 billion less than at 30 September 2011.

The company posted a post-tax profit of NOK 6 million for the year to 30 September 2012, compared with NOK 19 million for the same period of 2011. The decrease in profit is attributable to a fall in the volume of lending and a decrease in changes in the value of financial instruments.

The company's capital adequacy ratio was 140.8 per cent and the tier 1 capital ratio was 110.7 per cent as at 30 September 2011.

Collection Eiendom AS

Collection Eiendom AS was established in 2010 for the purpose of owning and managing real estate.

Collection Eiendom posted a zero result after tax as at 30 September 2012.

Outlook for BN Bank

BN Bank ASA is well capitalised and the Bank's funding is sound. There has been a good improvement in profitability within the core business. The Board of Directors are focusing on pursuing healthy profitability in the Bank's core areas in accordance with the adopted business strategy.

Turbulence in the financial markets and stricter requirements by the authorities as regards bank capitalisation will give rise to lower growth and higher lending interest rates going forward.

Low costs will be essential to enable BN Bank to realise its strategy, and for that reason the Bank has initiated a cost-cutting programme aimed at reducing annual costs from 2011 levels by NOK 30 million from the second quarter of 2013.

The Board expect to see continuing positive development within BN bank's core business.

Trondheim, 22 October 2012
The Board of Directors

Finn Haugan
(Chair)

Tore Medhus (Deputy Chair)	Stig Arne Engen	Harald Gaupen	Helene Jebsen Anker
Kristin Undheim	Anita Finserås Bretun (Employee Representative)	Ella Skjørestad	Gunnar Hovland (Managing Director)

Income Statement - Group

						GROUP
NOK MILLION	NOTE	Q3 2012	Q3 2011	30.09.2012	30.09.2011	FULL-YEAR 2011
Interest and similar income		394	415	1 223	1 200	1 639
Interest expense and similar charges		305	322	965	921	1 254
Net income from interest and credit commissions		89	93	258	279	385
Change in value of financial instruments at fair value, gains & losses	2	5	-13	20	-9	-20
Other operating income	3	33	31	92	86	123
Total other operating income		38	18	112	77	103
Salaries and general administrative expenses		50	53	157	161	222
Ordinary depreciation, amortisation and write-downs		5	4	14	12	16
Other operating expense		7	7	20	26	33
Other gains and losses	4	0	-36	0	-36	-37
Total other operating expense		62	28	191	163	234
Operating profit/(loss) before impairment losses		65	83	179	193	254
Impairment losses on loans and advances	6	13	16	36	44	62
Operating profit/(loss) after impairment losses		52	67	143	149	192
Profit/(loss) before tax		52	67	143	149	192
Tax charge		14	12	39	33	44
Profit/(loss) for the period, remaining entity		38	55	104	116	148
Result of operations under divestment	8	0	0	0	12	6
Profit/(loss) for the period including discontinued operations		38	55	104	128	154
Other Comprehensive Income		0	0	0	0	0
Change in value of financial assets available for sale		0	0	0	0	0
Total P&L items recognised in equity		0	0	0	0	0
Total profit/(loss) for the period		38	55	104	128	154

Balance Sheet - Group

NOK MILLION	NOTE	30.09.12	30.09.11	GROUP FULL-YEAR 2011
Deferred tax assets		43	54	43
Intangible assets		18	19	20
Tangible fixed assets	11	23	22	23
Repossessed properties		31	0	0
Loans and advances	5, 6, 12, 13	31 779	33 020	33 260
Prepayments and accrued income		78	71	70
Financial derivatives		859	507	865
Short-term securities investments		6 071	5 361	5 506
Cash and balances due from credit institutions		1 624	1 275	814
Assets classified as held for sale	8	0	576	121
Total assets		40 526	40 905	40 722
Share capital		668	649	649
Share premium		266	190	190
Retained earnings		2 325	2 290	2 316
Total equity		3 259	3 129	3 155
Subordinated loan capital	7	1 454	1 450	1 451
Liabilities to credit institutions		746	2 085	1 178
Debt securities in issue	7	17 837	17 650	17 950
Accrued expenses and deferred income	6	171	149	131
Other current liabilities		23	118	11
Tax payable		0	0	37
Financial derivatives		674	439	839
Customer deposits & accounts payable to customers		16 362	15 340	15 959
Liabilities classified as held for sale	8	0	545	11
Total liabilities		37 267	37 776	37 567
Total equity and liabilities		40 526	40 905	40 722

Trondheim, 22 October 2012
The Board of Directors

Changes in Equity - Group

NOK MILLION	SHARE CAPITAL	SHARE PREM. RES.	OTHER PAID-UP SHARE CAPITAL	OTHER RESERVES	TOTAL EQUITY
					GROUP
Balance Sheet as at 1 January 2011	619	68	0	2 315	3 002
Dividend paid	0	0	0	-152	-152
Share capital increase	30	122	0	0	152
Result for the period	0	0	0	127	127
Balance Sheet as at 30 September 2011	**649**	**190**	**0**	**2 290**	**3 129**
Result for the period	0	0	0	26	26
Balance Sheet as at 31 December 2011	**649**	**190**	**0**	**2 316**	**3 155**
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**	**2 325**	**3 259**

Trondheim, 22 October 2012
The Board of Directors

Statement of Cash Flows - Group

			GROUP
NOK MILLION	30.09.12	30.09.11	FULL-YEAR 2011
Cash flows from operating activities			
Interest/commission received and fees received from customers	1 816	1 547	2 353
Interest/commission paid and fees paid to customers	-91	-85	-433
Interest received on other investments	183	180	300
Interest paid on other loans	-606	-651	-882
Receipts/disbursements (-) on loans to customers	735	-751	-1 948
Receipts/payments on customer deposits & accounts payable to customers	313	-1 782	-1 465
Receipts/payments (-) on liabilities to credit institutions	-625	263	-232
Receipts/payments (-) on securities in issue	-219	1 027	1 395
Receipts on previously written-off debt	13	43	44
Other receipts/payments	-79	192	114
Payments to suppliers for goods and services	-70	-118	-152
Payments to employees, pensions and social security expenses	-82	-84	-102
Tax paid	-2	0	-2
Net cash flow from operating activities	1 286	-219	-1 010
Cash flows from investing activities			
Receipts/payments (-) on receivables from credit institutions	76	165	666
Receipts/payments (-) on short-term securities investments	-509	450	285
Receipts/payments (-) on long-term securities investments	0	0	0
Proceeds from sale of operating assets etc.	0	25	25
Purchase of operating assets etc.	-43	-58	-65
Proceeds from sale of subsidiaries	0	128	129
Net cash flow from investing activities	-476	710	1 040
Cash flow from financing activities			
Receipts of subordinated loan capital	0	-228	-228
Net cash flow from financing activities	0	-228	-228
Net cash flow for the period	810	263	-198
Cash and balances due from central banks as at 1 January	814	1 012	1 012
Cash and balances due from central banks at close of period	1 624	1 275	814

Notes - Group

NOTE 1. ACCOUNTING POLICIES

The third-quarter interim consolidated financial statements for the period 1 January to 30 September 2012 have been prepared in compliance with IFRS, including IAS 34 Interim Financial Reporting. A description of the accounting policies on which the interim consolidated financial statements are based is provided in the Annual Report for 2011.

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

	GROUP				
NOK MILLION	Q3 2012	Q3 2011	30.09.12	30.09.11	FULL-YEAR 2011
Change in value of interest rate derivatives obliged to be carried at fair value through profit or loss [1, 4]	1	1	5	-6	-5
Change in value of currency derivatives obliged to be carried at fair value through profit or loss [2]	34	-117	76	-120	-117
Change in value of equity-linked options & equity options oblig. carried at fair value thro profit or loss [1]	0	4	0	15	19
Total change in value of financial instruments obliged to be carried at fair value	35	-112	81	-111	-103
Change in value of deposits selected for fair value carrying through profit or loss [4]	-11	-4	-12	-3	-6
Change in value of borrowings selected for fair value carrying through profit or loss [4]	-38	-26	-34	-15	-5
Change in value of loans selected for fair value carrying through profit or loss [4]	27	12	29	1	-12
Change in value of short-term financial investments selected for fair value carrying [3]	26	2	39	8	-1
Total change in value of financial instruments selected for fair value carrying	4	-16	22	-9	-24
Change in value of interest rate derivatives, hedging [5]	29	68	54	61	69
Change in value of borrowings, hedged [5]	-29	-68	-54	-61	-70
Total change in value of financial instruments for hedging	0	0	0	0	-1
Total change in value of financial instruments carried at fair value	39	-128	103	-120	-128
Realised exchange gains/losses (-) bonds and certificates carried at amortised cost	-1	-1	-10	-9	-10
Exchange gains/losses on borrowings and loans carried at amortised cost [2]	-33	116	-73	120	118
Total change in value of financial instruments carried at fair value, gains and losses	5	-13	20	-9	-20

[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 as at 30 September 2012 there was no profit-and-loss effect, compared with recognised expense of NOK 8 million for the same period of 2011. NOK 8 million was recognised as expense for full-year 2011.

[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 3 million for the period to 30 September 2012, compared with no P&L effect for the period in 2011. The equivalent figure for full-year 2011 was NOK 1 million recognised as income. Exposure to exchange rate fluctuations is low.

[3] Changes in the value of financial investments selected for fair value carrying gave rise to recognised income of NOK 39 million for the period to 30 September 2012, compared with recognised income of NOK 8 million for the same period of 2011. NOK 1 million was recognised as expense for full-year 2011. 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 expense of NOK 12 million for the period to 30 September 2012, compared with no profit-and-loss effect for the same period of 2011. NOK 1 million was recognised as expense for full-year 2011.

[5] From 2010, BN Bank has used fair value hedges for new fixed-rate borrowings and related hedge instruments. The borrowings are hedged 1:1 through external contracts where the principal, interest stream, term and hedging transaction match. It is the interest rate risk that is hedged and the hedging transactions entered into are documented. With fair value hedges, the hedge instrument is accounted for at fair value, and the hedge object is accounted for at fair value for the hedged risk. Changes in these values from the opening balance sheet are carried in profit or loss. The credit risk is not hedged and therefore does not affect the valuations. The value of the hedging instruments as at 30 September 2012 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 10 million for the period to 30 September 2012 compared with recognised expense of NOK 9 million for the same period of 2011. NOK 10 million was recognised as expense for full-year 2011.

NOTE 3. OTHER OPERATING INCOME

GROUP

NOK MILLION	Q3 2012	Q3 2011	30.09.12	30.09.11	FULL-YEAR 2011
Guarantee commission	-1	5	1	15	22
Net commission income/charges [1]	34	25	87	69	99
Operating income real estate	0	1	0	1	0
Other operating income	0	0	4	1	2
Total other operating income	**33**	**31**	**92**	**86**	**123**

[1] Commission income relating to the management of the portfolios in SpareBank 1 Næringskreditt and SpareBank 1 Boligkreditt totalled NOK 81 million as at 30 September 2012 and NOK 55 million for the same period of 2011. NOK 72 million was recognised as income for full-year 2011.

NOTE 4. OTHER EXPENSE, GAINS AND LOSSES

The building Munkegata 21 was sold and taken over by the new owner on15 September 2011. An accounting profit of NOK 37 million was reported in Q3 2011.

Statement of cash flows:

GROUP

NOK MILLION	
Book value of the building at date of sale	91
Debt and other items	-95
Net equity	**-4**
Sale profit to the company	37
Intercompany debt settled	96
Total added upon sale subsidiary	**129**

NOTE 5. OVERVIEW OF GROSS LENDING IN MANAGED PORTFOLIO

GROUP

NOK MILLION	30.09.12	30.09.11	FULL-YEAR 2011
Loans Corporate Market and Retail Market, Group	30 748	31 476	32 225
Seller's credit	1 137	1 716	1 214
Loans in remaining entity (continuing operations)	**31 885**	**33 192**	**33 439**
Loans transferred to SpareBank 1 Næringskreditt	9 672	8 009	8 263
Loans transferred to SpareBank 1 Boligkreditt	6 356	3 389	3 961
Total loans in managed portfolio	**47 913**	**44 590**	**45 663**
Divested portfolio	13	143	101

NOTE 6. IMPAIRMENT LOSSES AND WRITE-DOWNS ON LOANS CARRIED AT AMORTISED COST AND GUARANTEES

The various elements included in impairment losses & write-downs on loans are set out in Note 1, 2011 Annual Report. Loans past due more than 3 months are defined as loans not serviced under the loan agreement for 3 months or more. As a first mortgage lender the Group can access revenue either through the courts or by some voluntary solution. Impairment losses & 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.

GROUP

NOK MILLION	Q3 2012	Q3 2011	30.09.12	30.09.11	FULL-YEAR 2011
Write-offs in excess of prior-year write-downs	7	3	20	26	23
Write-offs on loans without prior write-downs	0	3	0	8	8
Write-offs transferred to divested portfolio	0	0	0	0	0
Write-downs for the period:					
Change in collective write-downs	-1	-4	-20	-8	2
Change in collective write-downs related to Guarantee Portfolio	0	0	-1	0	1
Change in collective write-downs transferred to divested portfolio	0	-2	0	8	0
Total change in collective write-downs	**-1**	**-6**	**-21**	**0**	**3**
Increase in loans with prior-year write-downs [1]	14	14	20	23	28
Provisions against loans without prior write-downs	8	2	35	14	24
Decrease in loans with prior-year write-downs	-14	0	-17	-14	-9
Change in individual write-downs transferred to divested portfolio	0	0	0	0	0
Total change in individual write-downs	**8**	**16**	**38**	**23**	**43**
Gross impairment losses	14	16	37	57	77
Recoveries on previous write-offs [2]	1	0	1	13	15
Impairment losses on loans	**13**	**16**	**36**	**44**	**62**
Revenue recognition of interest on written-down loans	2	1	4	6	10

[1] Changes in value relating to repossessed properties totalled NOK 10 million as at 30 September 2012.

[2] As at 30 September 2011, there was a book profit of NOK 9 millon relating to the sale of a previously repossessed property in Tromsø.

GROUP

NOK MILLION	Q3 2012	Q3 2011	30.09.12	30.09.11	FULL-YEAR 2011
Individual write-downs to cover impairment losses at start of the period	84	80	94	78	78
Write-offs covered by prior-year individual write-downs	-30	-3	-40	-23	-23
Write-downs for the period:					
Increase in loans with prior-year individual write-downs	2	12	5	14	14
Write-downs on loans without prior individual write-downs	0	2	0	13	15
Decrease in loans with prior-year individual write-downs	-14	-2	-17	-9	-6
Transferred assets classified as held for sale	0	0	0	16	16
Individual write-downs to cover impairment losses at end of the period	**42**	**89**	**42**	**89**	**94**
Collective write-downs to cover impairment losses at start of the period	66	89	85	83	83
Collective write-downs for the period to cover impairment losses	-1	-4	-20	-8	2
Transferred assets classified as held for sale	0	-2	0	8	0
Collective write-downs to cover impairment losses at end of the period	**65**	**83**	**65**	**83**	**85**

GROUP

NOK MILLION	Q3 2012	Q3 2011	30.09.12	30.09.11	FULL-YEAR 2011
Loss provision financial guarantee rel. to Guarantee Portfolio at start of period [1]	56	45	28	26	26
Write-offs covered by prior-year individual write-downs	-29	-27	-20	-7	-7
Write-downs for the period:					
Increase in loans with prior-year individual write-downs	10	2	2	4	4
Write-downs on loans without prior individual write-downs	8	0	35	1	9
Decrease in loans with prior-year individual write-downs	0	0	0	-4	-4
Loss provision financial guarantee rel. to Guarantee Portfolioat end of period [1]	**45**	**20**	**45**	**20**	**28**
Collective write-downs related to Guarantee Portfolio at start of the period	6	0	20	0	19
Collective write-downs for the period to cover losses in Guarantee Portfolio	0	0	-14	0	1
Collective write-downs related to Guarantee Portfolioat end of the period [1]	**6**	**0**	**6**	**0**	**20**
Individual write-downs related to Guarantee Portfolio classified as held for sale	0	2	0	2	2
Collective write-downs related to Guarantee Portfolio classified as held for sale	0	11	0	11	0
Total loss provisions related to Guarantee Portfolio	**51**	**33**	**51**	**33**	**50**

[1] BN Bank has previously entered into an agreement with SpareBank1 SMN for the latter to take over the Ålesund portfolio. The parties revised the agreement on 1 February 2012 according to which SpareBank1 SMN took over NOK 2.3 billion of the portfolio valued at NOK 3.1 billion. BN Bank now provides guarantees for 60% of the credit risk for this portfolio (referred to as the Guarantee Portfolio). The Bank's maximum exposure is thus down to NOK 443 million, which at the end of the third quarter of 2012 was 1.4% of the Bank's total lending. The total provision for losses in the Guarantee Portfolio was NOK 51 million at 30 September 2012. 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]

GROUP

NOK MILLION	30.09.12	30.09.11	FULL-YEAR 2011
Gross principal	477	281	213
Individual write-downs	9	35	40
Net principal	**468**	**246**	**173**

Other loans with individual write-downs [1]

GROUP

NOK MILLION	30.09.12	30.09.11	FULL-YEAR 2011
Gross principal	370	569	678
Individual write-downs	78	56	85
Net principal	**292**	**513**	**593**

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

GROUP

NOK MILLION	GROSS OUTSTANDING 30.09.12	%	GROSS OUTSTANDING 30.09.11	%	GROSS OUTSTANDING 2011	%
Corporate market	387	1.60	200	0.93	126	0.55
Retail market	68	0.89	61	0.62	66	0.71
Guaranteee portfolio	22	3.60	20	0.58	21	0.74
Total	**477**	**1.47**	**281**	**0.80**	**213**	**0.59**

[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 BN Bank's operations in Ålesund, which are otherwise treated as divested operations, and the Guarantee Portfolio vis-a-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 7. BORROWING (FUNDING)

Fixed-rate borrowings that are part of index linking are carried in the consolidated balance sheet at amortised cost, wihile 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 had issued bonds and certificates with a face value of NOK 8 636 million as at 30 September 2012, either as new issues or increases in existing tap issues.

GROUP

NOK MILLION	CERTIFICATES	BONDS	TOTAL
Net debt (face value) as at 1 January 2012	2 646	15 051	17 697
New issues	0	1 515	1 515
Increase in existing issues	60	730	790
Purchase and maturity of existing issues	-665	-1 491	-2 156
Net debt (face value) as at 31 March 2012	**2 041**	**15 805**	**17 846**
New issues	2 154	800	2 954
Increase in existing issues	0	784	784
Purchase and maturity of existing issues	-1 068	-4 349	-5 417
Net debt (face value) as at 30 June 2012	**3 127**	**13 040**	**16 167**
New issues	400	325	725
Increase in existing issues	0	1 868	1 868
Purchase and maturity of existing issues	-783	-471	-1 254
Net debt (face value) as at 30 September 2012	**2 744**	**14 762**	**17 506**

Subordinated loan capital and perpetual subordinated loan capital securities

The BN Bank Group had issued no perpetual subordinated loan capital securities or subordinated loans as at 30 September 2012.

GROUP

NOK MILLION	PERPET. SUBORD. LOAN CAP. SEC.	SUBORDINATED LOAN CAPITAL	TOTAL
Net debt (face value) as at 1 January 2012	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 31 March 2012	**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 2012	**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 2012	**650**	**800**	**1 450**

RECOGNISED VALUES

			GROUP
NOK MILLION	30.09.12	30.09.11	FULL-YEAR 2011
Certificates carried at amortised cost	0	1 104	1 250
Certificates selected for fair value carrying	2 788	842	1 420
Total recognised value of certificates	2 788	1 946	2 670
Bonds carried at amortised cost	10 031	10 227	10 010
Bonds carried at amortised cost (secured debt)	3 633	2 071	2 074
Bonds selected for fair value carrying	1 385	3 406	3 196
Total recognised value of bonds	15 049	15 704	15 280
Total recognised value of debt securities in issue	17 837	17 650	17 950

			GROUP
NOK MILLION	30.09.12	30.09.11	FULL-YEAR 2011
Perpetual subordinated loan capital securities carried at amortised cost	482	482	482
Perpetual subordinated loan capital securities selected for fair value carrying	169	166	169
Total recognised value of perpetual subordinated loan capital securities	651	648	651
Subordinated loans carried at amortised cost	803	802	800
Subordinated loans selected for fair value carrying	0	0	0
Total recognised value of subordinated loans	803	802	800
Total recognised value of subordinated loans and perpetual subordinated loan capital securities	1 454	1 450	1 451

NOTE 8. RESULTS OF DIVESTED OPERATION

The banking operation in Ålesund, which chiefly comprises business lending, became organisationally subordinate to SpareBank 1 SMN from Q4 2009. As of Q3 2009 inclusive the Ålesund operation has been reported as a discontinued operation under IFRS 5. The split-off from BN Bank began in Q4 2009 and was largely completed in Q2 2012. For this reason there are no P&L effects classified as discontinued operation in 2012.

P&L effects relating to the Guarantee Portfolio, which are referred to in greater detail in Note 6, are classified under remaining entity.

Specification of results of divested operation

					GROUP
NOK MILLION	Q3 2012	Q3 2011	30.09.12	30.09.11	FULL-YEAR 2011
Net income from interest and credit commissions	0	1	0	4	4
Total other operating income	0	0	0	1	1
Total other operating expense	0	0	0	-3	-3
Total impairment losses on loans and advances	0	2	0	-8	-1
Pre-tax profit/(loss)	0	-1	0	16	9
Computed tax charge	0	-1	0	4	3
Profit/(loss) from discontinued operation after tax	0	0	0	12	6

Statement of cash flows related to divested operation

					GROUP
NOK MILLION	Q3 2012	Q3 2011	30.09.12	30.09.11	FULL-YEAR 2011
Cash flow from operating activities	0	1	0	8	8
Cash flow from investing activities	0	0	0	0	0
Cash flow from financing activities	0	0	0	0	0
Net cash flow for the period	**0**	**1**	**0**	**8**	**8**

Specification of results of remaining entity

					GROUP
NOK MILLION	Q3 2012	Q3 2011	30.09.12	30.09.11	FULL-YEAR 2011
Net income from interest and credit commissions	89	93	258	279	385
Total other operating income	38	54	112	113	103
Total other operating expense	62	64	191	199	234
Operating profit/(loss) before impairment losses on loans	**65**	**83**	**179**	**193**	**254**
Impairment losses on loans and advances	13	16	36	44	62
Pre-tax profit/(loss) of remaining entity	**52**	**67**	**143**	**149**	**192**
Computed tax charge	14	12	39	33	44
Profit/(loss) after tax of remaining entity	**38**	**55**	**104**	**116**	**148**

Specification of results of divested operation and the Guarantee Portfolio

			GROUP
NOK MILLION	30.09.12	30.09.11	FULL-YEAR 2011
Net income from interest and credit commissions	-27	-3	2
Total other operating income	0	14	21
Total other operating expense	0	-3	-3
Total impairment losses on loans and advances	-47	9	26
Pre-tax profit/(loss)	**20**	**5**	**0**
Computed tax charge	21	2	0
Profit/(loss) of divested operation and Guarantee Portfolio	**-1**	**3**	**0**

Other assets and liabilities classified as held for sale

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

NOTE 9. 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. 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.

GROUP

NOK MILLION	30.09.12	30.09.11	FULL-YEAR 2011
Share capital	668	649	649
Other reserves	2 539	2 416	2 506
Perpetual subordinated loan capital (perpetual subordinated loan capital borrowings) [1]	651	647	647
Less:			
Perpetual subordinated loan capital (perpetual subord. loan capital borrowings) that cannot be included [1]	-113	-119	-95
Intangible assets	-18	-19	-20
Deferrred tax assets	-43	-54	-43
Other deductions in tier 1 capital	-91	0	0
Tier 1 capital	3 593	3 520	3 644
Fixed-term subordinated loan capital	916	922	899
Less:			
Fixed-term subordinated loan capital that cannot be included	0	0	0
Other deductions in tier 2 capital	-91	0	0
Net tier 2 capital	825	922	899
Total capital base	4 418	4 442	4 543
Risk-weighted assets	29 614	32 193	33 171
Tier 1 capital ratio (%)	12,1	10,9	11,0
Capital adequacy ratio (%)	14,9	13,8	13,7

[1] For more details, see Note 7.

Specification of risk-weighted assets

GROUP

NOK MILLION	30.09.2012		30.09.2011		FULL-YEAR 2011	
RISK-WEIGHTING	RECOGNISED AMOUNT	WEIGHTED AMOUNT	RECOGNISED AMOUNT	WEIGHTED AMOUNT	RECOGNISED AMOUNT	WEIGHTED AMOUNT
0 %	1 318	0	1 541	0	1 004	0
10 %	2 089	209	1 394	139	1 503	150
20 %	5 648	1 130	5 888	1 178	4 725	945
35 %	8 999	3 150	9 998	3 499	9 560	3 346
50 %	0	0	312	156	420	210
75 %	93	70	415	311	345	259
100 %	25 056	25 056	26 909	26 909	28 261	28 261
Investments included in the trading portfolio	0	0	0	0	0	0
Negotiable debt instruments included in the trading portfolio	0	0	0	0	0	0
Total risk-weighted assets	43 203	29 614	46 457	32 193	45 818	33 171
Capital adequacy ratio (%)		14,9		13,8		13,7

NOTE 10. CONTINGENT LIABILITIES

Sale of structured products

In 2008, BN Bank was sued in a group action over structured savings products. 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 Oslo District Court, but the Court found in favour of BN Bank on 8 July 2011. The judgment was appealed to Borgarting Court of Appeal. The appeal will be heard in March 2013. The total loan commitment as at 30 September 2012 was NOK 4 million.

BN Bank has also provided loans to finance Artemis structured products. BN Bank is now being sued by six customers, three of whom are limited companies, with the total loan financing on these products amounting to NOK 106 million. The amounts in dispute are interest payments.

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 turbulence in the financial markets in 2008 caused the loss of some contractual counterparties, and it has not been possible to replace all these hedging transactions. The liquidator of one of the contractual counterparties filed a counter-claim in 2011, which BN Bank disputes. The outcome is unclear, and litigation is underway. The total claim amounts to NOK 12 million.

Bankruptcy dividend/offset against Glitnir banki hf, Iceland

On 26 January 2012 Oslo District Court gave judgment in the case in which Glitnir banki hf. had sued BN Bank ASA for what Glitnir claims was an unlawful offset of about NOK 240 million. According to the judgment BN Bank ASA was ordered to pay Glitnir NOK 213 million plus interest. The Court found that about NOK 27 million was lawfully offset. In BN Bank's view the Court has made an error on a key point relating to the largest single item that the offset was made against, but BN Bank has otherwise won on the other, important points. BN Bank has accordingly appealed the judgment to the Borgarting Court of Appeal. As the Bank has previously reported the offset amount as lost, the judgment has only a limited negative accounting effect.

NOTE 11. CONTINGENT OUTCOMES, EVENTS AFTER THE REPORTING PERIOD

Apart from the matters mentioned in Note 10 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 12. TRANSFER TO SPAREBANK 1 NÆRINGSKREDITT

SpareBank 1 Næringskreditt AS was established in 2009 and granted a licence by the Financial Supervisory Authority of Norway to operate as a credit institution. The company's bonds have an Aa3 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 9.58% shareholding in the company as at 30 September 2012. 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. As at 30 September 2012, the book value of transferred loans was NOK 9.7 billion. BN Bank is responsible for managing the transferred loans and BNkreditt receives a commission based on the net return on the loans transferred by the Bank and the costs to the company.

In order to attend to the interests of existing bond holders, in connection with the transfer BN Bank guaranteed that BNkreditt will have a capital adequacy ratio of at least 20 per cent at all times. Should the capital adequacy ratio fall below 20 per cent, the Parent Bank will cede precedence with respect to its accounts receivable with BNkreditt and/or provide a guarantee. As at 30 September 2012, BNkreditt's capital adequacy ratio was 16.0 per cent. The amount the Parent Bank is ceding precedence for stood at NOK 767 million as at 30 September 2012.

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 2012, these guarantees totalled NOK 0 million.

NOTE 13. TRANSFER 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. 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. At 30 September 2012, the book value of transferred loans was NOK 6.4 billion. BN Bank is responsible for managing the transferred loans and receives a commission based on the net return on the loans transferred by the Bank and the costs to the company.

NOTE 14. DISCLOSURES CONCERNING OPERATING SEGMENTS IN REMAINING ENTITY

Segment reporting is regularly reviewed with the management. For the remaining entity, the management have chosen to divide up the reporting segments according to the underlying business areas.

				GROUP
NOK MILLION	CORPORATE	RETAIL	GUARANTEE PORTF. 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	-10	0	-20
Other expense, gains and losses	-0	-0	0	0
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	(48)	-36
Operating profit/(loss) after impairment losses	**194**	**24**	**-74**	**143**
Computed tax charge	-54	-6	21	-39
Profit/(loss) for remaining entity after tax	**140**	**18**	**-53**	**104**

				GROUP
NOK MILLION	CORPORATE	RETAIL	GUARANTEE PORTF. SMN	TOTAL 30.09.12
Lending (gross) including loans in covered bonds companies	32 763	14 013	1 137	47 913
Customer deposits and accounts payable to customers	1 337	15 025	-	16 362

NOK MILLION	CORPORATE	RETAIL	GUARANTEE PORTF. SMN	MUNKEGT. 21	GROUP TOTAL 30.09.12
Net income from interest and credit commissions	192	94	-7	0	279
Change in value of financial instruments carried at fair value	-6	-3	0	0	-9
Other operating income	72	1	13	0	86
Total other operating income	66	-2	13	0	77
Salaries and general administrative expenses	-71	-91	0	0	-162
Ordinary depreciation, amortisation and write-downs	-6	-6	0	0	-12
Other operating expense	-12	-14	0	0	-26
Other expense, gains and losses	0	0	0	36	36
Total other operating expense	-88	-111	0	36	-163
Operating profit/(loss) before impairment losses	170	-19	6	36	193
Impairment losses on loans and advances	-24	-3	-17	0	-44
Operating profit/(loss) after impairment losses	146	-22	-11	36	149
Computed tax charge	-40	6	2	-1	-33
Profit/(loss) for remaining entity after tax	106	-16	-8	35	116

NOK MILLION	CORPORATE	RETAIL	GUARANTEE PORTF. SMN	MUNKEGT. 21	GROUP TOTAL 30.09.12
Lending (gross) including lending in covered bonds companies	29 634	13 244	1 712	0	44 590
Customer deposits and accounts payable to customers	1 154	14 186	0	0	15 340

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

NOTE 15. CONSOLIDATED INCOME STATEMENTS FOR THE LAST FIVE QUARTERS

GROUP

NOK MILLION	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Interest and similar income	394	399	430	439	415
Interest expense and similar charges	305	314	346	333	322
Net income from interest and credit commissions	89	85	84	106	93
Change in value of financial instruments carried at fair value, gains and losses	5	0	15	-11	-13
Other operating income	33	31	28	37	31
Total other operating income	38	31	43	26	18
Salaries and general administrative expenses	50	52	55	61	53
Depreciation, amortisation and write-downs	5	5	4	4	4
Other operating expense	7	5	8	7	7
Other expense, gains and losses	0	0	0	-1	-36
Total other operating expense	62	62	67	71	28
Operating profit/(loss) before impairment losses	65	54	60	61	83
Impairment losses on loans and advances	13	14	9	18	16
Pre-tax profit/(loss)	52	40	51	43	67
Computed tax charge	14	11	14	11	12
Profit/(loss) remaining entity	38	29	37	32	55
Profit/(loss) of operation under divestment after tax	0	0	0	-6	0
Profit/(loss) including divested operation	38	29	37	26	55

Income Statement - Parent Bank

		PARENT BANK				
NOK MILLION	NOTE	Q3 2012	Q3 2011	30.09.12	30.09.11	FULL-YEAR 2011
Interest and similar income		314	306	942	844	1 168
Interest expense and similar charges		267	264	818	735	1 013
Net income from interest and credit commissions		**47**	**42**	**124**	**109**	**155**
Change in value of financial instruments at fair value, gains & losses	2	5	-13	36	-2	-20
Other operating income	3	8	13	29	32	52
Total other operating income		**13**	**0**	**65**	**30**	**32**
Salaries and general administrative expenses		32	36	102	108	150
Ordinary depreciation, amortisation and write-downs		5	3	14	11	15
Other operating expense		1	3	4	4	5
Total other operating expense		**38**	**42**	**120**	**123**	**170**
Operating profit/(loss) before impairment losses		**22**	**0**	**69**	**16**	**17**
Impairment losses on loans and advances	6	21	5	41	9	19
Operating profit/(loss) after impairment losses		**1**	**-5**	**28**	**7**	**-2**
Income from ownership interests in group companies	4	0	32	164	131	131
Profit/(loss) before tax		**1**	**27**	**192**	**138**	**129**
Tax charge		0	0	52	43	40
Profit/(loss) for the period, remaining entity		**1**	**27**	**140**	**95**	**89**
Result of operations under divestment	8	0	0		12	6
Profit/(loss) for the period, including discontinued operations		**1**	**27**	**140**	**107**	**95**
Other Comprehensive Income						
Change in value of financial assets available for sale		0	0	0	0	0
Total P&L items recognised in equity		**0**	**0**	**0**	**0**	**0**
Total profit/(loss) for the period		**1**	**27**	**140**	**107**	**95**

Balance Sheet - Parent Bank

		PARENT BANK		
NOK MILLION	NOTE	30.06.12	30.06.11	FULL-YEAR 2011
Deferred tax assets		0	0	0
Intangible assets		18	19	20
Ownership interests in group companies		1 877	1 877	1 877
Own funds lending		526	526	527
Tangible fixed assets		23	22	23
Loans and advances	5, 6, 12, 13	13 077	15 369	14 396
Prepayments and accrued income		82	72	70
Financial derivatives		761	351	699
Short-term securities investments		5 547	4 839	4 984
Cash and balances due from credit institutions		13 364	9 974	10 886
Assets classified as held for sale	8	1	576	122
Total assets		35 276	33 625	33 604
Share capital		668	649	649
Share premium		266	190	190
Retained earnings		1 218	1 185	1 173
Total equity		2 152	2 024	2 012
Deferred tax		47	35	1
Subordinated loan capital	7	1 454	1 450	1 451
Liabilities to credit institutions		1 147	2 665	1 864
Debt securities in issue	7	13 322	10 952	11 354
Accrued expenses and deferred income	6	122	99	114
Other current liabilities		23	118	12
Tax payable		0	0	36
Financial derivatives		647	397	790
Customer deposits & accounts payable to cust.		16 362	15 340	15 959
Liabilities classified as held for sale	8	0	545	11
Total liabilities		33 124	31 566	31 592
Total equity and liabilities		35 276	33 590	33 604

Trondheim, 22 October 2012
The Board of Directors

Changes in Equity - Parent bank

NOK MILLION	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-UP SHARE CAPITAL	OTHER RESERVES[1]	TOTAL EQUITY
					PARENT BANK
Balance Sheet as at 1 January 2011	619	68	282	948	1 917
Dividend paid	0	0	0	-152	-152
Share capital increase	30	122	0	0	152
Result for the period	0	0	0	107	107
Balance Sheet as at 30 September 2011	**649**	**190**	**282**	**903**	**2 024**
Result for the period	0	0	0	-12	-12
Balance Sheet as at 31 December 2011	**649**	**190**	**282**	**891**	**2 012**
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**	**936**	**2 152**

[1] The reserve for unrealised gains is included in Other reserves. Provision of NOK 193 million had been made as at 31 December 2011.

Trondheim, 22 October 2012
The Board of Directors

Statement of Cash Flows - Parent Bank

	PARENT BANK		
NOK MILLION	30.09.12	30.09.11	FULL-YEAR 2011
Cash flows from operating activities			
Interest/commission received and fees received from customers	997	570	1 114
Interest/commission paid and fees paid to customers	-107	-97	-450
Interest received on other investments	140	184	320
Interest paid on other loans	-392	-419	-587
Receipts/disbursements (-) on loans and advances to customers	1 040	-519	-488
Receipts/payments on customer deposits & accounts payable to customers	313	-1 782	-1 465
Receipts/payments (-) on liabilities to credit institutions	-911	367	-21
Receipts/payments(-) on securities in issue and securities buy-back	1 848	3 178	3 628
Receipts on previously written-off debt	33	34	35
Other receipts/payments	-75	257	178
Payments to suppliers for goods and services	-32	-77	-100
Payments to employees, pensions and social security expenses	-53	-57	-65
Tax paid	0	0	0
Net cash flow from operating activities	**2 801**	**1 639**	**2 099**
Cash flows from investing activities			
Receipts/payments (-) on receivables from credit institutions	-2 180	-2 084	-2 374
Receipts/payments (-) on short-term securities investments	-509	454	289
Receipts/payments (-) on long-term securities investments	164	99	99
Proceeds from sale of operating assets etc.	0	0	0
Purchase of operating assets etc.	-12	-14	-20
Proceeds from sale of subsidiaries	0	32	33
Net cash flow from investing activities	**-2 537**	**-1 513**	**-1 973**
Cash flow from financing activities			
Receipts of subordinated loan capital	0	-228	-228
Net cash flow from financing activities	**0**	**-228**	**-228**
Net cash flow for the period	**264**	**-102**	**-102**
Cash and balances due from central banks as at 1 January *	4	106	106
Cash and balances due from central banks at the end of the period	**268**	**4**	**4**

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

Notes - Parent Bank

NOTE 1. ACCOUNTING POLICIES

See the description for the Group's interim consolidated financial statements. The same accounting policies apply for the Parent Bank.

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

PARENT BANK

NOK MILLION	Q3 2012	Q3 2011	30.09.12	30.09.11	FULL-YEAR 2011
Change in value int. rate deriv. obliged carried at fair value thro profit or loss [1, 4]	0	-18	18	8	17
Change in value currency deriv. obliged carried at fair value thro profit or loss [2]	33	-117	76	-120	-117
Change value equity-linked options & equity options oblig. fair val thro profit/loss [1]	0	4	0	15	19
Total change in value of financial instruments obliged to be carried at fair value	**33**	**-131**	**94**	**-97**	**-81**
Change in value of deposits selected for fair value carrying through profit or loss [4]	-11	-4	-12	-3	-6
Change in value borrowings selected for fair value carrying through profit or loss [4]	-16	-25	-35	-55	-61
Change in value of loans selected for fair value carrying through profit or loss [4]	-3	43	-9	24	13
Change in value short-term financial investments selected for fair value carrying [3]	26	2	39	9	-1
Total change in value of financial instruments selected for fair value carrying	**-4**	**16**	**-17**	**-25**	**-55**
Change in value of interest rate derivatives, hedging [5]	17	48	44	47	53
Change in value of borrowings, hedged [5]	-17	-48	-44	-47	-54
Total change in value of financial instruments for hedging	**0**	**0**	**0**	**0**	**-1**
Total change in value of financial instruments carried at fair value	**29**	**-115**	**77**	**-122**	**-137**
Realised exchange gains/losses (-) bonds & certificates at amortised cost [6]	-1	0	-3	-5	-6
Exchange gains/losses on borrowings and loans carried at amortised cost [2]	-23	102	-38	125	123
Total change in value financial instruments carried at fair value, gains and losses	**5**	**-13**	**36**	**-2**	**-20**

[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 as at 30 September 2012 there was no P&L effect compared with recognised expense of NOK 8 million for the same period of 2011. NOK 8 million was recognised as expense for full-year 2011.

[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 3 million for the period to 30 September 2012, compared with no P&L effect for the period to 30 September 2011. The equivalent figure for full-year 2011 was NOK 1 million recognised as income. Exposure to exchange rate fluctuations is low.

[3] Change in the value of financial investments selected for fair value carrying gave rise to recognised income of NOK 39 million for the period to 30 September 2012, compared with recognised income of NOK 8 million for the same period of 2011. NOK 1 million was recognised as expense for full-year 2011. 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 expense of NOK 3 million for the period to 30 September 2012, compared with recognised income of NOK 3 million for the same period of 2011. NOK 5 million was recognised as expense for full-year 2011.

[5] From 2010, BN Bank has used fair value hedges for new fixed-rate borrowings and related hedge instruments. The borrowings are hedged 1:1 through external contracts where the principal, interest stream, term and hedging transaction match. It is the interest rate risk that is hedged and the hedging transactions entered into are documented. With fair value hedges, the hedge instrument is accounted for at fair value, and the hedge object is accounted for at fair value for the hedged risk. Changes in these values from the opening balance sheet are carried in profit or loss. The credit risk is not hedged and therefore does not affect the valuations. The value of the hedging instruments as at 30 September 2012 was positive by NOK 135 million.

[6] Realised exchange gains/losses on bonds, certificates & borrowings at amortised cost gave rise to recognised expense of NOK 3 million for the period to 30 September 2012, compared with recognised expense of NOK 5 million for the same period of 2011. NOK 6 million was recognised as expense for full-year 2011.

NOTE 3. OTHER OPERATING INCOME

PARENT BANK

NOK MILLION	Q3 2012	Q3 2011	30.09.12	30.09.11	FULL-YEAR 2011
Guarantee commission	-1	5	2	10	22
Net commission income/charges [1]	8	3	12	6	23
Operating income real estate	0	0	0	0	0
Other operating income	1	1	7	5	7
Total other operating income	**8**	**13**	**29**	**32**	**52**

[1] Commission income relating to the management of the portfolios in SpareBank 1 Boligkreditt totalled NOK 15 million as at 30 September 2012, while there was recognised expense of NOK 1 million for the same period of 2011. For full-year 2011, NOK 3 million was recognised as income.

NOTE 4. INCOME FROM OWNERSHIP INTERESTS IN GROUP COMPANIES

The Annual General Meetings of the subsidiaries BNkreditt AS and BN Boligkreditt AS have resolved to render group contribution of, respectively, NOK 128 million and NOK 37 million before tax.

NOTE 5. OVERVIEW OF GROSS LENDING IN MANAGED PORTFOLIO

PARENT BANK

NOK MILLION	30.09.12	30.09.11	FULL-YEAR 2011
Loans Corporate Market and Retail Market	11 997	13 723	13 253
Seller's credit	1 137	1 716	1 214
Loans in remaining entity	**13 134**	**15 439**	**14 467**
Loans transferred to SpareBank1 Boligkreditt	6 356	2 140	3 961
Total loans inc. loans transferred to SpareBank 1 Boligkreditt	**19 490**	**17 579**	**18 428**
Divested portfolio	13	143	101

NOTE 6. IMPAIRMENT LOSSES AND WRITE-DOWNS ON LOANS CARRIED AT AMORTISED COST AND GUARANTEES

The various elements included in impairment losses and write-downs on loans are set out in Note 1 to the Annual Report for 2011. Loans past due more than 3 months are defined as loans not serviced under the loan agreement for 3 months or more. As a first mortgage lender, BN Bank can however gain access to revenue, either through the courts or by some voluntary solution. Impairment losses and write-downs on loans described in this note apply to loans carried at amortised cost and changes in value and gains/losses on the sale of repossessed properties in the current period.

PARENT BANK

NOK MILLION	Q3 2012	Q3 2011	30.09.12	30.09.11	FULL-YEAR 2011
Write-offs in excess of prior-year write-downs	2	3	13	22	19
Write-offs on loans without prior write-downs	0	0	0	0	0
Write-offs transferred to divested operation	0	0	0	0	0
Write-downs for the period:					
Change in collective write-downs	4	3	-10	-12	-1
Change in collective write-downs related to Guarantee Portfolio	0	0	-1	0	1
Change in collective write-downs transferred to divested operation	0	-2	0	8	0
Total change in collective write-downs	**4**	**1**	**-11**	**-4**	**0**
Increase in loans with prior-year write-downs [1]	12	2	10	6	7
Provisions against loans without prior write-downs	8	0	35	1	9
Decrease in loans with prior-year write-downs	-4	-1	-5	-12	-10
Change in individual write-downs transferred to divested operation	0	0	0	0	0
Total change in individual write-downs	**16**	**1**	**40**	**-5**	**6**
Gross impairment losses	22	5	42	13	25
Recoveries on previous write-offs	1	0	1	4	6
Impairment losses on loans and advances	**21**	**5**	**41**	**9**	**19**
Revenue recognition of interest on written-down loans	1	0	1	7	2

[1] Changes in value relating to repossessed properties totalled NOK 5 million as at 30 September 2012.

PARENT BANK

NOK MILLION	Q3 2012	Q3 2011	30.09.12	30.09.11	FULL-YEAR 2011
Individual write-downs to cover impairment losses at start of the period	36	40	34	43	43
Write-offs covered by prior-year individual write-downs	-4	-3	-3	-19	-19
Write-downs for the period:					
Increase in loans with prior-year individual write-downs	1	0	3	2	3
Write-downs on loans without prior-year individual write-downs	0	0	0	0	0
Decrease in loans with prior-year individual write-downs	-4	-2	-5	-7	-9
Transferred assets classified as held for sale	0	0	0	16	16
Individual write-downs to cover impairment losses at end of the period	**29**	**35**	**29**	**35**	**34**
Collective write-downs to cover impairment losses at start of the period	23	34	37	38	38
Collective write-downs for the period to cover impairment losses	4	2	-10	-12	-1
Transferred assets classified as held for sale	0	-2	0	8	0
Collective write-downs to cover impairment losses at end of the period	**27**	**34**	**27**	**34**	**37**

PARENT BANK

NOK MILLION	Q3 2012	Q3 2011	30.09.12	30.09.11	FULL-YEAR 2011
Loss provision financial guarantee relating to Guarantee Portf. at start of period [1]	56	45	28	26	26
Write-offs covered by prior-year individual write-downs	-29	-27	-20	-7	-7
Write-downs for the period:					
Increase in loans with prior-year individual write-downs	10	2	2	4	4
Write-downs on loans without prior-year individual write-downs	8	0	35	1	9
Decrease in loans with prior-year individual write-downs	0	0	0	-4	-4
Loss provision financial guarantee relating to Guarantee Portfolio at end of period [1]	**45**	**20**	**45**	**20**	**28**
Collective write-downs relating to Guarantee Portfolio at start of the period	6	0	20	0	19
Collective write-downs for the period to cover losses in Guarantee Portfolio	0	0	-14	0	1
Collective write-downs relating to Guarantee Portfolio at end of the period [1]	**6**	**0**	**6**	**0**	**20**
Individual write-downs relating to Guarantee Portfolio classified as held for sale	0	2	0	2	2
Collective write-downs relating to Guarantee Portfolio classified as held for sale	0	11	0	11	0
Total loss provisions relating to Guarantee Portfolio	**51**	**22**	**51**	**33**	**50**

[1] BN Bank has previously entered into an agreement with SpareBank1 SMN for the latter to take over the Ålesund portfolio. The parties revised the agreement on 1 February 2012 according to which SpareBank1 SMN took over NOK 2.3 billion of the portfolio valued at NOK 3.1 billion. BN Bank now provides guarantees for 60% of the credit risk for this portfolio ("Guarantee Portfolio"). The Bank's maximum exposure is thus down to NOK 443 million, which at the end of third-quarter 2012 was 1.4% of the Bank's total lending. The total provision for losses in the Guarantee Portfolio was NOK 51 million at 30 September 2012. 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]

PARENT BANK

NOK MILLION	30.09.12	30.09.11	FULL-YEAR 2011
Gross principal	139	75	73
Individual write-downs	9	3	14
Net principal	**130**	**72**	**59**

Other loans with individual write-downs [1]

PARENT BANK

NOK MILLION	30.09.12	30.09.11	FULL-YEAR 2011
Gross principal	306	217	282
Individual write-downs	66	34	51
Net principal	**240**	**183**	**231**

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

PARENT BANK

NOK MILLION	GROSS OUTSTANDING 30.09.12	%	GROSS OUTSTANDING 30.09.11	%	GROSS OUTSTANDING 2011	%
Corporate Market	50	0.88	2	0.03	0	0.00
Retail Market	68	0.92	53	0.69	51	0.70
Guarantee Portfolio	21	3.44	20	0.58	21	0.74
Total	**139**	**1.01**	**75**	**0.40**	**72**	**0.82**

[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 BN Bank's operations in Ålesund, which are otherwise treated as divested operations, and the Guarantee Portfolio vis-a-vis SpareBank 1 SMN.

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

NOTE 7. BORROWING (FUNDING)

Fixed-rate borrowings that are part of index linking are carried in the balance sheet at amortised cost, wihile 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 had issued bonds and certificates with a face value of NOK 7 221 million as at 30 September 2012, either as new issues or increases in existing tap issues.

			PARENT BANK
NOK MILLION	CERTIFICATES	BONDS	TOTAL
Net debt (face value) as at 1 January 2012	2 646	8 615	11 261
New issues	0	1 515	1 515
Increase in existing issues	60	165	225
Purchase and maturity of existing issues	-665	-651	-1 316
Net debt (face value) as at 31 March 2012	2 041	9 644	11 685
New issues	1 954	300	2 254
Increase in existing issues	0	784	784
Purchase and maturity of existing issues	-1 068	-1 795	-2 863
Net debt (face value) as at 30 June 2012	2 927	8 933	11 860
New issues	400	325	725
Increase in existing issues	0	1 718	1 718
Purchase and maturity of existing issues	-733	-445	-1 178
Net debt (face value) as at 30 September 2012	2 594	10 531	13 125

Subordinated loan capital and perpetual subordinated loan capital securities

The Parent Bank had issued no perpetual subordinated loan capital securities or subordinated loans as at 30 September 2012.

			PARENT BANK
NOK MILLION	PERPET SUBORD. LOAN CAP. SEC.	SUBORDINATED LOAN CAPITAL	TOTAL
Net debt (face value) as at 1 January 2011	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 31 March 2011	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 2011	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 2011	650	800	1 450

Recognised values

			PARENT BANK
NOK MILLION	30.09.12	30.09.11	FULL-YEAR 2011
Certificates carried at amortised cost	0	1 104	1 250
Certificates carried at fair value	2 636	842	1 420
Total recognised value of certificates	**2 636**	**1 946**	**2 670**
Bonds carried at amortised cost	8 160	7 290	7 073
Bonds carried at amortised cost (secured debt)	2 299	1 308	1 300
Bonds selected for fair value carrying	227	408	311
Total recognised value of bonds	**10 686**	**9 006**	**8 684**
Total recognised value of debt securities in issue	**13 322**	**10 952**	**11 354**
Perpetual subordinated loan capital securities carried at amortised cost	482	482	482
Perpetual subordinated loan capital securities carried at fair value	169	166	169
Total recognised value of perpetual subordinated loan capital securities	**651**	**648**	**651**
Subordinated loans carried at amortised cost	803	802	800
Subordinated loans selected for fair value carrying	0	0	0
Total recognised value of subordinated loans	**803**	**802**	**800**
Total recognised value of subordinated loans and perpetual subordinated loan capital securities	**1 454**	**1 450**	**1 451**

NOTE 8. RESULTS OF DIVESTED OPERATION

The banking operation in Ålesund, which chiefly comprises business lending, became organisationally subordinate to SpareBank 1 SMN from Q4 2009. As of Q3 2009 inclusive the Ålesund operation has been reported as a discontinued operation under IFRS 5. The split-off from BN Bank began in Q4 2009 and was largely completed in Q2 2012. For this reason there are no P&L effects classified as discontinued operation in 2012.

P&L effects relating to the Guarantee Portfolio, which are referred to in greater detail in Note 6, are classified under remaining entity.

Specification of results of divested operation

					PARENT BANK
NOK MILLION	Q3 2012	Q3 2011	30.09.12	30.09.11	FULL-YEAR 2011
Net interest and credit commissions	0	1	0	4	4
Total other operating income	0	0	0	1	1
Total other operating expense	0	0	0	-3	-3
Impairment losses on loans and advances	0	2	0	-8	-1
Pre-tax profit/(loss)	**0**	**-1**	**0**	**16**	**9**
Computed tax charge	0	-1	0	4	3
Profit/(loss) of discontinued operation after tax	**0**	**0**	**0**	**12**	**6**

Specification of results of remaining entity

					PARENT BANK
NOK MILLION	Q3 2012	Q3 2011	30.09.12	30.09.11	FULL-YEAR 2011
Net interest and credit commissions	47	42	124	109	155
Total other operating income	13	0	65	30	32
Total other operating expense	38	42	120	123	170
Operating profit/(loss) before impairment losses	22	0	69	16	17
Impairment losses on loans and advances	21	5	41	9	19
Pre-tax profit/(loss) of remaining entity	1	-5	28	7	-2
Income from ownership interests in group companies	0	32	164	131	131
Pre-tax profit/(loss)	1	27	192	138	129
Computed tax charge	0	0	52	43	40
Profit/(loss) after tax of remaining entity	1	27	140	95	89

Other assets classified as held for sale

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

NOTE 9. 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. 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.

PARENT BANK

NOK MILLION	30.09.12	30.09.11	FULL-YEAR 2011
Share capital	668	649	649
Other reserves	1 413	1 321	1 363
Perpetual subordinated loan capital (perpetual subordinated loan capital borrowings) [1]	651	647	647
Less:			
Perpetual subordinated loan capital (perpetual subordinated loan capital borrowings) that cannot be included [1]	-303	-303	-296
Intangible assets	-18	-19	-20
Deferred tax assets	0	0	0
Other deductions in tier 1 capital	-91	0	0
Tier 1 capital	**2 320**	**2 295**	**2 343**
Fixed-term subordinated loan capital	1 107	1 586	1 100
Less:			
Fixed-term subordinated loan capital that cannot be included	-120	-610	-104
Other deductions in tier 2 capital	-91	0	0
Net tier 2 capital	**896**	**976**	**996**
Total subordinated loan capital	**3 216**	**3 271**	**3 339**
Risk-weighted assets	15 637	19 031	19 131
Tier 1 capital ratio (%)	14,8	12,1	12,2
Capital adequacy ratio (%)	**20,6**	**17,2**	**17,5**

[1] For more details, see Note 7.

Specification of risk-weighted assets

PARENT BANK

NOK MILLION	30.09.2012		30.09.2011		FULL-YEAR 2011	
RISK-WEIGHTED	RECOGNISED AMOUNT	WEIGHTED AMOUNT	RECOGNISED AMOUNT	WEIGHTED AMOUNT	RECOGNISED AMOUNT	WEIGHTED AMOUNT
0 %	1 318	0	1 541	0	1 004	0
10 %	2 089	209	1 394	139	1 504	150
20 %	17 289	3 458	14 713	2 943	14 915	2 983
35 %	7 848	2 747	7 403	2 591	6 986	2 445
50 %	0	0	311	156	419	210
75 %	80	60	416	312	345	259
100 %	9 163	9 163	12 890	12 890	13 084	13 084
Investments included in the trading portfolio	0	0	0	0	0	0
Negotiable debt instruments included in the trading portfolio	0	0	0	0	0	0
Total risk-weighted assets	**37 787**	**15 637**	**38 668**	**19 031**	**38 257**	**19 131**
Capital adequacy ratio (%)		**20,6**		**17,2**		**17,5**

NOTE 10. CONTINGENT LIABILITIES

Sale of structured products

In 2008, BN Bank was sued in a group action over structured savings products. 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 Oslo District Court, but the Court found in favour of BN Bank on 8 July 2011. The judgment was appealed to Borgarting Court of Appeal. The appeal will be heard in March 2013. The total loan commitment as at 30 September 2012 was NOK 4 million.

BN Bank has also provided loans to finance Artemis structured products. BN Bank is now being sued by six customers, three of whom are limited companies, with the total loan financing on these products amounting to NOK 106 million. The amounts in dispute are interest payments.

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 turbulence in the financial markets in 2008 caused the loss of some contractual counterparties, and it has not been possible to replace all these hedging transactions. The liquidator of one of the contractual counterparties filed a counter-claim in 2011, which BN Bank disputes. The outcome is unclear, and litigation is underway. The total claim amounts to NOK 12 million.

Bankruptcy dividend/offset against Glitnir banki hf, Iceland

On 26 January 2012 Oslo District Court gave judgment in the case in which Glitnir banki hf. had sued BN Bank ASA for what Glitnir claims was an unlawful offset of about NOK 240 million. According to the judgment BN Bank ASA was ordered to pay Glitnir NOK 213 million plus interest. The Court found that about NOK 27 million was lawfully offset. In BN Bank's view the Court has made an error on a key point relating to the largest single item that the offset was made against, but BN Bank has otherwise won on the other, important points. BN Bank has accordingly appealed the judgment to the Borgarting Court of Appeal. As the Bank has previously reported the offset amount as lost, the judgment has only a limited negative accounting effect.

NOTE 11. CONTINGENT OUTCOMES, EVENTS AFTER THE REPORTING PERIOD

Apart from the matters mentioned in Note 10 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 12. TRANSFER TO SPAREBANK 1 NÆRINGSKREDITT

SSpareBank 1 Næringskreditt AS was established in 2009 and granted a licence by the Financial Supervisory Authority of Norway to operate as a credit institution. The company's bonds have an Aa3 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 9.58% shareholding in the company as of 30 September 2012. 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. As at 30 September 2012, the book value of transferred loans was NOK 9.7 billion. BN Bank is responsible for managing the transferred loans and BNkreditt receives a commission based on the net return on the loans transferred by the Bank and the costs to the company.

In order to attend to the interests of existing bond holders, in connection with the transfer BN Bank guaranteed that BNkreditt will have a capital adequacy ratio of at least 20 per cent at all times. Should the capital adequacy ratio fall below 20 per cent, the Parent Bank will cede precedence with respect to its accounts receivable with BNkreditt and/or provide a guarantee. As at 30 September 2012, BNkreditt's capital adequacy ratio was 16.0 per cent. The amount the Parent Bank is ceding precedence for stood at NOK 767 million as at 30 September 2012.

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 2012, these guarantees totalled NOK 0 million.

NOTE 13. TRANSFER 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. 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. At 30 September 2012, the book value of transferred loans was NOK 6.4 billion. BN Bank is responsible for managing the transferred loans and receives a commission based on the net return on the loans transferred by the Bank and the costs to the company.

NOTE 14. INCOME STATEMENTS FOR THE LAST FIVE QUARTERS

PARENT BANK

NOK MILLION	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Interest and similar income	314	305	323	324	306
Interest expense and similar charges	267	265	286	278	264
Net interest and credit commissions	**47**	**40**	**37**	**46**	**42**
Change in value of financial instruments at fair value, gains and losses	5	16	15	-18	-13
Other operating income	8	8	13	20	13
Total other operating income	**13**	**24**	**28**	**2**	**0**
Salaries and general administrative expenses	32	33	37	42	36
Depreciation, amortisation and write-downs	5	5	4	4	3
Other operating expense	1	0	3	1	3
Total other operating expense	**38**	**38**	**44**	**47**	**42**
Operating profit/(loss) before impairment losses	**22**	**26**	**21**	**1**	**0**
Impairment losses on loans and advances	21	14	6	10	5
Operating profit/(loss) after impairment losses	**1**	**12**	**15**	**-9**	**-5**
Income from ownership interests in group companies	0	164	0	0	32
Pre-tax profit/(loss)	**1**	**176**	**15**	**-9**	**27**
Computed tax charge	0	48	4	-3	0
Profit/(loss) remaining entity	**1**	**128**	**11**	**-6**	**27**
Profit/(loss) from operation under divestment	0	0	0	-6	0
Profit/(loss) including divested operation	**1**	**128**	**11**	**-12**	**27**

To the Board of Directors of BN Bank ASA

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying interim financial information of BN Bank ASA, which comprise the financial statements of the group and the financial statements of the parent company. The financial statements of the group and the financial statements of the parent company comprise balance sheet as of 30 September 2012 and the related statements of income, changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

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

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

Conclusion

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

Trondheim, 22. October 2012
PricewaterhouseCoopers AS

Rune Kenneth S. Lædre
State Authorised Public Accountant

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

PricewaterhouseCoopers AS, Brattørkaia 17 B, NO-7492 Trondheim
T: 02316, www.pwc.no
Org.no.: 987 009 713 MVA, Medlem av Den norske Revisorforening

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

We certify that, to the best of our knowledge and belief, the third-quarter interim financial statements for the period 1 January to 30 September 2012 for the Company and for the Group have been prepared in compliance with IAS 34 Interim Financial Reporting, and that the disclosures in the interim financial statements give a true and fair view of the assets, liabilities, financial position and performance as a whole of the Company and of the Group.

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

Trondheim, 22 October 2012
The Board of Directors

Finn Haugan
(Chair)

Tore Medhus (Deputy Chair)	Stig Arne Engen	Harald Gaupen	Helene Jebsen Anker
Kristin Undheim	Anita Finserås Bretun (Employee Representative)	Ella Skjørestad	Gunnar Hovland (Managing Director)

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