

BNkreditt AS
INTERIM REPORT
1st QUARTER | **2012**

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Summary of results Q1 2012

- Profit after tax of NOK 19 million (NOK 5 million Q1 2011)
- Return on equity after tax of 2.8 per cent (0.7 per cent Q1 2011)
- Impairment losses on loans and advances of NOK 6 million which is equivalent to a loss ratio lending of 0.14 per cent (0.90 per cent Q1 2011)
- Tier capital ratio of 14.2 per cent (16.4 per cent Q1 2011)

Financial Ratios

NOK MILLION	NOTE	31.03.12	% OF ATA	31.03.11	% OF ATA	ÅRET 2011	% OF ATA
Summary of results							
Net income from interest and credit commissions		38	0.88 %	48	1.24 %	186	1.11 %
Total other operating income		17	0.39 %	14	0.36 %	77	0.46 %
Total income		55	1.27 %	62	1.60 %	263	1.57 %
Total other operating expense		23	0.53 %	22	0.57 %	91	0.54 %
Operating profit/(loss) before impairment losses		32	0.74 %	40	1.03 %	172	1.03 %
Impairment losses on loans and advances		6	0.14 %	33	0.85 %	44	0.26 %
Pre-tax profit/(loss)		26	0.60 %	7	0.18 %	128	0.76 %
Computed tax charge		7	0.16 %	2	0.05 %	36	0.21 %
Profit/(loss) for the period		19	0.44 %	5	0.13 %	92	0.55 %
Profitability							
Return on equity	1	2.8 %		0.7 %		3.4 %	
Net interest margin	2	0.88 %		1.24 %		1.11 %	
Cost-income ratio	3	41.8 %		35.5 %		34.6 %	
Balance sheet figures							
Gross lending		18 166		15 697		17 180	
Increase/decrease (gross) last 12 months		15.7 %		11.2 %		12.0 %	
Average total assets (ATA)	4	17 334		15 494		16 775	
Total assets		18 916		16 438		17 901	
Balance sheet figures including SpareBank 1 Næringskreditt AS							
Gross lending		26 265		23 425		25 443	
Increase/decrease in lending (gross) last 12 months		12.1 %		8.6 %		12.3 %	
Losses on loans and non-performing loans							
Loss ratio lending	5	0.14 %		0.90 %		0.27 %	
Non-performing loans as a percentage of gross lending		2.24 %		0.43 %		0.73 %	
Other doubtful commitments as a percentage of gross lending		0.36 %		5.60 %		2.30 %	
Solvency							
Capital adequacy ratio		16.6 %		19.2 %		17.7 %	
Tier 1 capital ratio		14.2 %		16.4 %		15.1 %	
Tier 1 capital		2 674		2 632		2 665	
Capital base		3 125		3 083		3 116	
Offices and staffing							
Number of offices		2		2		2	
Number of full-time equivalents		50		50		50	
Shares							
Earnings per share for the period (whole NOK)		3.17		0.83		15.33	

Note

1) Profit after tax as a percentage of average equity

2) Total net interest margin to date this year in relation to average total assets (ATA)

3) Total operating expenses as a percentage of total operating income

4) Average total assets (ATA) are calculated as an average of quarterly total assets and as at 1 January and 31 December

5) Net loss as a percentage of average gross lending to date this year

Report of the Directors

Summary of results for the three months to 31 March 2012

Bolig- og Næringskreditt AS (BNkreditt) posted a profit after tax of NOK 19 million for the three months to 31 March 2012, compared with NOK 5 million for the three months to 31 March 2011. The increase in profit is mainly attributable to a decrease in impairment losses on loans.

BNkreditt's funding situation is good, and the Company's capitalisation remains strong.

Non-performing loans accounted for 2.24 per cent of gross lending as at 31 March 2012, which is 1.51 percentage points higher than at the start of the year.

Loans and advances totalled NOK 18.2 billion as at 31 March 2012, which is NOK 2.5 billion up on the past year. Loans for NOK 8.1 billion had been transferred to SpareBank 1 Næringskreditt as at 31 March 2012. Gross lending, including loans transferred to SpareBank 1 Næringskreditt, has increased by NOK 2.9 billion in the past year.

Operations, objectives and strategy

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

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

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

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

Economic developments

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

Profit performance for Q1 2012

BNkreditt achieved a profit after tax of NOK 19 million for the first quarter to 31 March 2012, compared with a post-tax profit of NOK 30 million for the fourth quarter of 2011. The decrease in profit compared to fourth-quarter 2011 is attributable to a decrease in net interest margin and changes in the value of financial instruments.

Total income for the first quarter of 2012 was NOK 55 million, compared with NOK 73 million for the fourth quarter of 2011. The decrease in income is attributable to a decrease in net interest margin, a decrease in commission income from Sparebank 1 Næringskreditt and a decrease in the value of financial instruments.

Loans to the value of NOK 8.1 billion had been transferred to Sparebank 1 Næringskreditt as at 31 March 2012. In the first quarter of 2012, the Company received NOK 17 million in commission income, as against NOK 19 million in the fourth quarter of 2011.

Other operating expense in first-quarter 2012 totalled NOK 23 million, which is NOK 1 million up on the last quarter. BNKreditt purchases all its operation management services from BN Bank.

Non-performing loans accounted for 2.24 per cent of gross lending as at 31 March 2012, compared with 0.73 per cent at 31 December 2011. Non-performing and doubtful loans, less individual write-downs, totalled NOK 422 million (2.32 per cent of gross lending) at the end of the first quarter of 2012. The corresponding volume as at 31 December 2011 was NOK 462 million (2.69 per cent of gross lending). BNKreditt will continue to focus closely on the quality of the portfolio and on monitoring and following up doubtful loan commitments. See Note 6 for more information about non-performing and doubtful loans.

Impairment losses on loans and advances totalled NOK 6 million for first-quarter 2011, compared with NOK 9 million for fourth-quarter 2011. Collective write-downs totalled NOK 44 million as at 31 March 2012, which is 0.24 per cent of gross lending.

Balance sheet development

The Company's loan portfolio totalled NOK 18.2 billion as at 31 March 2012, having grown by NOK 2.5 billion over the past 12 months. At the end of March loans for NOK 8.1 billion had been transferred to SpareBank 1 Næringskreditt.

The quarterly trend in gross lending¹ is as follows:

NOKbn	Q1 2012	Q4 2011	Q1 2011
BNKreditt	18.2	17.2	15.7
SpareBank 1 Næringskreditt	8.1	8.3	7.7
Gross lending	26.3	25.5	23.4

Gross lending, including loans transferred to SpareBank 1 Næringskreditt, has risen by NOK 2.9 billion over the past 12 months. The transfer of loans to SpareBank 1 Næringskreditt is boosting the Company's liquidity position, profitability and financial strength. BNKreditt has no ownership interest in Sparebank 1 Næringskreditt.

BNKreditt only provides loans up to an 80% loan-to-value ratio. To further strengthen the interests of the existing bond holders in BNKreditt, BN Bank has provided a guarantee that BNKreditt will have a minimum capital adequacy ratio or junior financing from the Bank of 20 per cent. As at 31 March 2012, BNKreditt had a capital adequacy ratio of 16.6 per cent and a capital base of NOK 3.1 billion. BN Bank had ceded precedence in respect of its accounts receivable with BNKreditt for a total of NOK 645 million as at 31 March 2012. For more information, see Notes 8 and 10.

BNKreditt had NOK 4.7 billion in securities borrowings at the end of March 2012, which is a decrease of NOK 1.3 billion over the past 12 months. Other interest-bearing debt consists chiefly of debt to the Parent Bank.

Total assets have increased by NOK 1.0 billion to date this year, amounting to NOK 18.9 billion as at 31 March 2012. The increase is attributable to the growth in lending.

¹ Gross lending in BNKreditt and loans transferred to SpareBank 1 Næringskreditt.

Solvency

BNkredditt's capital base was NOK 3 125 million at the end of the period, equivalent to a capital adequacy ratio of 16.6 per cent. Tier 1 capital was NOK 2 674 million, equivalent to a tier 1 capital ratio of 14.2 per cent as at 31 March 2012. Risk-weighted assets were NOK 18 849 million at the same date. The Board deems the Company's capital adequacy to be good.

Outlook

BNkredditt is well capitalised and the Company's funding is sound. The Board of Directors are focused on promoting healthy growth in the Company's core areas in accordance with the adopted business strategy.

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

A priority area for BNkredditt will continue to be to make full use of the possibilities for issuing covered bonds through SpareBank 1 Næringskreditt AS.

BNkredditt is highly focused on implementing the Company's business strategy. In the Board's opinion, it will provide a sound basis for maintaining and developing the Company's values and assets.

Trondheim, 24 April 2012

Svend Lund
(Chair)

Kjell Fordal
(Deputy Chair)

Arve Austestad

Kjersti Hovdal

Hege Kristine Kvitsand

Trond Søråas
(Managing Director)

Income Statement

NOK MILLION	NOTE	Q1 2012	Q1 2011	FULL-YEAR 2011
Interest and similar income		204	172	748
Interest expense and similar charges		166	124	562
Net income from interest and credit commissions		38	48	186
Change in value fin. instruments carried at fair value, gains & losses	2	0	-5	1
Other operating income	3	17	19	76
Total other operating income		17	14	77
Salaries and general administrative expenses		18	17	70
Other operating expense		5	5	21
Total other operating expense		23	22	91
Operating profit/(loss) before impairment losses		32	40	172
Impairment losses on loans and advances	6	6	33	44
Profit/(loss) before tax		26	7	128
Computed tax charge		7	2	36
Profit/(loss) for the period		19	5	92

Balance Sheet

NOK MILLION	NOTE	31.03.12	31.03.11	FULL-YEAR 2011
Deferred tax assets		53	49	53
Reposessed properties		38	15	0
Loans and advances	5, 6, 10	18 072	15 595	17 078
Prepayments and accrued income		-3	0	0
Financial derivatives		112	106	125
Short-term securities investments		524	520	525
Cash and balances due from credit institutions		120	153	120
Total assets		18 916	16 438	17 901
Share capital		600	600	600
Retained earnings	4	2 136	2 084	2 117
Total equity		2 736	2 684	2 717
Subordinated loan capital	7	451	451	451
Liabilities to credit institutions		10 962	7 223	10 194
Debt securities in issue	7	4 685	5 979	4 473
Accrued expenses and deferred income		23	15	16
Tax payable		1	0	1
Financial derivatives		58	86	49
Total liabilities		16 180	13 754	15 184
Total equity and liabilities		18 916	16 438	17 901

Trondheim, 24 April 2012

Statement of Changes in Equity

NOK MILLION	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-UP SHARE CAPITAL	OTHER RESERVES	TOTAL EQUITY
Balance Sheet as at 1 January 2011	600	1 000	0	1 079	2 679
Result for the period	0	0	0	5	5
Balance Sheet as at 31 March 2011	600	1 000	0	1 084	2 684
Group contribution paid to Parent Bank	0	0	0	-98	-98
Group contrib. rec'd from Parent Bank	0	0	44	0	44
Result for the period	0	0	0	92	92
Balance Sheet as at 31 Dec. 2011	600	1 000	44	1 073	2 717
Result for the period	0	0	0	19	19
Balance Sheet as at 31 March 2012	600	1 000	44	1 092	2 736

The Board of Directors
Trondheim, 24 April 2012

Statement of Cash Flows

NOK MILLION	31.03.12	31.03.11	FULL-YEAR 2011
Cash flows from operating activities			
Interest/commission received and fees received from customers	271	-259	1 062
Interest received on other investments	23	-10	22
Interest paid on other loans	-158	-55	-593
Receipts/disbursements (-) on loans and advances to customers	-918	-152	-1 701
Receipts/payments (-) on liabilities to credit institutions	654	384	3 120
Receipts/payments (-) on securities in issue	209	0	-1 758
Receipts on written-off debt	0	0	9
Other receipts/payments	-21	8	-57
Payments to suppliers for goods and services	-12	-12	-49
Payments to employees, pensions and social security expenses	-10	-10	-37
Net cash flow from operating activities	38	-106	18
Cash flows from investing activities			
Receipts/payments (-) on short-term securities investments	0	128	-4
Purchase of operating assets etc.	-38	0	0
Proceeds from sale of operating assets etc.	0	0	25
Net cash flow from investing activities	-38	128	21
Cash flow from financing activities			
Dividend/group contribution paid	0	0	-53
Net cash flow from financing activities	0	0	-53
Net cash flow for the period	0	22	-14
Cash and balances due from central banks as at 1 January	120	52	134
Cash and balances due from central banks as at 31 December	120	74	120

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NOTE 1. ACCOUNTING POLICIES

The first-quarter interim financial statements for the three months to 31 March 2012 have been prepared in compliance with IFRS, including IAS 34 Interim Financial Reporting. A description of the accounting policies on which the interim financial statements are based is provided in the Annual Report for 2011.

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

NOK MILLION	31.03.12	31.03.11	FULL-YEAR 2011
Change in value of interest rate derivatives obliged to be carried at fair value through profit or loss ¹	-3	-21	-11
Total change in value of financial instruments obliged to be carried at fair value	-3	-21	-11
Change in value of borrowings selected for fair value carrying through profit or loss ¹	4	27	42
Change in value of loans selected for fair value carrying through profit or loss ¹	19	-19	-25
Total change in value of financial instruments selected for fair value carrying	23	8	17
Change in value of interest rate derivatives, hedging ³	0	-13	16
Change in value of borrowings, hedged ³	0	13	-16
Total change in value of financial instruments for hedging	0	0	0
Total change in value of financial instruments carried at fair value	20	-13	6
Realised exchange gains/losses(-) bonds and certificates carried at amortised cost ⁴	0	0	0
Exchange gains/losses on borrowings and loans carried at amortised cost ²	-20	8	-5
Total change in value of financial instruments carried at fair value, gains and losses	0	-5	1

¹ 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 has had no profit-and-loss effect as at 31 March 2012, compared with expense recognition of NOK 5 million for the same period of 2011. NOK 1 million was recognised as income 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. Exposure to exchange rate fluctuations is low.

³ From 2010, BNKreditt has used fair value hedges for new fixed-rate borrowings and related hedge instruments. The borrowings are hedged 1:1 through external contracts where the principal, interest stream, term and hedging transaction match. It is the interest rate risk that is hedged and the hedging transactions entered into are documented. With fair value hedges, the hedge instrument is accounted for at fair value, and the hedge object is accounted for at fair value for the hedged risk. Changes in these values from the opening balance sheet are carried in profit or loss. The credit risk is not hedged and therefore does not affect the valuations. The value of the hedging instruments as at 31 March 2012 was positive by NOK 22 million.

⁴ Realised exchange gains/losses on bonds, certificates and borrowings carried at amortised cost gave rise to no P&L effect as at 31 March 2012 and as at 31 March 2011. There was no P&L effect either for full-year 2011.

NOTE 3. OTHER OPERATING INCOME

NOK MILLION	31.03.12	31.03.11	FULL-YEAR 2011
Net commission income/charges ¹	17	19	76
Total other operating income	17	19	76

¹ Commission income from managing the portfolio in SpareBank 1 Næringskreditt was NOK 17 million as at 31 March 2012 and NOK 19 million for the same period of 2011. NOK 75 million was recognised as income for full-year 2011.

NOTE 4. CHANGES IN EQUITY

The Annual General Meeting has resolved to render group contribution to the Parent Bank of NOK 128 million before tax.

NOTE 5. OVERVIEW OF GROSS LENDING IN MANAGED PORTFOLIO

NOK MILLION	31.03.12	31.03.11	FULL-YEAR 2011
Gross lending	18 166	15 698	17 180
Loans transferred to SpareBank 1 Næringskreditt	8 099	7 727	8 263
Total loans managed portfolio	26 265	23 425	25 443

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

The various elements included in impairment losses and write-downs on loans are set out in Note 1 to the Annual Report for 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, the Company can however gain access to revenue, either through the courts or by some voluntary solution. Impairment losses and write-downs on loans described in this note apply to loans carried at amortised cost.

NOK MILLION	31.03.12	31.03.11	FULL-YEAR 2011
Write-offs in excess of prior-year write-downs	0	0	4
Write-offs on loans without prior-year write-downs	0	0	8
Write-downs for the period:			
Change in collective write-downs	2	10	3
Total change in collective write-downs	2	10	3
Increase in loans with prior-year write-downs	4	19	26
Provisions against loans without prior-year write-downs	0	4	14
Decrease in loans with prior-year write-downs	0	0	-2
Total change in individual write-downs	4	23	38
Gross impairment losses	6	33	53
Recoveries on previous write-offs ¹	0	0	9
Impairment losses on loans and advances	6	33	44
Revenue recognition of interest on written-down loans	2	4	8

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

NOK MILLION	31.03.12	31.03.11	FULL-YEAR 2011
Individual write-downs to cover impairment losses at start of the period	60	35	35
Write-offs covered by prior-year individual write-downs	-12	0	-4
Write-downs for the period:			
Increase in loans with prior-year individual write-downs	2	15	17
Write-downs on loans without prior individual write-downs	0	4	14
Decrease in loans with prior-year individual write-downs	0	0	-2
Individual write-downs to cover impairment losses at end of the period	50	54	60
Collective write-downs to cover impairment losses at start of the period	42	39	39
Collective write-downs for the period to cover impairment losses	2	10	3
Collective write-downs to cover impairment losses at end of the period	44	49	42

Loans past due more than 3 months

NOK MILLION	31.03.12	31.03.11	FULL-YEAR 2011
Gross principal	407	68	126
Individual write-downs	38	0	26
Net principal	369	68	100

Other loans with individual write-downs

NOK MILLION	31.03.12	31.03.11	FULL-YEAR 2011
Gross principal	65	879	396
Individual write-downs	12	54	34
Net principal	53	825	362

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

NOK MILLION	GROSS OUTSTANDING 31.03.12	%	GROSS OUTSTANDING 31.03.11	%	GROSS OUTSTANDING 2011	%
Corporate market	407	2.24	68	0.43	126	0.73

NOTE 7. BORROWINGS (FUNDING)

Debt securities in issue

The Company had issued bonds and certificates with a face value of NOK 565 million as at 31 March 2012, either as new issues or increases in existing tap issues.

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

NOK MILLION	CERTIFICATES	BONDS	TOTAL
Net debt (face value) as at 1 January 2012	0	4 360	4 360
New issues	0	0	0
Increase in existing issues	0	565	565
Purchase and maturity of existing issues	0	-335	-335
Net debt (face value) as at 31 March 2012	0	4 590	4 590

Subordinated loan capital and perpetual subordinated loan capital securities

The Company had issued no perpetual subordinated loan capital securities or subordinated loans as at 31 March 2012.

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

NOK MILLION	PERPET. SUBORD. LOAN CAP. SEC.	SUBORD. LOAN CAPITAL	TOTAL
Net debt (face value) as at 1 January 2012	0	450	450
New issues	0	0	0
Increase in existing issues	0	0	0
Purchase and maturity of existing issues	0	0	0
Net debt (face value) as at 31 March 2012	0	450	450

Recognised values

NOK MILLION	31.03.12	31.03.11	FULL-YEAR 2011
Certificates carried at amortised cost	0	0	0
Certificates carried at fair value	0	571	0
Total recognised value of certificates	0	571	0
Bonds carried at amortised cost	1 818	1 710	1 621
Bonds selected for fair value carrying	2 867	3 698	2 852
Total recognised value of bonds	4 685	5 408	4 473
Total recognised value of debt securities in issue	4 685	5 979	4 473
Subordinated loans carried at amortised cost	451	451	451
Subordinated loans selected for fair value carrying	0	0	0
Total recognised value of subordinated loans	451	451	451
Total recognised value of subordinated loans and perpetual subordinated loan capital securities	451	451	451

NOTE 8. CAPITAL ADEQUACY

Process for assessing the capital adequacy requirement

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

NOK MILLION	31.03.12	31.03.11	FULL-YEAR 2011
Share capital	600	600	600
Other reserves	2 127	2 081	2 118
Perpetual subordinated loan capital (perpetual subordinated loan capital borrowings)	0	0	0
Less:			
Intangible assets	0	0	0
Deferred tax assets	-53	-49	-53
Tier 1 capital	2 674	2 632	2 665
Fixed-term subordinated loan capital ¹	451	451	451
Less:			
Fixed-term subordinated loan capital that cannot be included	0	0	0
Net tier 2 capital	451	451	451
Total capital base	3 125	3 083	3 116
Risk-weighted assets	18 849	16 052	17 613
Tier 1 capital ratio (%)	14.2	16.4	15.1
Capital adequacy ratio (%)	16.6	19.2	17.7

¹ For more details, see Note 7.

Specification of risk-weighted assets

NOK MILLION	31.03.2012		31.03.2011		FULL-YEAR 2011	
RISK-WEIGHTING	RECOGNISED AMOUNT	WEIGHTED AMOUNT	RECOGNISED AMOUNT	WEIGHTED AMOUNT	RECOGNISED AMOUNT	WEIGHTED AMOUNT
0 %	0	0	0	0	0	0
10 %	0	0	0	0	0	0
20 %	699	140	752	150	706	141
35 %	545	191	365	128	562	197
50 %	0	0	0	0	0	0
75 %	0	0	0	0	0	0
100 %	18 518	18 518	15 774	15 774	17 275	17 275
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	19 762	18 849	16 891	16 052	18 543	17 613
Capital adequacy ratio (%)		16.6		19.2		17.7

NOTE 9. CONTINGENT OUTCOMES, EVENTS AFTER THE REPORTING PERIOD

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

NOTE 10. TRANSFER TO SPAREBANK 1 NÆRINGSKREDITT

SpareBank 1 Næringskreditt AS was established in 2009 and granted a licence by the Financial Supervisory Authority of Norway to operate as a credit institution. The company'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. The same banks own SpareBank 1 Næringskreditt as own BN Bank. The purpose of the company is to secure for the banks within the consortium a source of stable, long-term financing of commercial real estate at competitive rates. SpareBank 1 Næringskreditt procures loans with mortgages on commercial properties and issues covered bonds within the regulations governing such bonds established in 2007. As part of the consortium, BN Bank may transfer loans to the company and, as part of the Bank's funding strategy, loans have been transferred from BNkreditt. At 31 March 2012, the book value of transferred loans was NOK 8.1 billion. BN Bank is responsible for managing the transferred loans and BNkreditt receives a commission based on the net return on the loans transferred by the Bank and the costs to the company.

In order to attend to the interests of existing bond holders, in connection with the transfer BN Bank guaranteed that BNkreditt will have a capital adequacy ratio of at least 20 per cent at all times. Should the capital adequacy ratio fall below 20 per cent, the Parent Bank will cede precedence with respect to its accounts receivable with BNkreditt and/or provide a guarantee. As at 31 March 2012, BNkreditt's capital adequacy ratio was 16.6 per cent. The amount the Parent Bank is ceding precedence for stood at NOK 645 million as at 31 March 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 31 March 2012, these guarantees totalled NOK 311 million.

NOTE 11. INCOME STATEMENTS FOR THE LAST FIVE QUARTERS

NOK MILLION	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Interest and similar income	204	202	190	184	172
Interest expense and similar charges	166	153	149	136	124
Net income from interest and credit commissions	38	49	41	48	48
Change in value of financial instruments carried at fair value, gains and losses	0	5	0	1	-5
Other operating income	17	19	18	20	19
Total other operating income	17	24	18	21	14
Salaries and general administrative expenses	18	17	18	18	17
Other operating expense	5	5	5	6	5
Total other operating expense	23	22	23	24	22
Operating profit/(loss) before impairment losses	32	51	36	45	40
Impairment losses on loans and advances	6	9	11	-9	33
Profit/(loss) before tax	26	42	25	54	7
Computed tax charge	7	12	7	15	2
Profit/(loss) for the period	19	30	18	39	5



To the Board of Directors of Bolig- og Næringskreditt AS

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying balance sheet of Bolig- og Næringskreditt AS as of 31. March 2012 and the related statements of income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this 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, 24 April 2012
PricewaterhouseCoopers AS

Rune Kenneth S. Lædre
State Authorised Public Accountant

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

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

We certify that, to the best of our knowledge and belief, the Company's first-quarter interim financial statements for the period 1 January to 31 March 2012 have been prepared in compliance with IAS 34 Interim Financial Reporting, and that the disclosures in the interim financial statements give a true and fair view of the Company's assets, liabilities, financial position and performance as a whole.

To the best of our knowledge and belief, the first-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 in the next accounting period.

Trondheim, 23 April 2012

The Board of Directors of Bolig- og Næringskreditt AS

Svend Lund
(Chair)

Kjell Fordal
(Deputy Chair)

Arve Austestad

Kjersti Hovdal

Hege Kristine Kvitsand

Trond Søråas
(Managing Director)

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