

Bolig- og Næringskreditt AS

**INTERIM REPORT
3RD QUARTER | 2012**

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Highlights of year to end of Q3 2012

(Figures compared with year to end of Q3 2011)

- Result after tax of NOK 77 million (NOK 62 million)
- Return on equity after tax of 3.8 per cent (3.1 per cent)
- Impairment losses on loans recognised in income totalling NOK 2 million (NOK 35 million).
- Tier 1 capital ratio of 13.6 per cent (15.7 per cent)
- 17.0 per cent growth in lending managed portfolio (9.3 per cent)

Financial Ratios

| NOK MILLION | NOTE | 30.09.12 | 31.09.11 | FULL-YEAR 2011 |
|--|------|------------|------------|----------------|
| Summary of results | | | | |
| Net income from interest and credit commissions | | 117 | 137 | 186 |
| Total other operating income | | 58 | 53 | 77 |
| Total income | | 175 | 190 | 263 |
| Total other operating expense | | 70 | 69 | 91 |
| Operating profit/(loss) before impairment losses | | 105 | 121 | 172 |
| Impairment losses on loans and advances | | -2 | 35 | 44 |
| Pre-tax profit/(loss) | | 107 | 86 | 128 |
| Computed tax charge | | 30 | 24 | 36 |
| Profit/(loss) for the period | | 77 | 62 | 92 |
| Profitability | | | | |
| Return on equity | 1 | 3.8 % | 3.1 % | 3.4 % |
| Net interest margin | 2 | 0.84 % | 1.12 % | 1.11 % |
| Cost-income ratio | 3 | 40.0 % | 36.3 % | 34.6 % |
| Balance sheet figures | | | | |
| Gross lending | | 18 526 | 15 829 | 17 180 |
| Increase/decrease in lending (gross) last 12 months | | 17.0 % | 9.3 % | 12.0 % |
| Average total assets (ATA) | 4 | 18 472 | 16 250 | 16 775 |
| Total assets | | 19 335 | 16 587 | 17 901 |
| Balance sheet figures including SpareBank 1 Næringskreditt AS | | | | |
| Gross lending | | 28 198 | 23 838 | 25 443 |
| Increase/decrease in lending (gross) last 12 months | | 18.3 % | 7.0 % | 12.3 % |
| Losses on loans and non-performing loans | | | | |
| Loss ratio lending | 5 | -0.02 % | 0.30 % | 0.27 % |
| Non-performing loans as a percentage of gross lending | | 1.82 % | 1.25 % | 0.73 % |
| Other doubtful commitments as a percentage of gross lending | | 0.35 % | 2.22 % | 2.30 % |
| Solvency | | | | |
| Capital adequacy ratio | | 16.0 % | 18.4 % | 17.7 % |
| Tier 1 capital ratio | | 13.6 % | 15.7 % | 15.1 % |
| Tier 1 capital | | 2 575 | 2 569 | 2 665 |
| Capital base | | 3 026 | 3 020 | 3 116 |
| Shares | | | | |
| Earnings per share for the period (whole NOK) | | 12.83 | 10.33 | 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 expense as a percentage of total operating income

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

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

Report of the Directors

Summary of results for the three quarters to 30 September 2012

Bolig- og Næringskreditt AS (BNkreditt) posted a profit after tax of NOK 77 million for the three quarters to 30 September 2012, compared with NOK 62 million for the three quarters to 30 September 2011. The increase in post-tax profit is 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 1.82 per cent of gross lending as at 30 September 2012, which is 1.09 percentage points higher than at the start of the year.

Loans and advances totalled NOK 18.5 billion as at 30 September 2012, which is NOK 2.7 billion up on the past year. Loans for NOK 9.7 billion had been transferred to SpareBank 1 Næringskreditt as at 30 September 2012. Gross lending, including loans transferred to SpareBank 1 Næringskreditt, has increased by NOK 4.4 billion in the past year.

Operations, objectives and strategy

The overarching 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 the year to the end of Q3 2012

BNkreditt achieved 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 of 2011. The increase in post-tax profit is attributable to a decrease in impairment losses on loans.

Total income for the three quarters to 30 September 2012 was NOK 175 million, compared with NOK 190 million for the same period of 2011.

BNkreditt receives a commission from Sparebank 1 Næringskreditt equal to the margin on the transferred loans. For the three quarters to 30 September 2012 the Company received NOK 67 million in commission income, compared with NOK 57 million for the same period of 2011. As at 30 September 2012 loans had been transferred to the value of NOK 9.7 billion.

For the year to 30 September 2012 changes in the value of financial instruments were negative by NOK 9 million, while the effect in the same period of 2011 was negative by NOK 4 million. These effects will balance out over time. For more information on value changes, see Note 2.

Other operating expense as at 30 September 2012 totalled NOK 70 million, which is on a par with the same period the previous year. BNkreditt purchases all its operation management services from BN Bank.

Non-performing loans accounted for 1.82 per cent of gross lending as at 30 September 2012, compared with 0.73 per cent at 31 December 2011. Non-performing and doubtful loans, less individual write-downs, totalled NOK 389 million (2.10 per cent of gross lending) at the end of third-quarter 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.

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

Profit performance for Q3 2012

BNKreditt achieved a profit after tax of NOK 36 million for the third quarter of 2012, compared with NOK 22 million for the second quarter of 2012. The increase in post-tax profit is owing to positive changes in the value of financial instruments and a decrease in impairment losses on loans.

Total income for third-quarter 2012 was NOK 66 million, up from NOK 54 million for second-quarter 2012. The increase is owing to positive changes in the value of financial instruments.

Loans to the value of NOK 9.7 billion had been transferred to Sparebank 1 Næringskreditt as at 30 September 2012. In the third quarter of 2012, the Company received NOK 26 million in commission income, up from NOK 24 million in the second quarter of the year.

Other operating expense in third-quarter 2012 totalled NOK 24 million, which is on a par with the second quarter of the year. BNKreditt purchases all its operation management services from BN Bank.

Impairment losses on loans were recognised in income in the sum of NOK 8 million in the third quarter of 2012, compared with NOK 0 million in the previous quarter.

Balance sheet development

The Company's loan portfolio totalled NOK 18.5 billion as at 30 September 2012, having grown by NOK 2.7 billion over the past 12 months. At the end of September loans for NOK 9.7 billion had been transferred to SpareBank 1 Næringskreditt.

The quarterly trend in gross lending¹ is as follows:

| NOKbn | Q3 2012 | Q2 2012 | Q1 2012 |
|----------------------------|---------|---------|---------|
| BNKreditt | 18.5 | 18.5 | 18.2 |
| SpareBank 1 Næringskreditt | 9.7 | 9.3 | 8.1 |
| Gross lending | 28.2 | 27.8 | 26.3 |

Gross lending, including loans transferred to SpareBank 1 Næringskreditt, has risen by NOK 4.4 billion over the past 12 months.

BNKreditt only provides loans up to an 80% loan-to-value ratio. To further strengthen the interests of the existing bondholders in BNKreditt, BN Bank has provided a guarantee that BNKreditt will have a minimum capital adequacy ratio and junior financing from the Bank of 20 per cent. As at 30 September 2012, BNKreditt had a capital adequacy ratio of 16.0 per cent and a capital base of NOK 3.0 billion. BN Bank had ceded precedence in respect of its accounts receivable with BNKreditt for a total of NOK 767 million as at 30 September 2012. For more information, see Notes 8 and 10.

BNKreditt had NOK 4.3 billion in securities borrowings at the end of September 2012, which is down by NOK 276 million over the past 12 months. Other interest-bearing debt consists chiefly of debt to the Parent Bank.

Total assets have increased by NOK 2.7 billion to date this year, amounting to NOK 19.3 billion as at 30 September 2012.

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

Solvency

BNkredditt's capital base was NOK 3 026 million at the end of the period, equivalent to a capital adequacy ratio of 16.0 per cent. Tier 1 capital was NOK 2 575 million, equivalent to a tier 1 capital ratio of 13.6 per cent as at 30 September 2012. Risk-weighted assets were NOK 18 966 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 pursuing healthy profitability in accordance with the adopted business strategy.

Turbulence in the financial markets, stricter requirements by the authorities as regards financial institutions' capitalisation, and possible restrictions on the use of covered bonds companies as sources of funding, may give rise to lower growth and higher margins going forward.

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 vacancy rates, 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.

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

Trondheim, 22 October 2012
The Board of Directors

Svend Lund
(Chair)

Kjell Fordal
(Deputy Chair)

Arve Austestad

Kjersti Hovdal

Hege Kristine Kvitsand

Trond Søråas
(Managing Director)

Income Statement

| NOK MILLION | NOTE | Q3 2012 | Q3 2011 | 30.09.12 | 30.09.11 | FULL-YEAR 2011 |
|--|------|-----------|-----------|------------|------------|----------------|
| Interest and similar income | | 206 | 190 | 611 | 546 | 748 |
| Interest expense and similar charges | | 167 | 149 | 494 | 409 | 562 |
| Net income from interest and credit commissions | | 39 | 41 | 117 | 137 | 186 |
| Change in value fin. instruments carried at fair value, gains & losses | 2 | 1 | 0 | -9 | -4 | 1 |
| Other operating income | 3 | 26 | 18 | 67 | 57 | 76 |
| Total other operating income | | 27 | 18 | 58 | 53 | 77 |
| Salaries and general administrative expenses | | 18 | 18 | 54 | 53 | 70 |
| Other operating expense | | 6 | 5 | 16 | 16 | 21 |
| Total other operating expense | | 24 | 23 | 70 | 69 | 91 |
| Operating profit/(loss) before impairment losses | | 42 | 36 | 105 | 121 | 172 |
| Impairment losses on loans and advances | 6 | -8 | 11 | -2 | 35 | 44 |
| Profit/(loss) before tax | | 50 | 25 | 107 | 86 | 128 |
| Computed tax charge | | 14 | 7 | 30 | 24 | 36 |
| Profit/(loss) for the period | | 36 | 18 | 77 | 62 | 92 |

Balance Sheet

| NOK MILLION | NOTE | 30.09.12 | 30.09.11 | FULL-YEAR 2011 |
|--|----------|---------------|---------------|----------------|
| Deferred tax assets | | 89 | 87 | 53 |
| Reposessed properties | | 31 | 0 | 0 |
| Loans and advances | 5, 6, 10 | 18 478 | 15 732 | 17 078 |
| Prepayments and accrued income | | -3 | 0 | 0 |
| Financial derivatives | | 79 | 120 | 125 |
| Short-term securities investments | | 524 | 525 | 525 |
| Cash and balances due from credit institutions | | 137 | 123 | 120 |
| Total assets | | 19 335 | 16 587 | 17 901 |
| Share capital | | 600 | 600 | 600 |
| Share premium | | 1 000 | 1 000 | 1 000 |
| Retained earnings | 4 | 1 102 | 1 087 | 1 117 |
| Total equity | | 2 702 | 2 687 | 2 717 |
| Subordinated loan capital | 7 | 451 | 451 | 451 |
| Liabilities to credit institutions | | 11 840 | 8 825 | 10 194 |
| Debt securities in issue | 7 | 4 267 | 4 543 | 4 473 |
| Accrued expenses and deferred income | | 47 | 39 | 16 |
| Tax payable | | 0 | 0 | 1 |
| Financial derivatives | | 28 | 42 | 49 |
| Total liabilities | | 16 633 | 13 900 | 15 184 |
| Total equity and liabilities | | 19 335 | 16 587 | 17 901 |

Trondheim, 22 October 2012
The Board of Directors

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 |
| Group contribution paid to Parent Bank | 0 | 0 | 0 | -98 | -98 |
| Group contrib. received from Parent Bank | 0 | 0 | 44 | 0 | 44 |
| Result for the period | 0 | 0 | 0 | 62 | 62 |
| Balance Sheet as at 30 September 2011 | 600 | 1 000 | 44 | 1 043 | 2 687 |
| Result for the period | 0 | 0 | 0 | 30 | 30 |
| Balance Sheet as at 31 December 2011 | 600 | 1 000 | 44 | 1 073 | 2 717 |
| Group contribution paid to Parent Bank | 0 | 0 | 0 | -92 | -92 |
| Result for the period | 0 | 0 | 0 | 77 | 77 |
| Balance Sheet as at 30 September 2012 | 600 | 1 000 | 44 | 1 058 | 2 702 |

Trondheim, 22 October 2012
The Board of Directors

Statement of Cash Flows

| NOK MILLION | 30.09.12 | 30.09.11 | FULL-YEAR 2011 |
|--|------------|------------|----------------|
| Cash flows from operating activities | | | |
| Interest/commission received and fees received from customers | 713 | 842 | 1 062 |
| Interest received on other investments | 56 | 20 | 22 |
| Interest paid on other loans | -508 | -427 | -593 |
| Receipts/disbursements (-) on loans and advances to customers | -1 462 | -464 | -1 701 |
| Receipts/payments (-) on liabilities to credit institutions | 1 688 | 1 873 | 3 120 |
| Receipts/payments (-) on securities in issue | -221 | -1 712 | -1 758 |
| Receipts on written-off debt | 14 | 9 | 9 |
| Other receipts/payments | -75 | -55 | -57 |
| Payments to suppliers for goods and services | -37 | -37 | -49 |
| Payments to employees, pensions and social security expenses | -29 | -28 | -37 |
| Net cash flow from operating activities | 139 | 21 | 18 |
| Cash flows from investing activities | | | |
| Receipts/payments (-) on short-term securities investments | 1 | -4 | -4 |
| Purchase of operating assets etc. | -31 | 0 | 0 |
| Proceeds from sale of operating assets etc. | 0 | 25 | 25 |
| Net cash flow from investing activities | -30 | 21 | 21 |
| Cash flow from financing activities | | | |
| Dividend/group contribution paid | -92 | -53 | -53 |
| Net cash flow from financing activities | -92 | -53 | -53 |
| Net cash flow for the period | 17 | -11 | -14 |
| Cash and balances due from central banks as at 1 January | 120 | 134 | 134 |
| Cash and balances due from central banks at the end of the period | 137 | 123 | 120 |

Notes

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NOTE 1. ACCOUNTING POLICIES

The Q3 interim 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 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 | Q3 2012 | Q3 2011 | 30.09.12 | 30.09.11 | FULL-YEAR 2011 |
|---|-----------|------------|------------|-----------|----------------|
| Change in value interest rate deriv. obliged carried at fair value thro profit or loss ¹ | -1 | 16 | -10 | -6 | -11 |
| Total change in value of financial instruments obliged to be carried at fair value | -1 | 16 | -10 | -6 | -11 |
| Change in value of borrowings selected for fair value carrying through profit or loss ¹ | -19 | 1 | -3 | 31 | 42 |
| Change in value of loans selected for fair value carrying through profit or loss ¹ | 30 | -30 | 38 | -24 | -25 |
| Total change in value of financial instruments selected for fair value carrying | 11 | -29 | 35 | 7 | 17 |
| Change in value of interest rate derivatives, hedging ³ | 12 | 20 | 10 | 14 | 16 |
| Change in value of borrowings, hedged ³ | -12 | -20 | -10 | -14 | -16 |
| Total change in value of financial instruments for hedging | 0 | 0 | 0 | 0 | 0 |
| Total change in value of financial instruments carried at fair value | 10 | -13 | 25 | 1 | 6 |
| Realised exchange gains/losses(-) bonds and certificates carried at amortised cost ⁴ | 0 | 0 | 0 | 0 | 0 |
| Realised exchange gains/losses(-) loans and borrowings carried at amortised cost ⁴ | 0 | 0 | 0 | 0 | 0 |
| Exchange gains/losses on borrowings and loans carried at amortised cost ² | -9 | 13 | -34 | -5 | -5 |
| Total change in value of financial instruments carried at fair value, gains and losses | 1 | 0 | -9 | -4 | 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 was expense recognition of NOK 9 million as at 30 September 2012, compared with expense recognition of NOK 4 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 30 September 2012 was positive by NOK 57 million.

⁴ Realised exchange gains/losses on bonds, certificates and borrowings carried at amortised cost gave rise to no P&L effect as at 30 September 2012 and as at 30 September 2011. There was no P&L effect either for full-year 2011.

NOTE 3. OTHER OPERATING INCOME

| NOK MILLION | Q3 2012 | Q3 2011 | 30.09.12 | 30.09.11 | FULL-YEAR 2011 |
|--|-----------|-----------|-----------|-----------|----------------|
| Net commission income/charges ¹ | 26 | 18 | 67 | 57 | 76 |
| Total other operating income | 26 | 18 | 67 | 57 | 76 |

¹ Commission income from managing the portfolio in SpareBank 1 Næringskreditt was NOK 66 million as at 30 September 2012 and NOK 56 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 | 30.09.12 | 30.09.11 | FULL-YEAR 2011 |
|---|---------------|---------------|----------------|
| Gross lending | 18 526 | 15 829 | 17 180 |
| Loans transferred to SpareBank 1 Næringskreditt | 9 672 | 8 009 | 8 263 |
| Total loans managed portfolio | 28 198 | 23 838 | 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 and changes in value and gains/losses on the sale of repossessed properties in the current period.

| NOK MILLION | Q3 2012 | Q3 2011 | 30.09.12 | 30.09.11 | FULL-YEAR 2011 |
|--|-----------|-----------|-----------|-----------|----------------|
| Write-offs in excess of prior-year write-downs | 5 | 0 | 7 | 4 | 4 |
| Write-offs on loans without prior-year write-downs | 0 | 3 | 0 | 8 | 8 |
| Write-downs for the period: | | | | | |
| Change in collective write-downs | -5 | -6 | -6 | 4 | 3 |
| Total change in collective write-downs | -5 | -6 | -6 | 4 | 3 |
| Increase in loans with prior-year write-downs ¹ | 2 | 12 | 9 | 17 | 26 |
| Provisions against loans without prior-year write-downs | 0 | 2 | 0 | 13 | 14 |
| Decrease in loans with prior-year write-downs | -10 | 0 | -12 | -2 | -2 |
| Total change in individual write-downs | -8 | 14 | -3 | 28 | 38 |
| Gross impairment losses | -8 | 11 | -2 | 44 | 53 |
| Recoveries on previous write-offs ² | 0 | 0 | 0 | 9 | 9 |
| Impairment losses on loans and advances | -8 | 11 | -2 | 35 | 44 |
| Revenue recognition of interest on written-down loans | 1 | 1 | 3 | 5 | 8 |

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

² NOK 9 million relates to the reported profit on the sale of a previously repossessed property in Tromsø as at September 2011.

| 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 | 48 | 40 | 60 | 35 | 35 |
| Write-offs covered by prior-year individual write-downs | -26 | 0 | -37 | -4 | -4 |
| Write-downs for the period: | | | | | |
| Increase in loans with prior-year individual write-downs | 0 | 12 | 1 | 12 | 17 |
| Write-downs on loans without prior individual write-downs | 0 | 2 | 0 | 13 | 14 |
| Decrease in loans with prior-year individual write-downs | -10 | 0 | -12 | -2 | -2 |
| Individual write-downs to cover impairment losses at end of the period | 12 | 54 | 12 | 54 | 60 |
| Collective write-downs to cover impairment losses at start of the period | 41 | 49 | 42 | 39 | 39 |
| Collective write-downs for the period to cover impairment losses | -5 | -6 | -6 | 4 | 3 |
| Collective write-downs to cover impairment losses at end of the period | 36 | 43 | 36 | 43 | 42 |

Loans past due more than 3 months

| NOK MILLION | 30.09.12 | 30.09.11 | FULL-YEAR 2011 |
|------------------------|------------|------------|----------------|
| Gross principal | 337 | 198 | 126 |
| Individual write-downs | 0 | 32 | 26 |
| Net principal | 337 | 166 | 100 |

Other loans with individual write-downs

| NOK MILLION | 30.09.12 | 30.09.11 | FULL-YEAR 2011 |
|------------------------|-----------|------------|----------------|
| Gross principal | 64 | 352 | 396 |
| Individual write-downs | 12 | 22 | 34 |
| Net principal | 52 | 330 | 362 |

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

| NOK MILLION | GROSS OUTSTANDING 30.09.12 | % | GROSS OUTSTANDING 30.09.11 | % | GROSS OUTSTANDING 2011 | % |
|------------------|----------------------------------|------|----------------------------------|------|------------------------------|------|
| Corporate market | 337 | 1.82 | 198 | 1.25 | 126 | 0.73 |

NOTE 7. BORROWINGS (FUNDING)

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

Debt securities in issue

The Company had issued bonds and certificates with a face value of NOK 1 415 million as at 30 September 2012, either as new issues or increases in existing tap issues.

| 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 |
| New issues | 200 | 500 | 700 |
| Increase in existing issues | 0 | 0 | 0 |
| Purchase and maturity of existing issues | 0 | -1 211 | -1 211 |
| Net debt (face value) as at 30 June 2012 | 200 | 3 879 | 4 079 |
| New issues | 0 | 0 | 0 |
| Increase in existing issues | 0 | 150 | 150 |
| Purchase and maturity of existing issues | -50 | -26 | -76 |
| Net debt (face value) as at 30 September 2012 | 150 | 4 003 | 4 153 |

Subordinated loan capital and perpetual subordinated loan capital securities

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

| NOK MILLION | PERPET. SUBORDINATED LOAN CAP. SEC. | SUBORDINATED 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 |
| 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 | 0 | 450 | 450 |
| New issues | 0 | 0 | 0 |
| Increase in existing issues | 0 | 0 | 0 |
| Purchase and maturity of existing issues | 0 | 0 | 0 |
| Net debt (face value) as at 30 September 2012 | 0 | 450 | 450 |

Recognised values

| NOK MILLION | 30.09.12 | 30.09.11 | FULL-YEAR 2011 |
|--|--------------|--------------|----------------|
| Certificates carried at amortised cost | 0 | 0 | 0 |
| Certificates carried at fair value | 152 | 0 | 0 |
| Total recognised value of certificates | 152 | 0 | 0 |
| Bonds carried at amortised cost | 1 871 | 1 620 | 1 621 |
| Bonds carried at amortised cost (secured debt) | 1 334 | 763 | 774 |
| Bonds selected for fair value carrying | 910 | 2 160 | 2 078 |
| Total recognised value of bonds | 4 115 | 4 543 | 4 473 |
| Total recognised value of debt securities in issue | 4 267 | 4 543 | 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 BNkredit are part of the overall assessments made by the Board of Directors of BN Bank for the entire Group.

| NOK MILLION | 30.09.12 | 30.09.11 | FULL-YEAR 2011 |
|--|--------------|--------------|----------------|
| Share capital | 600 | 600 | 600 |
| Other reserves | 2 064 | 2 056 | 2 118 |
| Perpetual subordinated loan capital (perpetual subordinated loan capital borrowings) | 0 | 0 | 0 |
| Less: | | | |
| Intangible assets | 0 | 0 | 0 |
| Deferred tax assets | -89 | -87 | -53 |
| Tier 1 capital | 2 575 | 2 569 | 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 | 3 026 | 3 020 | 3 116 |
| Risk-weighted assets | 18 966 | 16 388 | 17 613 |
| Tier 1 capital ratio (%) | 13.6 | 15.7 | 15.1 |
| Capital adequacy ratio (%) | 16.0 | 18.4 | 17.7 |

¹ For more details, see Note 7.

Specification of risk-weighted assets

| 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 % | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 % | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 % | 753 | 151 | 703 | 141 | 706 | 141 |
| 35 % | 904 | 316 | 470 | 165 | 562 | 197 |
| 50 % | 0 | 0 | 0 | 0 | 0 | 0 |
| 75 % | 0 | 0 | 0 | 0 | 0 | 0 |
| 100 % | 18 499 | 18 499 | 16 083 | 16 083 | 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 | 20 156 | 18 966 | 17 256 | 16 388 | 18 543 | 17 613 |
| Capital adequacy ratio (%) | | 16.0 | | 18.4 | | 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 Næringskredit 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 Boligkredit 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 Næringskredit 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 BNkredit. 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 BNkredit 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 BNkredit 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 BNkredit and/or provide a guarantee. As at 30 September 2012, BNkredit'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 Næringskredit's capital base. As at 30 September 2012, these guarantees totalled NOK 0 million.

NOTE 11. INCOME STATEMENTS FOR THE LAST FIVE QUARTERS

| NOK MILLION | Q3 2012 | Q2 2012 | Q1 2012 | Q4 2011 | Q3 2011 |
|--|-----------|-----------|-----------|-----------|-----------|
| Interest and similar income | 206 | 201 | 204 | 202 | 190 |
| Interest expense and similar charges | 167 | 161 | 166 | 153 | 149 |
| Net income from interest and credit commissions | 39 | 40 | 38 | 49 | 41 |
| Change in value of financial instruments carried at fair value, gains and losses | 1 | -10 | 0 | 5 | 0 |
| Other operating income | 26 | 24 | 17 | 19 | 18 |
| Total other operating income | 27 | 14 | 17 | 24 | 18 |
| Salaries and general administrative expenses | 18 | 18 | 18 | 17 | 18 |
| Other operating expense | 6 | 5 | 5 | 5 | 5 |
| Total other operating expense | 24 | 23 | 23 | 22 | 23 |
| Operating profit/(loss) before impairment losses | 42 | 31 | 32 | 51 | 36 |
| Impairment losses on loans and advances | -8 | 0 | 6 | 9 | 11 |
| Profit/(loss) before tax | 50 | 31 | 26 | 42 | 25 |
| Computed tax charge | 14 | 9 | 7 | 12 | 7 |
| Profit/(loss) for the period | 36 | 22 | 19 | 30 | 18 |



To the Board of Directors of Bolig- og Næringskreditt AS

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying balance sheet of Bolig- og Næringskreditt AS as of 30 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.

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 third-quarter interim financial statements for the period 1 January to 30 September 2012 have been prepared in compliance with IAS 34 Interim Financial Reporting and that the disclosures in the 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 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 in the next accounting period.

Trondheim, 22 October 2012
The Board of Directors

Svend Lund
(Chair)


Kjell Fordal
(Deputy Chair)

Arve Austestad

Kjersti Hovdal

Hege Kristine Kvitsand

Trond Søråas
(Managing Director)



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