

Bolig- og Næringskreditt AS

**INTERIM REPORT
2ND QUARTER | 2012**

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Highlights first half-year to 30 June 2012

(Figures compared with first-half 2011)

- Profit after tax of NOK 41 million (NOK 44 million)
- Return on equity after tax of 3.0 per cent (3.3 per cent)
- Impairment losses on loans of NOK 6 million (NOK 24 million), equal to annualised figure of 0.07 per cent of gross lending (0.32 per cent)
- Tier 1 capital ratio of 13.0 per cent (15.5 per cent)
- 14.8 per cent growth in lending managed portfolio (10.7 per cent)

Financial Ratios

NOK MILLION	NOTE	30.06.12	31.06.11	FULL-YEAR 2011
Summary of results				
Net income from interest and credit commissions		78	96	186
Total other operating income		31	35	77
Total income		109	131	263
Total other operating expense		46	46	91
Operating profit/(loss) before impairment losses		63	85	172
Impairment losses on loans and advances		6	24	44
Pre-tax profit/(loss)		57	61	128
Computed tax charge		16	17	36
Profit/(loss) for the period		41	44	92
Profitability				
Return on equity	1	3.0 %	3.3 %	3.4 %
Net interest margin	2	0.87 %	1.21 %	1.11 %
Cost-income ratio	3	42.2 %	35.1 %	34.6 %
Balance sheet figures				
Gross lending		18 459	16 075	17 180
Increase/decrease in lending (gross) last 12 months		14.8 %	14.4 %	12.0 %
Average total assets (ATA)	4	17 887	15 891	16 775
Total assets		19 199	16 829	17 901
Balance sheet figures including SpareBank 1 Næringskreditt AS				
Gross lending		27 715	24 140	25 443
Increase/decrease in lending (gross) last 12 months		14.8 %	10.7 %	12.3 %
Losses on loans and non-performing loans				
Loss ratio lending	5	0.07 %	0.32 %	0.27 %
Non-performing loans as a percentage of gross lending		2.41 %	0.40 %	0.73 %
Other doubtful commitments as a percentage of gross lending		0.35 %	3.07 %	2.30 %
Solvency				
Capital adequacy ratio		15.3 %	18.2 %	17.7 %
Tier 1 capital ratio		13.0 %	15.6 %	15.1 %
Tier 1 capital		2 557	2 560	2 665
Capital base		3 008	3 011	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)		6.83	7.33	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 first half-year to 30 June 2012

BN Bolig- og Næringskreditt AS (BNkreditt) posted a profit after tax of NOK 41 million for the first half-year to 30 June 2012, compared with NOK 44 million for the first half-year to 30 June 2011. The decrease in profit is mainly attributable to a decrease in net income from interest and credit commissions.

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

Non-performing loans accounted for 2.41 per cent of gross lending as at 30 June 2012, which is 1.68 percentage points higher than at the start of the year.

Loans and advances totalled NOK 18.5 billion as at 30 June 2012, which is NOK 2.4 billion up on the past year. Loans for NOK 9.3 billion had been transferred to SpareBank 1 Næringskreditt as at 30 June 2012. Gross lending, including loans transferred to SpareBank 1 Næringskreditt, has increased by NOK 3.6 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 first-half 2012

BNkreditt achieved a profit after tax of NOK 41 million for the first half of 2012, compared with a post-tax profit of NOK 44 million for the first half of 2011. The decrease in profit is attributable to a decrease in net income from interest and credit commissions.

Total income for the first half of 2012 was NOK 109 million, compared with NOK 131 million for the first half of 2011.

BNkreditt receives a commission from Sparebank 1 Næringskreditt equal to the margin on the transferred loans. In the first half of 2012, the Company received NOK 41 million in commission income, compared with NOK 38 million for first-half 2011. As at 30 June 2012 loans had been transferred to the value of NOK 9.3 billion.

In first-half 2012 changes in the value of financial instruments were negative by NOK 10 million, while the effect in the first half 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 June 2012 totalled NOK 46 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 2.41 per cent of gross lending as at 30 June 2012, compared with 0.73 per cent at 31 December 2011. Non-performing and doubtful loans, less individual write-downs, totalled NOK 461 million (2.50 per cent of gross lending) at the end of the second 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.

Impairment losses on loans and advances totalled NOK 6 million for first-half 2012, compared with NOK 24 million for the same period of 2011. Collective write-downs were down by NOK 1 million in first-half 2012 and now stand at NOK 41 million, which was 0.22 per cent of gross lending as at 30 June 2012.

Profit performance for Q2 2012

BNKreditt achieved a profit after tax of NOK 22 million for the second quarter of 2012, compared with NOK 19 million for the first quarter of 2012. The increase in profit is owing to a reduction in losses and an increase in income from interest and credit commissions.

Total income for second-quarter 2012 was NOK 54 million, compared with NOK 55 million for first-quarter 2012. An increase in commission income from Sparebank 1 Næringskreditt has been cancelled out by a decrease in changes in the value of financial instruments.

Loans to the value of NOK 9.3 billion had been transferred to Sparebank 1 Næringskreditt as at 30 June 2012. In the second quarter of 2012, the Company received NOK 24 million in commission income, as against NOK 17 million in the first quarter of the year.

Other operating expense in second-quarter 2012 totalled NOK 23 million, which is on a par with the first quarter of the year. BNKreditt purchases all its operation management services from BN Bank.

Impairment losses on loans and advances were NOK 0 million in the second quarter of 2012, compared with NOK 6 million in the previous quarter.

Balance sheet development

The Company's loan portfolio totalled NOK 18.5 billion as at 30 June 2012, having grown by NOK 2.4 billion over the past 12 months. At the end of June loans for NOK 9.3 billion had been transferred to SpareBank 1 Næringskreditt.

The quarterly trend in gross lending¹ is as follows:

NOKbn	Q2 2012	Q1 2012	Q4 2011
BNKreditt	18.5	18.2	17.2
SpareBank 1 Næringskreditt	9.3	8.1	8.3
Gross lending	27.8	26.3	25.5

Gross lending, including loans transferred to SpareBank 1 Næringskreditt, has risen by NOK 3.6 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 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 June 2012, BNKreditt had a capital adequacy ratio of 15.3 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 937 million as at 30 June 2012. For more information, see Notes 8 and 10.

BNKreditt had NOK 4.1 billion in securities borrowings at the end of June 2012, which is down by NOK 150 million over the past 12 months. Other interest-bearing debt consists chiefly of debt to the Parent Bank.

Total assets have increased by NOK 1.3 billion to date this year, amounting to NOK 19.2 billion as at 30 June 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 3 008 million at the end of the period, equivalent to a capital adequacy ratio of 15.3 per cent. Tier 1 capital was NOK 2 557 million, equivalent to a tier 1 capital ratio of 13.0 per cent as at 30 June 2012. Risk-weighted assets were NOK 19 722 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.

Turbulence in the financial markets is affecting the supply and cost of funding. A continuing rise in the cost of funding may give rise to an increase in lending interest rates and lower growth 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.

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, 7 August 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	Q2 2012	Q2 2011	30.06.12	30.06.11	FULL-YEAR 2011
Interest and similar income		201	184	405	356	748
Interest expense and similar charges		161	136	327	260	562
Net income from interest and credit commissions		40	48	78	96	186
Change in value fin. instruments carried at fair value, gains & losses	2	-10	1	-10	-4	1
Other operating income	3	24	20	41	39	76
Total other operating income		14	21	31	35	77
Salaries and general administrative expenses		18	18	36	35	70
Other operating expense		5	6	10	11	21
Total other operating expense		23	24	46	46	91
Operating profit/(loss) before impairment losses		31	45	63	85	172
Impairment losses on loans and advances	6	0	-9	6	24	44
Profit/(loss) before tax		31	54	57	61	128
Computed tax charge		9	15	16	17	36
Profit/(loss) for the period		22	39	41	44	92

Balance Sheet

NOK MILLION	NOTE	30.06.12	30.06.11	FULL-YEAR 2011
Deferred tax assets		89	87	53
Reposessed properties		31	0	0
Loans and advances	5, 6, 10	18 370	15 986	17 078
Prepayments and accrued income		-2	25	0
Financial derivatives		56	82	125
Short-term securities investments		524	520	525
Cash and balances due from credit institutions		131	129	120
Total assets		19 199	16 829	17 901
Share capital		600	600	600
Share premium		1 000	1 000	1 000
Retained earnings	4	1 066	1 069	1 117
Total equity		2 666	2 669	2 717
Subordinated loan capital	7	451	451	451
Liabilities to credit institutions		11 879	9 339	10 194
Debt securities in issue	7	4 140	4 290	4 473
Accrued expenses and deferred income		32	33	16
Other current liabilities		0	0	0
Tax payable		0	0	1
Financial derivatives		31	47	49
Total liabilities		16 533	14 160	15 184
Total equity and liabilities		19 199	16 829	17 901

Trondheim, 7 August 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. rec'd from Parent Bank	0	0	44	0	44
Result for the period	0	0	0	44	44
Balance Sheet as at 30 June 2011	600	1 000	44	1 025	2 669
Result for the period	0	0	0	48	48
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	41	41
Balance Sheet as at 30 June 2012	600	1 000	44	1 022	2 666

Trondheim, 7 August 2012
The Board of Directors

Statement of Cash Flows

NOK MILLION	30.06.12	30.06.11	FULL-YEAR 2011
Cash flows from operating activities			
Interest/commission received and fees received from customers	459	386	1 062
Interest received on other investments	65	28	22
Interest paid on other loans	-365	-318	-593
Receipts/disbursements (-) on loans and advances to customers	-1 057	-577	-1 701
Receipts/payments (-) on liabilities to credit institutions	1 432	2 541	3 120
Receipts/payments (-) on securities in issue	-294	-1 911	-1 758
Receipts on written-off debt	0	9	9
Other receipts/payments	-63	-68	-57
Payments to suppliers for goods and services	-25	-49	-49
Payments to employees, pensions and social security expenses	-19	-18	-37
Net cash flow from operating activities	133	23	18
Cash flows from investing activities			
Receipts/payments (-) on short-term securities investments	1	25	-4
Purchase of operating assets etc.	-31	0	0
Proceeds from sale of operating assets etc.	0	0	25
Net cash flow from investing activities	-30	25	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	11	-5	-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	131	129	120

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NOTE 1. ACCOUNTING POLICIES

The first-half interim financial statements for the period 1 January to 30 June 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	Q2 2012	Q2 2011	30.06.12	30.06.11	FULL-YEAR 2011
Change in value interest rate deriv. obliged carried at fair value thro profit or loss ¹	-6	-1	-9	-21	-11
Total change in value of financial instruments obliged to be carried at fair value	-6	-1	-9	-21	-11
Change in value of borrowings selected for fair value carrying through profit or loss ¹	12	4	16	30	42
Change in value of loans selected for fair value carrying through profit or loss ¹	-11	26	8	6	-25
Total change in value of financial instruments selected for fair value carrying	1	30	24	36	17
Change in value of interest rate derivatives, hedging ³	-2	7	-2	-6	16
Change in value of borrowings, hedged ³	2	-7	2	6	-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	-5	29	15	15	6
Exchange gains/losses on borrowings and loans carried at amortised cost ²	-5	-28	-25	-19	-5
Total change in value of financial instruments carried at fair value, gains and losses	-10	1	-10	-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 10 million as at 30 June 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, BNKredit has used fair value hedges for new fixed-rate borrowings and related hedge instruments. The borrowings are hedged 1:1 through external contracts where the principal, interest stream, term and hedging transaction match. It is the interest rate risk that is hedged and the hedging transactions entered into are documented. With fair value hedges, the hedge instrument is accounted for at fair value, and the hedge object is accounted for at fair value for the hedged risk. Changes in these values from the opening balance sheet are carried in profit or loss. The credit risk is not hedged and therefore does not affect the valuations. The value of the hedging instruments as at 30 June 2012 was positive by NOK 30 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 June 2012 and as at 30 June 2011. There was no P&L effect either for full-year 2011.

NOTE 3. OTHER OPERATING INCOME

NOK MILLION	Q2 2012	Q2 2011	30.06.12	30.06.11	FULL-YEAR 2011
Net commission income/charges ¹	24	19	41	38	76
Other operating income	0	1	0	1	0
Total other operating income	24	20	41	39	76

¹ Commission income from managing the portfolio in SpareBank 1 Næringskreditt was NOK 41 million as at 30 June 2012 and NOK 38 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	30.06.12	30.06.11	FULL-YEAR 2011
Gross lending	18 459	16 075	17 180
Loans transferred to SpareBank 1 Næringskreditt	9 256	8 065	8 263
Total loans managed portfolio	27 715	24 140	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	Q2 2012	Q2 2011	30.06.12	30.06.11	FULL-YEAR 2011
Write-offs in excess of prior-year write-downs	0	0	0	4	4
Write-offs on loans without prior-year write-downs	0	0	0	5	8
Write-downs for the period:					
Change in collective write-downs	-3	0	-1	10	3
Total change in collective write-downs	-3	0	-1	10	3
Increase in loans with prior-year write-downs ¹	5	3	8	12	26
Provisions against loans without prior-year write-downs	0	2	0	2	14
Decrease in loans with prior-year write-downs	-2	-5	-1	0	-2
Total change in individual write-downs	3	0	7	14	38
Gross impairment losses	0	0	6	33	53
Recoveries on previous write-offs ²	0	9	0	9	9
Impairment losses on loans and advances	0	-9	6	24	44
Revenue recognition of interest on written-down loans	0	1	2	5	8

¹ Changes in value relating to repossessed properties totalled NOK 5 million in the second quarter of 2012.

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

NOK MILLION	Q2 2012	Q2 2011	30.06.12	30.06.11	FULL-YEAR 2011
Individual write-downs to cover impairment losses at start of the period	50	54	60	35	35
Write-offs covered by prior-year individual write-downs	0	-13	-12	-4	-4
Write-downs for the period:					
Increase in loans with prior-year individual write-downs	0	3	1	10	17
Write-downs on loans without prior individual write-downs	0	2	0	2	14
Decrease in loans with prior-year individual write-downs	-2	-6	-1	-3	-2
Individual write-downs to cover impairment losses at end of the period	48	40	48	40	60
Collective write-downs to cover impairment losses at start of the period	44	49	42	39	39
Collective write-downs for the period to cover impairment losses	-3	0	-1	10	3
Collective write-downs to cover impairment losses at end of the period	41	49	41	49	42

Loans past due more than 3 months

NOK MILLION	30.06.12	30.06.11	FULL-YEAR 2011
Gross principal	445	65	126
Individual write-downs	37	0	26
Net principal	408	65	100

Other loans with individual write-downs

NOK MILLION	30.06.12	30.06.11	FULL-YEAR 2011
Gross principal	64	493	396
Individual write-downs	11	40	34
Net principal	53	453	362

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

NOK MILLION	GROSS OUTSTANDING 30.06.12	%	GROSS OUTSTANDING 30.06.11	%	GROSS OUTSTANDING 2011	%
Corporate market	445	2.41	65	0.40	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 1 265 million as at 30 June 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

Subordinated loan capital and perpetual subordinated loan capital securities

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

Recognised values

NOK MILLION	30.06.12	30.06.11	FULL-YEAR 2011
Certificates carried at amortised cost	0	0	0
Certificates carried at fair value	200	0	0
Total recognised value of certificates	200	0	0
Bonds carried at amortised cost	1 748	1 420	1 620
Bonds carried at amortised cost (secured debt)	1 306	734	774
Bonds selected for fair value carrying	886	2 136	2 079
Total recognised value of bonds	3 940	4 290	4 473
Total recognised value of debt securities in issue	4 140	4 290	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	30.06.12	30.06.11	FULL-YEAR 2011
Share capital	600	600	600
Other reserves	2 046	2 048	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	2 557	2 561	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	3 008	3 012	3 116
Risk-weighted assets	19 722	16 507	17 613
Tier 1 capital ratio (%)	13.0	15.5	15.1
Capital adequacy ratio (%)	15.3	18.2	17.7

¹ For more details, see Note 7.

Specification of risk-weighted assets

NOK MILLION	30.06.2012		30.06.2011		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 %	719	144	710	142	706	141
35 %	490	172	473	166	562	197
50 %	0	0	0	0	0	0
75 %	0	0	0	0	0	0
100 %	19 406	19 406	16 199	16 199	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	20 615	19 721	17 382	16 507	18 543	17 613
Capital adequacy ratio (%)		15.3		18.2		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 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. The same banks own SpareBank 1 Næringskredit as own BN Bank. 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 June 2012, the book value of transferred loans was NOK 9.3 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 June 2012, BNkredit's capital adequacy ratio was 15.3 per cent. The amount the Parent Bank is ceding precedence for stood at NOK 937 million as at 30 June 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 June 2012, these guarantees totalled NOK 331 million.

NOTE 11. INCOME STATEMENTS FOR THE LAST FIVE QUARTERS

NOK MILLION	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Interest and similar income	201	204	202	190	184
Interest expense and similar charges	161	166	153	149	136
Net income from interest and credit commissions	40	38	49	41	48
Change in value of financial instruments carried at fair value, gains and losses	-10	0	5	0	1
Other operating income	24	17	19	18	20
Total other operating income	14	17	24	18	21
Salaries and general administrative expenses	18	18	17	18	18
Other operating expense	5	5	5	5	6
Total other operating expense	23	23	22	23	24
Operating profit/(loss) before impairment losses	31	32	51	36	45
Impairment losses on loans and advances	0	6	9	11	-9
Profit/(loss) before tax	31	26	42	25	54
Computed tax charge	9	7	12	7	15
Profit/(loss) for the period	22	19	30	18	39



To the Board of Directors of Bolig- og Næringskreditt AS

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying balance sheet of Bolig- og Næringskreditt AS as of 30. June 2012 and the related statements of income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

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

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

Conclusion

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

Trondheim, 7. August 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-half interim financial statements for the period 1 January to 30 June 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 first-half 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, 7 August 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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