

Report for the second quarter and first half of 2008

Unaudited



DnB NOR Boligkreditt AS

Report for the second quarter and first half of 2008

Introduction

DnB NOR Boligkreditt recorded pre-tax operating profits before write-downs of NOK 87.6 million in the second quarter of 2008, compared with NOK 17.9 million in the year-earlier period. Profit for the period came to NOK 55.1 million, up from NOK 12.9 million in the second quarter of 2007. Return on equity was 5.0 per cent in the April through June period of 2008, as against 3.5 per cent in the year-earlier period. Earnings per share were NOK 5.37 in the second quarter of 2008, an increase from NOK 1.69 in the second quarter of 2007.

DnB NOR Boligkreditt's pre-tax operating profits before write-downs for the first half of the year were NOK 192.7 million, up from NOK 18.4 million in 2007. After taxes, profits totalled NOK 125.1 million, compared with NOK 13.2 million in the year-earlier period. Net interest income came to NOK 252.1 million for the first half of 2008, an increase from NOK 67.6 million in 2007.

The core capital ratio of DnB NOR Boligkreditt was 7.3 per cent at end-June 2008, compared with 6.9 per cent at end-December 2007.

In DnB NOR's consolidated accounts, DnB NOR Boligkreditt is reported along with the Retail Banking business area.

Income

Income totalled NOK 171.6 million in the second quarter of 2008, up from NOK 42.6 million in the year-earlier period. Income for the first half of 2008 came to NOK 342.9 million, an increase from NOK 62.1 million in the first half of 2007.

Net interest income

Net interest income came to NOK 113.4 million for the April through June period in 2008, an increase of NOK 72.0 million from the second quarter of 2007. Income for the first half of 2008 totalled NOK 252.1 million, up from NOK 67.6 million in the year-earlier period.

Net other operating income

Net other operating income totalled NOK 58.1 million in the second quarter of 2008, an increase from NOK 1.2 million in the second quarter of 2007. Net other operating income was NOK 90.8 million in the first half of the year, compared with a negative NOK 5.5 million in the first half of 2007. The rise in income mainly reflected changes in the value of financial derivatives and financial debt recorded in the accounts.

Operating expenses

The company's operating expenses totalled NOK 84.0 million in the second quarter of 2008, an increase of NOK 59.3 million from the year-earlier period. The management fee to DnB NOR Bank was NOK 80.1 million, up from NOK 21.2 million in the second quarter of 2007. Operating expenses for the first half of the year were NOK 150.2 million, compared with NOK 43.7 million in the first half of 2007. The management fee to the bank was NOK 142 million for the January through June period. The increase is due to the fact that the fee is calculated on the basis of portfolio volume.

Write-downs on commitments

Based on the company's high lending volume, DnB NOR Boligkreditt increased group write-downs on loans by a total of NOK 19 million in the first half of 2008, of which NOK 11 million was recorded in the second quarter. The write-downs are based on the DnB NOR Group's calculation model and historical data for group write-downs.

Taxes

DnB NOR Boligkreditt's tax charge for the first half of 2008 was NOK 48.7 million, with NOK 21.4 million referring to the second quarter of the year. The tax charge is based on an anticipated average tax rate of 28 per cent of the company's pre-tax operating profits.

Balance sheet and assets under management

At end-June 2008, DnB NOR Boligkreditt had a total of NOK 130.2 billion under management, an increase of NOK 80.3 billion or 161 per cent from a year earlier.

Net lending to customers rose by NOK 74.4 billion or 149 per cent over the 12-month period. The increase stems mainly from the acquisition of portfolios from DnB NOR Bank. Since end-December 2007, the company has extended loans for a total value of NOK 26.1 billion through DnB NOR's branch network.

Since end-December, recorded securities issued have increased by NOK 44 billion, from NOK 33.3 billion to NOK 77.3 billion

Risk and capital adequacy

The company has established guidelines and limits for management and control of the different types of risk. Currency risk is sought eliminated through the use of financial derivatives. Interest rate and liquidity risk is managed in accordance with stipulations concerning covered bonds in the Financial Institutions Act and guidelines approved by the Board of Directors. Debt to DnB NOR constitutes a major part of the company's funding. The company's overall financial risk is considered to be low.

Operational risk is assessed to be low. A management agreement has been entered into with DnB NOR Bank comprising administration, bank production, IT operations and financial and liquidity management.

Assets are primarily mortgages within 75 per cent of appraised value. Credit risk is assessed to be low. In the opinion of the Board of Directors, the loan portfolio is of high quality.

The Board of Directors considers the company's total risk exposure to be low.

At end-June 2008, the company's equity totalled NOK 4 601.1 million, of which NOK 4 476.0 million represented core capital. Total primary capital in the company was NOK 5 506.0 million. The core capital ratio was 7.3 per cent, while the capital adequacy ratio was 8.9 per cent. The company implemented a private placement of equity at the beginning of the second quarter of the year. The Board of Directors considers

the company to be adequately capitalised relative to the risk level in the loan portfolios and other operations. The company is planning to increase primary capital during the third quarter of the year.

Important events in the second quarter

On 20 June 2008, the company renewed and increased the bond programme from the second quarter of 2007 from EUR 15 billion to EUR 25 billion.

During the second quarter, DnB NOR Boligkreditt acquired a residential mortgages for a total value of NOK 27.8 billion from DnB NOR Bank.

The company issued bonds for a total of NOK 24.7 billion in the second quarter of 2008.

Prospects for the rest of the year

Loans are arranged through DnB NOR's distribution network on behalf of DnB NOR Boligkreditt. Significant growth is planned through the purchase of portfolios and establishment of loans directly in DnB NOR Boligkreditt.

The company is planning to acquire additional portfolios from DnB NOR Bank during the second half of the year. In addition, residential mortgages under the Postbanken brand will be acquired during the January through December period. Growth in the cover pool will form the basis for further issues of covered bonds.

Price growth in the Norwegian housing market has stagnated in 2008 after a prolonged upturn, and future developments in the housing market remain uncertain. DnB NOR Boligkreditt has a robust loan portfolio and is in relative terms well positioned to withstand a negative trend in the housing market.

The turmoil in international financial markets looks set to continue into the second half of the year. High interest rates, less optimism and more stringent credit requirements will probably contribute to curbing credit demand. In the opinion of the Board of Directors, the company nevertheless has a sound platform for further growth and for implementing additional issues of covered bonds.

Oslo, 11 July 2008

The Board of Directors of DnB NOR Boligkreditt AS

Åsmund Skår
(chairman)

Bjørn Erik Næss

Steinar Ouren

Reidar Bolme

Kristin Normann

Øyvind Birkeland
(chief executive officer)

There has been no full or partial audit of the quarterly and half-yearly figures.

The second quarter report has been approved by the Board of Directors in the original Norwegian version. This is an English translation.

Statement pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that the company's half-yearly financial statements for the period 1 January through 30 June 2008 to the best of our knowledge have been prepared in accordance with IAS 34 – Interim Financial Reporting, and give a true and fair view of company's assets, liabilities, financial position and profit or loss taken as a whole.

To the best of our knowledge, the half-yearly report gives a true and fair:

- overview of important events that occurred during the accounting period and their impact on the half-yearly financial statements
- description of the principal risks and uncertainties facing the company over the next accounting period

Oslo, 11 July 2008

The Board of Directors of DnB NOR Boligkreditt AS

Åsmund Skår
(chairman)

Reidar Bolme

Bjørn Erik Næss

Kristin Normann

Steinar Ouren

Øyvind Birkeland
(chief executive officer)

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Income statement

DnB NOR Boligkreditt AS						
		2 nd quarter	2 nd quarter	1 st half	1 st half	Full year
<i>Amounts in NOK 1 000</i>	<i>Note</i>	2008	2007	2008	2007	2007
Total interest income	2	1 904 842	515 236	3 363 216	928 500	2 658 891
Total interest expenses	2	1 791 422	473 845	3 111 131	860 927	2 445 484
Net interest income	2	113 420	41 391	252 085	67 573	213 407
Commissions and fees receivable etc.		7 350	220	12 909	279	6 791
Commissions and fees payable etc.		185	21	213	88	125
Net gains/(losses) on financial instruments at fair value	3	50 975	1 002	78 115	(5 667)	26 752
Net other operating income		58 140	1 201	90 811	(5 476)	33 418
Total income		171 560	42 592	342 896	62 097	246 825
Salaries and other ordinary personnel expenses	4	3 008	1 462	6 173	1 890	7 699
Other expenses	4	80 986	23 225	143 980	41 811	132 370
Total operating expenses		83 994	24 687	150 153	43 701	140 069
Write-downs on loans and guarantees	6	11 000	-	19 000	-	14 000
Pre-tax operating profit		76 566	17 905	173 743	18 396	92 756
Taxes		21 438	5 013	48 648	5 151	25 984
Profit for the period		55 128	12 892	125 095	13 245	66 772
Earnings per share (NOK)		5.37	1.69	12.94	1.79	8.66
Diluted earnings per share (NOK)		5.37	1.69	12.94	1.79	8.66

Balance sheets

DnB NOR Boligkreditt AS				
		30 June	31 Dec.	30 June
<i>Amounts in NOK 1 000</i>	<i>Note</i>	2008	2007	2007
Assets				
Lending to and deposits with credit institutions		3 086 609	2 243 726	86 767
Lending to customers	7	124 226 707	90 005 395	49 807 904
Financial derivatives		2 885 905	1 583 060	34 600
Deferred tax assets		-	-	797
Other assets		37 752	20 509	-
Total assets		130 236 973	93 852 690	49 930 068
Liabilities and equity				
Loans and deposits from credit institutions		44 490 170	55 100 835	47 077 096
Financial derivatives		2 708 624	1 002 748	-
Securities issued	8	77 251 123	33 305 705	-
Payable taxes		48 648	-	3 119
Deferred taxes		71 689	54 889	-
Other liabilities		35 452	180 272	29 473
Subordinated loan capital	9	1 030 201	1 032 270	731 164
Total liabilities		125 635 907	90 676 719	47 840 852
Share capital		1 032 000	902 000	792 000
Other reserves and retained earnings		3 569 066	2 273 971	1 297 216
Total equity		4 601 066	3 175 971	2 089 216
Total liabilities and equity		130 236 973	93 852 690	49 930 068

Statement of changes in equity

DnB NOR Boligkreditt AS

	Share capital	Share premium reserve	Other equity	Total other reserves and retained earnings	Total equity
<i>Amounts in NOK 1 000</i>					
Balance sheet as at 1 January 2007	685 000	315 000	5 971	320 971	1 005 971
Profit for the period			13 245	13 245	13 245
Share issue 5 February 2007	47 000	423 000	-	540 000	600 000
Share issue 14 May 2007	60 000	540 000	19 216	1 297 216	2 089 216
Balance sheet as at 30 June 2007	792 000	1 278 000	19 216	1 297 216	2 089 216
Profit for the period			53 527	53 527	53 527
Group contribution			(66 772)	(66 772)	(66 772)
Share issue 13 December 2007	110 000	990 000	-	990 000	1 100 000
Balance sheet as at 31 December 2007	902 000	2 268 000	5 971	2 273 971	3 175 971
Profit for the period			125 095	125 095	125 095
Share issue 4 April 2008	130 000	1 170 000	-	1 170 000	1 300 000
Balance sheet as at 30 June 2008	1 032 000	3 438 000	131 066	3 569 066	4 601 066

Cash flow statement

	DnB NOR Boligkreditt AS		
	1st half 2008	1st half 2007	Full year 2007
<i>Amounts in NOK 1 000</i>			
OPERATIONS			
Net payments on loans to customers	6 300 296	(4 148 379)	(8 718 914)
Interest received from customers	3 197 486	367 839	2 390 389
Net payments on sales of financial assets for investment or trading	-	-	-
Net receipts on commissions and fees	12 909	(8)	6 791
Payments to operations	144 947	20 418	223 885
Taxes paid	-	-	3 119
Other receipts	-	-	-
Net cash flow relating to operations	(3 234 848)	4 495 792	10 889 090
INVESTMENT ACTIVITY			
Net payments on the acquisition of fixed assets	-	-	-
Net purchase of loan portfolio	27 782 741	24 882 705	75 482 545
Net cash flow relating to investment activity	(27 782 741)	(24 882 705)	(75 482 545)
FUNDING ACTIVITY			
Net receipts/payments on loans from credit institutions	(10 610 665)	41 414 216	54 600 835
Net receipts/payments on other short-term liabilities	(10 545)	(1 940)	29 912
Net issue of bonds and commercial paper	43 934 566	(24 694 407)	8 120 976
Issue of subordinated loan capital	-	380 000	680 000
Redemptions of subordinated loan capital	-	-	-
Repurchase of own shares/share issue	1 300 000	470 000	2 170 000
Dividend payments	-	-	-
Net interest payments on funding activity	2 752 884	1 160 337	3 216 869
Net cash flow from funding activity	31 860 472	16 407 532	62 384 854
Net cash flow	842 883	(3 979 381)	(2 208 601)
Cash as at 1 January	2 243 726	4 452 327	4 452 327
Net receipts/payments on cash	842 883	(3 979 381)	(2 208 601)
Cash at end of period	3 086 609	472 946	2 243 726

The cash flow statement shows receipts and payments of cash and cash equivalents during the year. The statement has been prepared in accordance with the direct method and has been adjusted for items that do not generate cash flows, such as accruals, depreciation and write-downs on loans and guarantees. Cash flows are classified as operating activities, investment activities or funding activities. Balance sheet items are adjusted for the effects of exchange rate movements. Cash is defined as cash and deposits with central banks, and deposits with credit institutions with no agreed period of notice.

Key figures

	DnB NOR Boligkreditt AS				
	2nd quarter	2nd quarter	1st half	1st half	Full year
	2008	2007	2008	2007	2007
Rate of return/profitability					
1. Return on equity, annualised (%) ¹⁾	5.0	3.5	6.6	2.0	3.7
Financial strength					
2. Core (Tier 1) capital ratio at end of period (%) ²⁾	7.3	8.8	7.3	8.8	6.9
3. Capital adequacy ratio at end of period (%) ²⁾	8.9	11.8	8.9	11.8	9.1
4. Core capital at end of period (NOK million)	4 475 971	2 075 174	4 475 971	2 075 174	3 175 971
5. Risk-weighted volume at end of period (NOK million)	61 568 321	23 689 113	61 568 321	23 689 113	46 069 822
Loan portfolio and write-downs					
6. Write-downs relative to net lending to customers, annualised	0.04	-	0.03	-	0.02
7. Net non-performing and impaired commitments, per cent of net lending	0.05	-	0.05	-	-
8. Net non-performing and impaired commitments at end of period (NOK 1 000) ³⁾	58 127	-	58 127	-	-
Staff					
9. Number of full-time positions at end of period	9	9	9	9	9

Definitions

1) Average equity is calculated on the basis of recorded equity.

2) Figures for previous periods have been prepared in accordance with rules prevailing on the reporting dates.

3) The level of non-performing loans does not give grounds for individual write-downs.

Note 1 – Accounting principles etc.

Accounting principles

The second quarter accounts have been prepared according to IAS 34 – Interim Financial Reporting. A description of the accounting principles applied by the company in preparing the accounts is found in the annual report for 2007.

Note 2 – Net interest income

<i>Amounts in NOK 1 000</i>	DnB NOR Boligkreditt AS				
	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Interest on loans to and deposits with credit institutions	10 064	4 192	51 137	14 487	47 523
Interest on loans to customers	1 881 015	507 172	3 287 391	906 301	2 588 986
Front-end fees etc.	97	120	242	120	7
Other interest income	13 666	3 752	24 446	7 592	22 375
Total interest income	1 904 842	515 236	3 363 216	928 500	2 658 891
Interest on loans and deposits from credit institutions	763 928	468 823	1 401 165	614 053	1 661 952
Interest on securities issued	985 781	-	1 621 046	215 213	735 806
Interest on subordinated loan capital	17 224	8 783	33 633	15 137	36 262
Other interest expenses	24 489	(3 761)	55 287	16 524	11 464
Total interest expenses	1 791 422	473 845	3 111 131	860 927	2 445 484
Net interest income	113 420	41 391	252 085	67 573	213 407

Note 3 – Net gains on financial instruments at fair value

<i>Amounts in NOK 1 000</i>	DnB NOR Boligkreditt AS				
	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Net gains on foreign exchange and financial derivatives	(342 058)	26 292	(289 895)	207 826	232 355
Net gains on financial derivatives, hedging	(2 084 569)	-	(1 820 944)	-	(12 475)
Net gains on fixed rate loans	(24 370)	(25 290)	(17 321)	(31 734)	(23 413)
Net gains on financial liabilities, hedged items	2 074 677	-	1 832 635	-	10 654
Net gains on financial liabilities, other	427 295	-	373 640	(181 759)	(180 369)
Net gains on financial instruments at fair value	50 975	1 002	78 115	(5 667)	26 752

Note 4 – Operating expenses

DnB NOR Boligkreditt AS					
Amounts in NOK 1 000	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Ordinary salaries	1 821	1 162	3 900	1 484	5 490
Employer's national insurance contributions	253	203	570	203	698
Pension expenses	803	94	1 181	94	1 167
Social expenses	131	3	522	109	344
Total salaries and other personnel expenses	3 008	1 462	6 173	1 890	7 699
Fees	80 788	21 216	143 599	39 852	130 351
EDP expenses	7	823	16	1 857	1 375
Postage and telecommunications	-	-	12	3	7
Office supplies	2	2	6	2	16
Marketing and public relations	-	-	14	4	69
Travel expenses	130	21	193	23	293
Other operating expenses	59	1 163	140	70	259
Other expenses	80 986	23 225	143 980	41 811	132 370
Total operating expenses	83 994	24 687	150 153	43 701	140 069

Last five quarters

DnB NOR Boligkreditt AS					
Amounts in NOK 1 000	2nd quarter 2008	1st quarter 2008	4th quarter 2007	3rd quarter 2007	2nd quarter 2007
Ordinary salaries	1 821	2 079	2 436	1 570	1 162
Employer's national insurance contributions	253	317	262	233	203
Pension expenses	803	378	518	555	94
Social expenses	131	391	151	84	3
Total salaries and other personnel expenses	3 008	3 165	3 367	2 442	1 462
Fees	80 788	62 811	56 406	33 610	21 216
EDP expenses	7	9	2	-	823
Postage and telecommunications	0	12	-	4	-
Office supplies	2	4	6	8	2
Marketing and public relations	0	14	65	-	-
Travel expenses	130	63	52	218	21
Other operating expenses	59	81	55	133	1 163
Other expenses	80 986	62 994	56 586	33 973	23 225
Total operating expenses	83 994	66 159	59 953	36 415	24 687

Note 5 – Number of employees/full-time positions

DnB NOR Boligkreditt AS					
	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Number of employees at end of period	9	9	9	9	9
Number of employees calculated on a full-time basis at end of period	9	9	9	9	9

Note 6 – Write-downs on loans

<i>Amounts in NOK 1 000</i>	DnB NOR Boligkreditt AS				
	2nd quarter 2008	2nd quarter 2007	1st half 2008	1st half 2007	Full year 2007
Write-offs	-	-	-	-	-
New individual write-downs	-	-	-	-	-
Total new individual write-downs	-	-	-	-	-
Reassessed individual write-downs	-	-	-	-	-
Total individual write-downs	-	-	-	-	-
Recoveries on commitments previously written off	-	-	-	-	-
Change in group write-downs ¹⁾	11 000	-	19 000	-	14 000
Write-downs on loans and guarantees	11 000	0	19 000	0	14 000

1) Based on the DnB NOR Group's calculation model and statistics.

Note 7 – Lending to customers

<i>Amounts in NOK 1 000</i>	DnB NOR Boligkreditt AS		
	30 June 2008	31 Dec. 2007	30 June 2007
Lending to customers, nominal amount	122 330 033	87 869 975	47 834 617
Individual write-downs	-	-	-
Lending to customers, after individual write-downs	122 330 033	87 869 975	47 834 617
+ Accrued interest and amortisation	390 099	274 775	123 703
- Individual write-downs of accrued interest and amortisation	-	-	-
- Group write-downs	33 000	14 000	-
Lending to customers, at amortised cost	122 687 132	88 130 750	47 958 320
Lending to customers, nominal amount	1 576 217	1 893 238	1 876 802
+ Accrued interest	4 487	5 216	4 914
+ Adjustment to fair value	(41 129)	(23 809)	(32 132)
Lending to customers, classified at fair value	1 539 575	1 874 645	1 849 584
Lending to customers	124 226 707	90 005 395	49 807 904

Note 8 – Securities issued

Covered bonds

<i>Amounts in NOK 1 000</i>						DnB NOR Boligkreditt AS		
ISIN Code	Nominal value	Currency	Interest	Issued	Matured	30 June 2008	31 Dec. 2007	30 June 2007
XSO308736023	1 500 000	EUR	Fixed 4.625 %	2007	2012	12 037 916	11 957 952	-
NO0010378730	7 000 000	NOK	Fixed 5.550 %	2007	2014	7 000 000	5 000 000	-
XS0330848622	1 500 000	EUR	Fixed 4.375 %	2007	2010	12 037 916	11 957 952	-
CH0034696242	250 000	CHF	Fixed 3.000 %	2007	2012	1 249 448	1 204 593	-
CH0034696259	250 000	CHF	Fixed 3.375 %	2007	2016	1 249 448	1 204 593	-
NO0010398431	1 500 000	NOK	Floating 3M Nibor - 0,03%	2007	2010	1 500 000	1 500 000	-
XS0345378524	50 000	EUR	Floating 3M Euribor + 0,10%	2008	2013	401 264	-	-
XS0345291081	2 000 000	EUR	Fixed 4.125 %	2008	2013	16 050 554	-	-
XS0343679220	50 000	EUR	Floating 3M Euribor + 0,08%	2008	2011	401 264	-	-
XS0342241295	100 000	EUR	Floating 3M Euribor + 0,05%	2008	2011	802 528	-	-
XS0343839790	8 000 000	JPY	Floating 3M JPY Libor + 0,00%	2008	2011	384 904	-	-
-	35 000	EUR	Fixed 4.540 %	2008	2018	280 885	-	-
-	5 000	EUR	Fixed 4.586 %	2008	2018	40 126	-	-
-	45 500	EUR	Fixed 4.693 %	2008	2020	365 150	-	-
-	15 000	EUR	Fixed 4.600 %	2008	2018	120 379	-	-
-	150 000	EUR	Fixed 5.023 %	2008	2024	1 203 792	-	-
CH0039334104	200 000	CHF	Fixed 3.385 %	2008	2016	999 558	-	-
-	99 000	EUR	Fixed 6.550 %	2008	2015	794 502	-	-
NO0010430143	1 600 000	NOK	Fixed 5.500 %	2008	2019	1 600 000	-	-
-	20 000	EUR	Fixed 5.200 %	2008	2018	160 506	-	-
XS0363732701	2 000 000	EUR	Fixed 4.500 %	2008	2011	16 050 554	-	-
-	30 000	EUR	Fixed 4.928 %	2008	2023	240 758	-	-
-	111 000	EUR	Fixed 6.100 %	2008	2015	890 806	-	-
-	10 000	EUR	Fixed 5.360 %	2008	2018	80 253	-	-
-	120 000	EUR	Fixed 4.948 %	2008	2022	963 033	-	-
-	40 000	EUR	Fixed 5.070 %	2008	2013	321 011	-	-
-	15 000	EUR	Fixed 5.075 %	2008	2023	120 379	-	-
-	20 000	EUR	Fixed 5.510 %	2008	2018	160 506	-	-
-	20 000	EUR	Fixed 5.910 %	2008	2018	160 506	-	-
-	15 000	EUR	Fixed 5.170 %	2008	2018	120 379	-	-
Adjustments						(537 199)	480 615	-
Total securities issued						77 251 123	33 305 705	0

Cover pool

DnB NOR Boligkreditt AS			
<i>Amounts in NOK 1 000</i>	30 June 2008	31 Dec. 2007	30 June 2007
Pool of eligible loans	85 075 118	36 455 693	-
Market value of derivatives	(654 811)	413 129	-
Supplementary assets	2 782 894	288 291	-
Total collateralised assets	87 203 202	37 157 113	-
Over-collateralisation	113 %	112 %	N/A

Note 9 – Subordinated loan capital

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	Nominal	Currency	Interest rate	Issue date	Maturity date	Balance sheet 30 June 2008	Balance sheet 31 Dec. 2007
Term subordinated loan capital	350 000	NOK	3 month Nibor + 35 bp	18.09.2006	18.09.2016	350 000	350 000
Term subordinated loan capital	150 000	NOK	3 month Nibor + 20 bp	10.01.2007	10.01.2017	150 000	150 000
Term subordinated loan capital	230 000	NOK	3 month Nibor + 20 bp	20.02.2007	20.02.2017	230 000	230 000
Term subordinated loan capital	300 000	NOK	3 month Nibor + 75 bp	30.11.2007	30.11.2017	300 000	300 000
Adjustments						201	2 270
Total	1 030 000					1 030 201	1 032 270

Note 10 - Capital adequacy

New capital adequacy regulations, Basel II, entered into force on 1 January 2007, see below for further description of DnB NOR Boligkreditt and the DnB NOR Group's implementation of the Basel II regulations.

Primary capital

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	30 June 2008	31 Dec. 2007 ²⁾
Share capital	1 032 000	902 000
Other equity ¹⁾	3 443 971	2 273 971
Total equity	4 475 971	3 175 971
Deductions		
Deferred tax assets	-	-
Core capital	4 475 971	3 175 971
Perpetual subordinated loan capital	-	-
Term subordinated loan capital	1 030 000	1 030 000
Supplementary capital	1 030 000	1 030 000
Deductions	-	-
Total eligible primary capital	5 505 971	4 205 971
Risk-weighted volume	61 568 321	46 069 822
Minimum capital requirement	4 925 466	3 685 586
Core capital ratio (%)	7.3	6.9
Capital ratio (%)	8.9	9.1

1) Profit for the period is not included in core capital.

2) Figures for previous periods have been prepared in accordance with rules prevailing on the reporting dates

Due to transitional rules, the minimum capital requirement for 2007, 2008 and 2009 cannot be reduced below 95, 90 and 80 per cent respectively in relation to the requirements according to Basel I rules.

Capital adequacy for the second quarter is reported according to the transitional rules.

Note 11 – Information on related parties

Major transactions with related parties during the first half of the year:

DnB NOR Bank

DnB NOR Boligkreditt AS is 100 per cent owned by DnB NOR Bank ASA. As part of ordinary business transactions, a large number of banking transactions are entered into between DnB NOR Boligkreditt AS (Boligkreditt) and DnB NOR Bank ASA (the bank), including loans, deposits and financial derivatives used in currency and interest rate risk management. Transactions are carried out on market terms and are regulated in the "Agreement relating to transfer of loan portfolio between DnB NOR Bank ASA and DnB NOR Boligkreditt AS" (the transfer agreement) and the "Contract concerning purchase of management services" (the management agreement).

The transfer agreement regulates the transfer of loan portfolios qualifying as collateral for the issue of covered bonds. During the second quarter of 2008, portfolios totalling NOK 27.8 billion were transferred from the bank to Boligkreditt on market terms.

Pursuant to the management agreement, Boligkreditt purchases services from the bank, including administration, bank production, distribution, customer contact, IT operations, financial and liquidity management. Boligkreditt pays an annual management fee for these services based on the lending volume under management. For new loans approved through the bank's channels, a sales commission for each loan is also paid. The fee paid for the first half of 2008 totalled NOK 142 million.

Vital Forsikring

As part of the company's ordinary investment activity, Vital Forsikring ASA (Vital) has subscribed for covered bonds issued by DnB NOR Boligkreditt. Vital's investments in Boligkreditt are limited to listed covered bonds. Vital's holding of Boligkreditt bonds was valued at NOK 6.1 billion at end-June 2008.

Group contributions

During the second quarter of 2008, DnB NOR Boligkreditt AS transferred group contributions to DnB NOR Bank ASA in the amount of NOK 67 million. DnB NOR Boligkreditt AS is a wholly-owned subsidiary of DnB NOR Bank ASA. The group contributions represent settlement of ordinary year-end adjustments for the 2007 accounting year.

Note 12 - Contingencies

DnB NOR Boligkreditt is party to no legal actions.

Note 13 – Profit and balance sheet trends

Income statement

	DnB NOR Boligkreditt AS				
	2nd quarter	1st quarter	4th quarter	3rd quarter	2nd quarter
<i>Amounts in NOK 1 000</i>	2008	2008	2007	2007	2007
Total interest income	1 904 842	1 458 374	1 047 260	683 131	515 236
Total interest expenses	1 791 422	1 319 709	974 360	610 197	473 845
Net interest income	113 420	138 665	72 900	72 934	41 391
Commissions and fees receivable etc.	7 350	5 559	4 835	1 677	220
Commissions and fees payable etc.	185	28	24	13	21
Net gains on financial instruments at fair value	50 975	27 140	9 067	23 352	1 002
Net other operating income	58 140	32 671	13 878	25 016	1 201
Total income	171 560	171 336	86 778	97 950	42 592
Salaries and other ordinary personnel expenses	3 008	3 165	3 367	2 442	1 462
Other expenses	80 986	62 994	56 586	33 973	23 225
Total operating expenses	83 994	66 159	59 953	36 415	24 687
Write-downs on loans and guarantees	11 000	8 000	14 000	-	-
Pre-tax operating profit	76 566	97 177	12 825	61 535	17 905
Taxes	21 438	27 210	3 603	17 230	5 013
Profit for the period	55 128	69 967	9 222	44 305	12 892
Earnings per share (NOK)	5.37	7.76	1.02	5.59	1.69
Diluted earnings per share (NOK)	5.37	7.76	1.02	5.59	1.69

Balance sheets

	DnB NOR Boligkreditt AS				
	30 June	31 March	31 Dec.	30 Sep.	30 June
<i>Amounts in NOK 1 000</i>	2008	2008	2007	2007	2007
Assets					
Lending to and deposits with credit institutions	3 086 609	204 323	2 243 726	65 831	86 767
Lending to customers	124 226 707	93 003 314	90 005 395	55 614 441	49 807 904
Financial derivatives	2 885 905	2 536 685	1 583 060	804 590	34 600
Deferred tax assets	-	-	-	797	797
Other assets	37 752	23 718	20 509	10 195	-
Total assets	130 236 973	95 768 040	93 852 690	56 495 854	49 930 068
Liabilities and equity					
Loans and deposits from credit institutions	44 490 170	35 865 997	55 100 835	35 712 330	47 077 096
Financial derivatives	2 708 624	752 371	1 002 748	1 065 015	-
Securities issued	77 251 123	54 597 987	33 305 705	16 785 283	-
Payable taxes	48 648	27 210	-	3 119	3 119
Deferred taxes	71 689	54 889	54 889	-	-
Other liabilities	35 452	192 891	180 272	55 743	29 473
Subordinated loan capital	1 030 201	1 030 757	1 032 270	740 843	731 164
Total liabilities	125 635 907	92 522 102	90 676 719	54 362 333	47 840 852
Share capital	1 032 000	902 000	902 000	792 000	792 000
Other reserves and retained earnings	3 569 066	2 343 938	2 273 971	1 341 521	1 297 216
Total equity	4 601 066	3 245 938	3 175 971	2 133 521	2 089 216
Total liabilities and equity	130 236 973	95 768 040	93 852 690	56 495 854	49 930 068

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Other sources of information

Annual reports

Annual reports for DnB NOR Boligkreditt AS, the DnB NOR Bank Group and the DnB NOR Group are available on www.dnbnor.com.

Quarterly publications

Quarterly reports are available on www.dnbnor.com

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