

First quarter report 2009

Unaudited



First quarter report 2009

Introduction

DnB NOR Boligkreditt recorded a pre-tax operating loss before write-downs of NOK 64.0 million in the first quarter of 2009, compared with pre-tax operating profits of NOK 105.2 million in the year-earlier period. There was a loss for the period of NOK 60.8 million. Net losses on financial instruments were NOK 617.3 million, reflecting the non-recurring effect of changes in the valuation of bonds issued in connection with the swap scheme with Norges Bank. Profits totalled NOK 70.0 million in the first quarter of 2008.

There was a negative return on equity of 3.4 per cent in the January through March period of 2009, compared with a return of 8.7 per cent in the year-earlier period. Earnings per share were negative at NOK 5.28, compared with NOK 7.76 in the first quarter of 2008.

The core capital ratio of DnB NOR Boligkreditt was 6.2 per cent at end-March 2009, compared with 6.3 per cent at end-December 2008. The capital adequacy ratio of DnB NOR Boligkreditt was 8.3 per cent at end-March 2009, compared with 8.5 per cent at year-end 2008.

During the first quarter of 2009, DnB NOR Boligkreditt acquired residential mortgages from DnB NOR Bank and the Postbanken brand for a total of NOK 21.4 billion. Mortgages for a total of NOK 93.7 billion were converted through 2008.

The company issued new covered bonds for NOK 53.9 billion during the first quarter of 2009, while new bonds issued through 2008 totalled NOK 76.1 billion.

In DnB NOR's consolidated accounts, DnB NOR Boligkreditt is reported along with the Retail Banking business area. Bjørn Erik Næss, CFO, was elected new board chairman on 17 March 2009.

Income

Income totalled NOK 108.2 million in the first quarter of 2009, down from NOK 171.3 million in the year-earlier period. Income in 2008 totalled NOK 1 871.7 million.

Net interest income

Net interest income came to NOK 721.4 million in the first quarter of 2009, an increase of NOK 582.7 million from the first quarter of 2008. Net interest income in 2008 totalled NOK 958.3 million.

Net other operating income

Net other operating income was negative at NOK 613.2 million in the first quarter of 2009, compared with income of NOK 32.7 million in the first quarter of 2008. Net other operating income totalled NOK 913.4 million in 2008. The decline in the first

quarter of 2009 primarily reflected changes in the valuation of bonds issued in connection with the swap scheme with Norges Bank. These bonds are now valued with reference to issue prices for corresponding bonds. Other bond debt is valued in the same way as earlier, with reference to international prices of covered bonds. This market remains illiquid with a very limited level of activity. The new valuation rules have resulted in a reversal of previously recorded unrealised gains on financial instruments.

Operating expenses

The company's operating expenses totalled NOK 172.2 million in the first quarter of 2009, an increase of NOK 106.0 million from the year-earlier period. The management fee to DnB NOR Bank was NOK 165.7 million, up from NOK 61.9 million in the first quarter of 2008. The increase is due to the fact that the fee is calculated on the basis of portfolio volume.

Write-downs on commitments

DnB NOR Boligkreditt recorded write-downs on loans of NOK 20.5 million in the first quarter of 2009, comprising group write-downs according to the DnB NOR Group's calculation model of NOK 11.0 million and individual write-downs of NOK 9.5 million. The Board of Directors consider the total level of write-downs to be satisfactory relative to the quality of the loan portfolio. Non-performing and impaired commitments represented 0.10 per cent of total lending volume at end-March 2009, compared with 0.06 per cent at end-December 2008.

Taxes

DnB NOR Boligkreditt reported a loss for the first quarter of 2009. 28 per cent (income) tax is calculated on the company's profits.

Balance sheet and assets under management

At end-March 2009, DnB NOR Boligkreditt had a total of NOK 258.6 billion under management, an increase of NOK 162.8 billion or 170 per cent from a year earlier.

Net lending to customers rose by NOK 146.3 billion or 157 per cent over the 12-month period, to NOK 239.3 billion. The increase stems from the sale of new loans and the acquisition of mortgage portfolios from DnB NOR Bank and under the Postbanken brand.

Since year-end 2008, recorded securities issued increased by NOK 48.1 billion, from NOK 133.2 billion to NOK 181.3 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 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 and limits approved by the Board of Directors. The company's overall financial risk is considered 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. Operational risk is assessed to be low.

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-March 2009, the company's equity totalled NOK 6 527.2 million, of which NOK 6 456.2 million represented core capital. Total primary capital in the company was NOK 8 536.7 million. The core capital ratio was 6.2 per cent, while the capital adequacy ratio was 8.3 per cent, excluding interim profits. The Board of Directors considers the company to be adequately capitalised relative to the risk level in the loan portfolios and other operations.

Market situation

In the capital markets, there was a gradual increase in margins relative to reference rates during 2008, which continued in the first quarter of 2009. In practice, the market for large public issues of covered bonds is currently non-existent, and DnB NOR Boligkreditt has implemented no public issues thus far in 2009. Norges Bank's long-term funding scheme based on collateral in the form of covered bonds has thus become instrumental in ensuring the Group long-term funding. During the first quarter of 2009, swap maturities were extended to five years. In addition, other measures were introduced to improve the access to long-term funding from the central bank. In the January through

March period in 2009, long-term funding from Norges Bank to the financial sector totalled NOK 38 billion, of which DnB NOR accounted for a significant share.

Based on developments in international capital markets, DnB NOR Boligkreditt has come to play a key role in ensuring long-term, favourable funding for the Group, which is reflected in the expansion of the company over the past 12 months.

Prospects for 2009

Economic developments in 2009 are highly uncertain. Nevertheless, housing prices, housing sales and household credit growth picked up during the first quarter, and the interest rate cuts by Norges Bank thus seem to have had a positive effect. According

to a report from Norges Bank presented at end-March, positive growth in the Norwegian economy is expected from the second half of 2009, driven by an upturn in private demand, mainly due to the low interest rate levels.

The government measures launched in October 2009 confirm the importance of portfolio building in DnB NOR Boligkreditt through 2009. Group projects have been established which will arrange for all new residential mortgages qualifying for inclusion in DnB NOR Boligkreditt's portfolio to be established directly in the company. There are also plans to accelerate portfolio building through the acquisition of residential mortgage portfolios from DnB NOR Bank.

Though there have been some signs of improvement in the covered bonds market, limited opportunities must be expected in the issue market during 2009. Government-guaranteed bonds issued by European banks have largely diverted investors' attention from covered bonds. The swap scheme with Norges Bank will thus remain an important element in the long-term funding of Norwegian banks and mortgage institutions.

Oslo, 13 May 2009

The Board of Directors of DnB NOR Boligkreditt AS

Bjørn Erik Næss
(chairman)

Jarle Mortensen

Kristin Normann

Stein Ove Steffensen

Reidar Bolme

Rein Øsebak

Øyvind Birkeland
(chief executive officer)

There has been no full or partial audit of the quarterly figures.

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

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Income statement

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	Note	1st quarter 2009	1st quarter 2008	Full year 2008	Full year 2007
Total interest income	3	2 753 974	1 458 374	9 006 742	2 658 891
Total interest expenses	3	2 032 581	1 319 709	8 048 419	2 445 484
Net interest income	3	721 393	138 665	958 323	213 407
Commissions and fees receivable etc.	4	9 908	5 559	28 054	6 791
Commissions and fees payable etc.	4	5 814	28	265	125
Net gains/(losses) on financial instruments at fair value	4,5	(617 336)	27 140	885 601	26 752
Net other operating income		(613 243)	32 671	913 390	33 418
Total income		108 150	171 336	1 871 713	246 825
Salaries and other ordinary personnel expenses	6	4 273	3 165	15 705	7 699
Other expenses	6	167 901	62 994	355 343	132 370
Total operating expenses		172 174	66 159	371 048	140 069
Write-downs on loans and guarantees	8	20 465	8 000	71 296	14 000
Pre-tax operating profit		(84 490)	97 177	1 429 369	92 756
Taxes		(23 657)	27 210	398 167	25 984
Profit for the period		(60 833)	69 967	1 031 202	66 772
Earnings per share (NOK)		(5.28)	7.76	100.13	8.66
Diluted earnings per share (NOK)		(5.28)	7.76	100.13	8.66

Balance sheet

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	Note	31 March 2009	31 Dec. 2008	31 March 2008	31 Dec. 2007
Assets					
Lending to and deposits with credit institutions		544 163	2 180 441	204 323	2 243 726
Lending to customers	9	239 259 739	198 482 392	93 003 314	90 005 395
Financial derivatives		18 791 016	25 631 917	2 536 685	1 583 060
Other assets		44 795	52 710	23 718	20 509
Total assets		258 639 713	226 347 460	95 768 040	93 852 690
Liabilities and equity					
Loans and deposits from credit institutions		66 495 205	81 827 833	35 865 997	55 100 835
Financial derivatives		1 505 790	1 874 823	752 371	1 002 748
Securities issued	10	181 277 338	133 203 742	54 597 987	33 305 705
Payable taxes		-	-	27 210	-
Deferred taxes		436 180	455 032	54 889	54 889
Other liabilities		223 464	220 181	192 891	180 272
Subordinated loan capital	11	2 235 396	2 238 676	1 030 757	1 032 270
Total liabilities		252 173 373	219 820 287	92 522 102	90 676 719
Share capital		1 152 000	1 152 000	902 000	902 000
Other reserves and retained earnings		5 314 340	5 375 173	2 343 938	2 273 971
Total equity		6 466 340	6 527 173	3 245 938	3 175 971
Total liabilities and equity		258 639 713	226 347 460	95 768 040	93 852 690

Statement of changes in equity

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	Share capital	Share premium reserve	Other equity	Total other reserves and retained earnings	Total equity
Balance sheet as at 31 December 2007	902 000	2 268 000	5 971	2 273 971	3 175 971
Profit for the period			69 967	69 967	69 967
Group contribution			-	-	-
Net income for the period			69 967	69 967	69 967
Balance sheet as at 31 March 2008	902 000	2 268 000	75 938	2 343 938	3 245 938
Profit for the period			961 235	961 235	961 235
Group contribution			(180 000)	(180 000)	(180 000)
Net income for the period			851 202	851 202	851 202
Share issue 4 April 2008	130 000	1 170 000	-	1 170 000	1 300 000
Share issue 14 October 2008	120 000	1 080 000	-	1 080 000	1 200 000
Balance sheet as at 31 December 2008	1 152 000	4 518 000	857 173	5 375 173	6 527 173
Profit for the period			(60 833)	(60 833)	(60 833)
Group contribution			-	-	-
Net income for the period			(60 833)	(60 833)	(60 833)
Balance sheet as at 31 March 2009	1 152 000	4 518 000	796 340	5 314 340	6 466 340

Cash flow statement

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	1st quarter 2009	1st quarter 2008	Full year 2008	Full year 2007
OPERATIONS				
Net payments on loans to customers	19 415 981	2 971 739	14 271 714	(8 718 914)
Interest received from customers	2 841 926	1 383 047	8 409 515	2 390 389
Net receipts on commissions and fees	10 217	5 559	53 624	6 791
Payments to operations	172 174	44 223	371 048	223 885
Taxes paid	-	-	25 967	3 119
Net cash flow relating to operations	(16 736 012)	(1 627 356)	(6 205 590)	10 889 090
INVESTMENT ACTIVITY				
Net purchase of loan portfolio	21 426 382	-	93 628 687	75 482 545
Net cash flow relating to investment activity	(21 426 382)	0	(93 628 687)	(75 482 545)
FUNDING ACTIVITY				
Net receipts/payments on loans from credit institutions	(15 332 628)	(19 234 838)	26 533 186	54 600 835
Net receipts/payments on other short-term liabilities	10 575	(250 471)	(30 387)	29 912
Net issue of bonds and commercial paper	53 884 125	20 109 962	77 166 955	8 120 976
Issue of subordinated loan capital	-	-	1 200 000	680 000
Repurchase of own shares/share issue	-	-	2 500 000	2 170 000
Dividend payments	-	-	66 775	-
Net interest payments on funding activity	2 035 956	1 036 700	7 531 988	3 216 869
Net cash flow from funding activity	36 526 116	(412 047)	99 770 992	62 384 854
Net cash flow	(1 636 278)	(2 039 403)	(63 285)	(2 208 601)
Cash as at 1 January	2 180 441	2 243 726	2 243 726	4 452 327
Net receipts/payments on cash	(1 636 278)	(2 039 403)	(63 285)	(2 208 601)
Cash at end of period	544 163	204 323	2 180 441	2 243 726

The cash flow statement shows receipts and payments of cash and cash equivalents during the period. 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.

Note 1 – Accounting principles etc.

Accounting principles

The first 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 2008.

Note 2 – Important accounting estimates and discretionary assessments

When preparing the accounts of DnB NOR Boligkreditt AS, management makes estimates and discretionary assessments and prepares assumptions that influence the effect of the accounting principles applied and thus the recorded values of assets and liabilities, income and expenses. A more detailed account of important estimates and assumptions is presented in note 2 Important accounting estimates and discretionary assessments in the annual report for 2008.

Fair value of financial derivatives and other financial instruments

The valuation method for bonds issued in connection with the swap scheme with Norges Bank was changed during the first quarter of 2009. These bonds are now valued with reference to issue prices for corresponding bonds. Other bond debt is valued in the same way as earlier, with reference to international prices of covered bonds. This market remains illiquid with a very limited level of activity. The new valuation rules have resulted in a reversal of previously recorded unrealised gains on financial instruments.

Note 3 – Net interest income

	DnB NOR Boligkreditt AS			
	1st quarter 2009	1st quarter 2008	Full year 2008	Full year 2007
<i>Amounts in NOK 1 000</i>				
Interest on loans to and deposits with credit institutions	47 471	41 073	189 558	47 523
Interest on loans to customers	2 681 435	1 406 376	8 758 023	2 588 986
Front-end fees etc.	2 315	145	494	7
Other interest income	22 753	10 780	58 667	22 375
Total interest income	2 753 974	1 458 374	9 006 742	2 658 891
Interest on loans and deposits from credit institutions	724 239	637 237	3 530 113	1 661 952
Interest on securities issued	1 614 908	635 265	4 478 842	735 806
Interest on subordinated loan capital	30 461	16 409	104 915	36 262
Other interest expenses ¹⁾	(337 026)	30 798	(65 451)	11 464
Total interest expenses	2 032 581	1 319 709	8 048 419	2 445 484
Net interest income	721 393	138 665	958 323	213 407

1) Other interest expenses include interest rate adjustments resulting from interest rate swaps entered into. Derivatives are recorded at fair value.

Note 4 – Net other operating income

DnB NOR Boligkreditt AS				
<i>Amounts in NOK 1 000</i>	1st quarter 2009	1st quarter 2008	Full year 2008	Full year 2007
Money transfer fees receivable	532	207	1 234	320
Sundry commissions and fees receivable on banking services	9 376	5 352	26 820	6 471
Total commissions and fees receivable etc.	9 908	5 559	28 054	6 791
Fees on custodial services payable	197	28	194	100
Credit broking commissions	(476)	-	(83)	-
Sundry commissions and fees payable on banking services	6 093	-	154	25
Total commissions and fees payable etc.	5 814	28	265	125
Net gains on financial instruments at fair value	(617 336)	27 140	885 601	26 752
Net other operating income	(613 243)	32 671	913 390	33 418

Note 5 – Net gains on financial instruments at fair value

DnB NOR Boligkreditt AS				
<i>Amounts in NOK 1 000</i>	1st quarter 2009	1st quarter 2008	Full year 2008	Full year 2007
Net gains on foreign exchange and financial derivatives	(96 779)	52 163	619 499	232 355
Net gains on financial derivatives, hedging ¹⁾	1 168 792	263 625	3 918 527	(12 475)
Net gains on fixed rate loans	53 083	7 049	248 153	(23 413)
Net gains on financial liabilities, hedged items ¹⁾	(1 148 693)	(242 042)	(3 906 487)	10 654
Net gains on financial liabilities, other	(593 740)	(53 655)	5 909	(180 369)
Net gains on financial instruments at fair value ²⁾	(617 336)	27 140	885 601	26 752

- 1) DnB NOR Boligkreditt AS uses hedge accounting for long-term borrowings in foreign currency. Loans are hedged 1:1 through external contracts where there is a correlation between currencies, interest rate flows and the hedging instrument. For the bank, the NOK leg of a hedging transaction will be exposed to 3-month interest rates, while for DnB NOR Boligkreditt AS, hedging transactions are entered into to further reduce the interest rate risk on the NOK leg of the hedging transaction. In the table, the interest rate exposure of the NOK leg of the interest rate swaps are included in changes in value of the hedging instrument.
- 2) The decline in the first quarter of 2009 primarily reflected changes in the valuation of bonds issued in connection with the swap scheme with Norges Bank. See also note 2 Important accounting estimates and discretionary assessments.

Note 6 – Operating expenses

<i>Amounts in NOK 1 000</i>	DnB NOR Boligkreditt AS			
	1st quarter 2009	1st quarter 2008	Full year 2008	Full year 2007
Ordinary salaries	2.392	2.079	9.258	5.490
Employer's national insurance contributions	366	317	1.541	698
Pension expenses	1.216	378	3.874	1.167
Social expenses	299	391	1.032	344
Total salaries and other personnel expenses	4.273	3.165	15.705	7.699
Fees	167.691	62.811	353.282	121.523
EDP expenses	-	9	24	8.828
Postage and telecommunications	9	12	27	1.375
Office supplies	3	4	11	23
Marketing and public relations	6	14	24	69
Travel expenses	86	63	363	293
Other operating expenses	106	81	1.612	259
Other expenses	167.901	62.994	355.343	132.370
Total operating expenses	172.174	66.159	371.048	140.069

Last five quarters

<i>Amounts in NOK 1 000</i>	DnB NOR Boligkreditt AS				
	1st quarter 2009	4th quarter 2008	3rd quarter 2008	2nd quarter 2008	1st quarter 2008
Ordinary salaries	2.392	2.936	2.422	1.821	2.079
Employer's national insurance contributions	366	489	483	253	317
Pension expenses	1.216	2.693	-	803	378
Social expenses	299	380	130	131	391
Total salaries and other personnel expenses	4.273	6.498	3.034	3.008	3.165
Fees	167.691	121.708	87.975	80.788	62.811
EDP expenses	-	8	-	7	9
Postage and telecommunications	9	(4)	18	-	12
Office supplies	3	2	2	2	4
Marketing and public relations	6	5	5	-	14
Travel expenses	86	125	46	130	63
Other operating expenses	106	737	736	59	81
Other expenses	167.901	122.582	88.782	80.986	62.994
Total operating expenses	172.174	129.080	91.816	83.994	66.159

Note 7 – Number of employees/full-time positions

	DnB NOR Boligkreditt AS			
	1st quarter 2009	1st quarter 2008	Full year 2008	Full year 2007
Number of employees at end of period	11	9	11	9
Number of employees calculated on a full-time basis at end of period	11	9	11	9

Note 8 – Write-downs on loans

DnB NOR Boligkreditt AS				
	1st quarter	1st quarter	Full year	Full year
<i>Amounts in NOK 1 000</i>	2009	2008	2008	2007
Write-offs	-	-	-	-
New individual write-downs	9 465	-	17 296	-
Total new individual write-downs	9 465	-	17 296	-
Reassessed individual write-downs	-	-	-	-
Total individual write-downs	9 465	-	17 296	-
Recoveries on commitments previously written off	-	-	-	-
Change in group write-downs ¹⁾	11 000	8 000	54 000	14 000
Write-downs on loans	20 465	8 000	71 296	14 000

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

A more detailed account of write downs on loans is presented in note 2 Important accounting estimates and discretionary assessments in the annual report for 2008.

Note 9 – Lending to customers

DnB NOR Boligkreditt AS				
	31 March	31 Dec.	31 March	31 Dec.
<i>Amounts in NOK 1 000</i>	2009	2008	2008	2007
Lending to customers, nominal amount	225 683 278	191 771 104	90 939 456	87 869 975
Individual write-downs	27 611	17 429	-	-
Lending to customers, after individual write-downs	225 655 667	191 753 675	90 939 456	87 869 975
+ Accrued interest and amortisation	518 714	661 496	309 385	274 775
- Individual write-downs of accrued interest and amortisation	3	6	-	-
Lending to customers, at amortised cost	226 174 378	192 415 165	91 248 841	88 144 750
Lending to customers, nominal amount	12 855 386	5 893 577	1 788 371	1 893 238
Individual write-downs	183	28	-	-
Lending to customers, after individual write-downs	12 855 203	5 893 549	1 788 371	1 893 238
+ Accrued interest	31 730	17 333	4 862	5 216
+ Adjustment to fair value	277 428	224 345	(16 760)	(23 809)
Lending to customers, classified at fair value	13 164 361	6 135 227	1 776 473	1 874 645
- Group write-downs	79 000	68 000	22 000	14 000
Lending to customers	239 259 739	198 482 392	93 003 314	90 005 395

Note 10 – Securities issued

Covered bonds - listed

DnB NOR Boligkreditt AS

Amounts in NOK 1 000

ISIN Code	Nominal value	Currency	Interest	Issued	Matured	31 March 2009	31 Dec. 2008	31 March 2008	31 Dec. 2007
XSO308736023	1 500 000	EUR	Fixed 4.625 %	2007	2012	13 392 738	14 687 453	12 071 135	11 957 952
NO0010378730	6 000 000	NOK	Fixed 5.550 %	2007	2014	6 000 000	6 000 000	7 000 000	5 000 000
XS0330848622	1 500 000	EUR	Fixed 4.375 %	2007	2010	13 392 738	14 687 453	12 071 135	11 957 952
CH0034696242	250 000	CHF	Fixed 3.000 %	2007	2012	1 474 607	1 640 731	1 280 487	1 204 593
CH0034696259	250 000	CHF	Fixed 3.375 %	2007	2016	1 474 607	1 640 731	1 280 487	1 204 593
NO0010398431	1 500 000	NOK	Floating 3M Nibor - 0,03%	2007	2010	1 500 000	1 500 000	1 500 000	1 500 000
XS0345378524	50 000	EUR	Floating 3M Euribor + 0,10%	2008	2013	446 425	489 582	402 371	-
XS0345291081	2 000 000	EUR	Fixed 4.125 %	2008	2013	17 856 984	19 583 270	16 094 846	-
XS0343679220	50 000	EUR	Floating 3M Euribor + 0,08%	2008	2011	446 425	489 582	402 371	-
XS0342241295	100 000	EUR	Floating 3M Euribor + 0,05%	2008	2011	892 849	979 164	804 742	-
XS0343839790	8 000 000	JPY	Floating 3M JPY Libor + 0,00%	2008	2011	546 178	617 400	409 367	-
CH0039334104	200 000	CHF	Fixed 3.385 %	2008	2016	1 179 685	1 312 585	-	-
NO0010430143	1 400 000	NOK	Fixed 5.500 %	2008	2019	1 400 000	1 400 000	-	-
XS0363732701	2 000 000	EUR	Fixed 4.500 %	2008	2011	17 856 984	19 583 270	-	-
XS0377361471	15 000	EUR	Fixed 4.900 %	2008	2013	133 927	146 875	-	-
XS0378505514	5 000 000	JPY	Fixed 2.045 %	2008	2018	341 365	385 875	-	-
XS0383827135	50 000	EUR	Fixed 4.814 %	2008	2015	446 425	489 582	-	-
XS0384439978	50 000	EUR	Floating 6M Euribor + 0,106%	2008	2011	446 425	489 582	-	-
Adjustments						5 804 519	4 945 697	1 281 047	480 615
Total securities issued						85 032 879	91 068 829	54 597 988	33 305 705

Note 10 – Securities issued (continued)

Private placements under the bond programme

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>							31 March	31 Dec.	31 March	31 Dec.
ISIN Code	Nominal value	Currency	Interest	Issued	Matured		2009	2008	2008	2007
-	35 000	EUR	Fixed 4.540 %	2008	2018		312 497	342 707	-	-
-	5 000	EUR	Fixed 4.586 %	2008	2018		44 642	48 958	-	-
-	45 500	EUR	Fixed 4.693 %	2008	2020		406 246	445 519	-	-
-	15 000	EUR	Fixed 4.600 %	2008	2018		133 927	146 875	-	-
-	150 000	EUR	Fixed 5.023 %	2008	2024		1 339 274	1 468 745	-	-
-	99 000	EUR	Fixed 6.550 %	2008	2026		883 921	969 372	-	-
-	20 000	EUR	Fixed 5.200 %	2008	2018		178 570	195 833	-	-
-	30 000	EUR	Fixed 4.928 %	2008	2023		267 855	293 749	-	-
-	111 000	EUR	Fixed 6.100 %	2008	2026		991 063	1 086 871	-	-
-	10 000	EUR	Fixed 5.360 %	2008	2018		89 285	97 916	-	-
-	120 000	EUR	Fixed 4.948 %	2008	2022		1 071 419	1 174 996	-	-
-	40 000	EUR	Fixed 5.070 %	2008	2013		357 140	391 665	-	-
-	15 000	EUR	Fixed 5.075 %	2008	2023		133 927	146 875	-	-
-	20 000	EUR	Fixed 5.510 %	2008	2018		178 570	195 833	-	-
-	20 000	EUR	Fixed 5.910 %	2008	2018		178 570	195 833	-	-
-	15 000	EUR	Fixed 5.170 %	2008	2018		133 927	146 875	-	-
-	20 000	EUR	Fixed 5.065 %	2008	2016		178 570	195 833	-	-
-	20 000	EUR	Fixed 5.575 %	2008	2018		178 570	195 833	-	-
-	15 000	EUR	Fixed 4.985 %	2008	2021		133 927	146 875	-	-
-	10 000	EUR	Fixed 5.450 %	2008	2013		89 285	97 916	-	-
-	15 000	EUR	Fixed 5.415 %	2008	2018		133 927	146 875	-	-
-	120 000	EUR	Fixed 4.903 %	2008	2019		1 071 419	1 174 996	-	-
-	20 000	EUR	Fixed 5.430 %	2008	2018		178 570	195 833	-	-
-	250 000	NOK	Fixed 5.850 %	2008	2015		250 000	250 000	-	-
-	14 000 000	NOK	Floating 3M Nibor + 0,40%	2008	2015		14 000 000	14 000 000	-	-
-	16 900 000	NOK	Floating 3M Nibor + 0,40%	2008	2015		16 900 000	16 900 000	-	-
-	15 000 000	NOK	Floating 3M Nibor + 0,30%	2009	2014		15 000 000	-	-	-
-	13 734 000	NOK	Floating 3M Nibor + 0,30%	2009	2013		13 734 000	-	-	-
-	12 000	EUR	Fixed 4.300 %	2009	2019		107 142	-	-	-
-	5 000	EUR	Fixed 4.370 %	2009	2019		44 642	-	-	-
-	5 000 000	NOK	Floating 3M Nibor + 0,30%	2009	2016		5 000 000	-	-	-
-	10 000 000	NOK	Floating 3M Nibor + 0,30%	2009	2017		10 000 000	-	-	-
-	10 000 000	NOK	Floating 3M Nibor + 0,30%	2009	2017		10 000 000	-	-	-
Adjustments							2 543 573	1 482 132	-	-
Total securities issued							96 244 459	42 134 913	0	0

Covered bonds

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>					31 March	31 Dec.	31 March	31 Dec.
					2009	2008	2008	2007
Total listed covered bonds					79 228 360	86 123 132	53 316 940	32 825 090
Total private placements under the bond programme					93 700 886	40 652 781	-	-
Adjustment					8 348 092	6 427 829	1 281 047	480 615
Total securities issued					181 277 338	133 203 742	54 597 987	33 305 705

Cover pool

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>					31 March	31 Dec.	31 March	31 Dec.
					2009	2008	2008	2007
Pool of eligible loans					188 425 957	156 044 020	63 401 021	36 455 693
Market value of derivatives					26 622 963	23 710 645	1 154 620	413 129
Supplementary assets					-	2 132 186	75 566	288 291
Total collateralised assets					215 048 920	181 886 851	64 631 207	37 157 113

Over-collateralisation	119 %	137 %	118 %	112 %
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Note 11 – Subordinated loan capital

Subordinated loan capital

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	Nominal	Currency	Interest rate	Issue date	Maturity date	31 March 2009	31 Dec. 2008	31 March 2008	31 Dec. 2007
Term subordinated loan capital	350 000	NOK	3 month Nibor + 35 bp	2006	2016	350 000	350 000	350 000	350 000
Term subordinated loan capital	150 000	NOK	3 month Nibor + 20 bp	2007	2017	150 000	150 000	150 000	150 000
Term subordinated loan capital	230 000	NOK	3 month Nibor + 20 bp	2007	2017	230 000	230 000	230 000	230 000
Term subordinated loan capital	300 000	NOK	3 month Nibor + 75 bp	2007	2017	300 000	300 000	300 000	300 000
Term subordinated loan capital	1 200 000	NOK	3 month Nibor + 152 bp	2008	2018	1 200 000	1 200 000	-	-
Adjustments						5 396	8 676	757	2 270
Total	2 230 000					2 235 396	2 238 676	1 030 757	1 032 270

Note 12 - Capital adequacy

New capital adequacy regulations, Basel II, entered into force on 1 January 2007. See the annual report for 2007 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>	31 March 2009	31 Dec. 2008
Share capital	1 152 000	1 152 000
Other equity ¹⁾	5 375 173	5 375 173
Total equity	6 527 173	6 527 173
Additions		
Portion of unrecognised actuarial (gains)/losses	(70 958)	(427 135)
Core capital	6 456 215	6 100 038
Term subordinated loan capital	2 230 000	2 230 000
Supplementary capital	2 230 000	2 230 000
Deductions	149 531	79 461
Total eligible primary capital	8 536 684	8 250 577
Risk-weighted volume	103 378 627	97 023 137
Minimum capital requirement	8 270 290	7 761 851
Core capital ratio (%)	6.2	6.3
Capital ratio (%)	8.3	8.5

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 first quarter is reported according to the transitional rules.

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	31 March 2009	31 Dec. 2008
Risk-weighted volume, Basel II	27 773 737	21 660 232
Minimum capital requirement, Basel II	2 221 899	1 732 819
Core capital ratio (%)	23.2	28.0
Capital ratio (%)	30.7	38.1

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

Note 13 – Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its payment obligations. Pursuant to the Financial Institutions Act, mortgage institutions which issue covered bonds are required to make sure that payment flows from the cover pool at all times enable the company to meet its payment obligations to the holders of covered bonds and derivative counterparties.

The Board of Directors sets annual limits for the company's liquidity risk, which means preparing liquidity risk limits, contingency plans, organisational aspects and responsibilities, forecasts, stress tests, routines for monitoring limit utilisation and compliance with guidelines, management reporting and independent monitoring of management and control systems.

The market situation for short-term liquidity had improved considerably at the beginning of 2009, partly due to expectations of further large interest rate cuts in various countries. Thus, investors chose to invest their liquid funds for somewhat longer periods before the interest rate cuts made an impact on the market. During the quarter, however, large international banks reported new sizeable losses, followed by rescue operations by the authorities.

The Norwegian authorities' measures aimed at the financial services industry have a stabilising effect on the banks' liquidity situation. Among other things, the measures implemented in the fourth quarter of 2008 give Norwegian banks the opportunity to exchange covered bonds for Treasury bills. The Treasury bills are tradeable in the ordinary financial markets, and the scheme is instrumental in ensuring the DnB NOR Bank Group long-term funding.

DnB NOR Boligkreditt AS's liquidity situation at end-March 2009 can be characterised as sound.

Note 14 - Information on related parties

Major transactions with related parties:

DnB NOR Bank ASA

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. In 2008 portfolios representing NOK 93.6 billion were transferred from the bank to Boligkreditt, while a total of NOK 21.4 billion was transferred in the first quarter of 2009. The transfers are based on market terms. Excess values in portfolios transferred the first quarter of 2009 are estimated at NOK 17.1 million. Calculations are based on the net present value of future net income from the acquired portfolio less the required rate of return on tied-up risk-adjusted capital.

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 quarter of 2009 was NOK 165.7 million.

DnB NOR Bank ASA invested NOK 53.9 billion in covered bonds issued by Boligkreditt in the first quarter of 2009, bringing its total invested amount to NOK 84.5 billion. The bank uses bonds issued by Boligkreditt as security for Treasury bills purchased from Norges Bank as part of the stimulus package for the Norwegian financial services industry.

Vital Forsikring ASA

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 7.1 billion at end-March 2009.

Group contributions

DnB NOR Boligkreditt AS is a wholly-owned subsidiary of DnB NOR Bank ASA. Provisions for group contributions to DnB NOR Bank ASA totalling NOK 180 million had been made at year-end 2008. The group contribution will be transferred in 2009. The group contributions represent settlement of ordinary year-end adjustments for the 2008 accounting year.

Note 14 Information on related parties (continued)

Stimulus packages

On 24 October 2008, the Norwegian parliament authorised the Ministry of Finance to launch a scheme whereby the government and the banks exchange Treasury bills for covered bonds for an agreed period. Norges Bank administers the scheme on commission from the Ministry of Finance.

Under the swap scheme, the government sells Treasury bills to the banks in a time-limited swap for covered bonds. The banks have free disposal over the Treasury bills they acquire and may sell them in the market if they so wish. Treasury bill maturities will be between three and six months. The swap agreements lasts for periods of up to three years, and the banks undertake to purchase new Treasury bills with six-month maturities when the agreement period expires. The Treasury bills are priced at NIBOR plus a premium corresponding to the margin at the time the agreement was concluded. Upon expiry of the agreements, the banks are under an obligation to repurchase the covered bonds from the government at the original selling price. Payments related to the covered bonds are credited to the banks on the same day as the payments are made, unless default occurs during the duration of the swap agreement.

DnB NOR Bank ASA has purchased bonds from DnB NOR Boligkreditt which have been used as collateral for swap agreements with Norges Bank. The bank is required to repurchase the covered bonds at the original selling price. The Group receives yield from the covered bonds as if they never had been sold. The accounting treatment of sales of financial instruments where the seller retains substantially all the risks and returns associated with the instrument, is described in IAS 39 Financial Instruments – Recognition and Measurement, Section 20. DnB NOR is of the opinion that the requirement for transfer of risk and returns associated with the bonds in accordance with this standard have not been fulfilled, and that the bonds thus cannot be derecognised from the balance sheet of the bank. On a consolidated basis, the bonds will be treated as own bonds and netted against issued bonds in DnB NOR Boligkreditt AS.

In practice, the swap agreements imply that the bank purchases Treasury bills from Norges Bank. These are initially recorded as investments in Treasury bills. The obligation to repurchase the bonds at a price corresponding to the value of the Treasury bills, is recorded as funding from Norges Bank. At end-March 2009, this funding represented NOK 57.1 billion. The bank's investment in Treasury bills amounted to NOK 16.9 billion at 31 March 2009.

Note 15 - Contingencies

DnB NOR Boligkreditt AS is party to no legal actions.

Key figures

DnB NOR Boligkreditt AS

	1st quarter 2009	1st quarter 2008	Full year 2008	Full year 2007
Rate of return/profitability				
1. Return on equity, annualised (%) ¹⁾	(3.4)	8.7	22.4	3.7
Financial strength				
2. Core (Tier 1) capital ratio at end of period (%) ²⁾	6.2	7.0	6.3	6.9
3. Capital adequacy ratio at end of period (%) ²⁾	8.3	9.2	8.5	9.1
4. Core capital at end of period (NOK million)	6 456 215	3 175 971	6 100 038	3 175 971
5. Risk-weighted volume at end of period (NOK million)	103 378 627	45 661 464	97 023 137	46 069 822
Loan portfolio and write-downs				
6. Write-downs relative to net lending to customers, annualised	0.01	0.01	0.01	0.02
7. Net non-performing and impaired commitments, per cent of net lending	0.09	0.04	0.06	-
8. Net non-performing and impaired commitments at end of period (NOK 1 000)	220 379	39 321	113 317	-
Staff				
9. Number of full-time positions at end of period	11	9	11	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.

Profit and balance sheet trends

Income statement

DnB NOR Boligkreditt AS

	1st quarter 2009	4th quarter 2008	3rd quarter 2008	2nd quarter 2008	1st quarter 2008
<i>Amounts in NOK 1 000</i>					
Total interest income	2 753 974	3 257 913	2 385 614	1 904 842	1 458 374
Total interest expenses	2 032 581	2 730 074	2 207 214	1 791 422	1 319 709
Net interest income	721 393	527 839	178 400	113 420	138 665
Commissions and fees receivable etc.	9 908	8 745	6 400	7 350	5 559
Commissions and fees payable etc.	5 814	11	41	185	28
Net gains on financial instruments at fair value	(617 336)	648 516	158 970	50 975	27 140
Net other operating income	(613 243)	657 250	165 411	58 140	32 671
Total income	108 150	1 185 089	343 811	171 560	171 336
Salaries and other ordinary personnel expenses	4 273	6 498	3 034	3 008	3 165
Other expenses	167 901	122 582	88 781	80 986	62 994
Total operating expenses	172 174	129 080	91 816	83 994	66 159
Write-downs on loans and guarantees	20 465	52 296	-	11 000	8 000
Pre-tax operating profit	(84 490)	1 003 713	251 995	76 566	97 177
Taxes	(23 657)	278 983	70 559	21 438	27 210
Profit for the period	(60 833)	724 730	181 436	55 128	69 967
Earnings per share (NOK)	(5.28)	62.91	17.58	5.37	7.76
Diluted earnings per share (NOK)	(5.28)	62.91	17.58	5.37	7.76

Balance sheets

DnB NOR Boligkreditt AS

	31 March 2009	31 Dec. 2008	30 Sep. 2008	30 June 2008	31 March 2008
<i>Amounts in NOK 1 000</i>					
Assets					
Lending to and deposits with credit institutions	544 163	2 180 441	2 821 535	3 086 609	204 323
Lending to customers	239 259 739	198 482 392	158 819 443	124 226 707	93 003 314
Financial derivatives	18 791 016	25 631 917	7 073 781	2 885 905	2 536 685
Deferred tax assets	-	-	-	-	-
Other assets	44 795	52 710	35 277	37 752	23 718
Total assets	258 639 713	226 347 460	168 750 036	130 236 973	95 768 040
Liabilities and equity					
Loans and deposits from credit institutions	66 495 205	81 827 833	74 519 972	44 490 170	35 865 997
Financial derivatives	1 505 790	1 874 823	2 179 936	2 708 624	752 371
Securities issued	181 277 338	133 203 742	84 767 937	77 251 123	54 597 987
Payable taxes	-	-	119 184	48 648	27 210
Deferred taxes	436 180	455 032	84 289	71 689	54 889
Other liabilities	223 464	220 181	56 966	35 452	192 891
Subordinated loan capital	2 235 396	2 238 676	2 239 308	1 030 201	1 030 757
Total liabilities	252 173 373	219 820 287	163 967 592	125 635 907	92 522 102
Share capital	1 152 000	1 152 000	1 032 000	1 032 000	902 000
Other reserves and retained earnings	5 314 340	5 375 173	3 750 444	3 569 066	2 343 938
Total equity	6 466 340	6 527 173	4 782 444	4 601 066	3 245 938
Total liabilities and equity	258 639 713	226 347 460	168 750 036	130 236 973	95 768 040

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Other sources of information

Annual reports

DnB NOR Boligkreditt AS is part of the DnB NOR Bank Group and the DnB NOR Group. 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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