2 DNB BOLIGKREDITT AS

– a company in the DNB Group

Second quarter and first half report 2013

(UNAUDITED)

DNB

Key figures

DNB Boligkreditt AS

Statement of comprehensive income *Amounts in NOK million*	2nd quarter 2013	2nd quarter 2012	1st half 2013	1st half 2012	Full year 2012 [2]
Net interest income	1 714	998	3 171	1 625	4 031
Net other operating income	(303)	511	(355)	(2 630)	(3 469)
- net gains (losses) on financial instruments at fair value	(324)	492	(394)	(2 665)	(3 543)
Operating expenses	1 328	602	2 399	887	2 592
Impairments on loans and commitments	3	8	(4)	6	8
Pre tax operating profit	80	900	420	(1 898)	(2 038)
Taxes	22	252	118	(531)	(571)
Profit for the period	57	648	303	(1 367)	(1 468)

Balance sheet *Amounts in NOK million*	30 June 2013	31 Dec. 2012 [2]	30 June 2012 [2]
Total assets	555 211	562 118	526 916
Loans to customers	528 297	519 362	496 660
Debt securities issued	417 836	382 531	380 153
Total equity	22 614	22 312	18 406

Key figures *Per cent*	2nd quarter 2013	2nd quarter 2012	1st half 2013	1st half 2012	Full year 2012 [2]
Combined weighted total average spread for loans [1]	1.13	0.63	1.02	0.48	0.60
Return on equity, annualised [3]	1.0	14.0	2.7	(15.5)	(3.5)
Tier 1 capital ratio at end of period [4]	10.2	8.1	10.2	8.1	10.3
Capital ratio at end of period [4]	11.0	9.0	11.0	9.0	11.2
Impairments relative to net loans to customers, annualised	0.00	0.00	0.00	0.00	0.00
Net non-performing and impaired loans, per cent of net loans	0.12	0.14	0.12	0.14	0.13

1) Based on nominal values excluding impaired loans, measured against actual funding cost.
2) Due to changes in principles, some comparative figures have been restated. See further details in note 1 Accounting principles.
3) Average equity is calculated on the basis of book value of equity.
4) The loss for the period is included in Tier 1 capital.

Second quarter and first half report 2013

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Introduction

DNB Boligkreditt AS is the DNB Group's vehicle for the issue of covered bonds based on residential mortgages. The company's offices are located in Oslo. DNB Boligkreditt is a wholly-owned subsidiary of DNB Bank ASA and is reported as part of the Retail Banking business area in DNB's consolidated accounts.

Based on developments in international capital markets, DNB Boligkreditt has come to play a key role in ensuring long-term favourable funding for the Group.

The rating agencies' assessments are of significance to the company's funding terms, and the company has engaged Standard & Poor's, Fitch Ratings and Moody's. The bonds issued have an AAA rating from all three agencies.

The market remained attractive for covered bonds issuers with strong credit ratings during the first half of 2013. The company issued covered bonds for a total of NOK 39.5 billion during this period.

Review of the second quarter and the first half 2013 accounts

Statement of comprehensive income

DNB Boligkreditt recorded a pre-tax operating profit of NOK 80 million in the second quarter of 2013, compared with a pre-tax operating profit of NOK 900 million in the second quarter of 2012. The pre-tax operating profit for the first half of 2013 was NOK 420 million, compared with a pre-tax operating loss of NOK 1 898 million in the first half of 2012. There was a profit of NOK 57 million in the second quarter of 2013, and a profit of NOK 648 million in the second quarter of 2012. The profit for the first half of 2013 was NOK 303 million, compared with a loss of NOK 1 367 million in the first half of 2012.

The company's operating income was NOK 1 411 million in the second quarter of 2013, compared with NOK 1 509 million in the second quarter of the previous year. Operating income for the first half of 2013 was NOK 2 816 million, while operating income was negative at NOK 1 005 million in the first half of the previous year.

Net interest income totalled NOK 1 714 million, up from NOK 998 million in the second quarter of 2012. The improvement was due to wider interest rate spreads.

Net other operating income was negative at NOK 303 million for the second quarter of 2013, while operating income totalled NOK 511 million in the corresponding period in 2012. The figures reflect the negative effects of unrealised changes in the market value of covered bonds and financial instruments. DNB Boligkreditt will typically record a high level of unrealised gains when financial markets are volatile, and vice versa when markets stabilise. Gains and losses from such instruments tend to vary considerably from quarter to quarter and will typically be reversed in subsequent periods due to stabilising markets or because the maturity dates of the instruments are approaching.

For the second quarter of 2013, DNB Boligkreditt recorded unrealised losses on financial instruments of NOK 324 million due to a reduction in market values, compared with a gain of NOK 492 million in the second quarter of 2012.

The company's operating expenses totalled NOK 1 328 million in the second quarter of 2013, up from NOK 602 million the year before. Operating expenses are volatile due to the management fee paid to DNB Bank. The cooperation with DNB Bank is formalised through an extensive servicing agreement that ensures DNB Boligkreditt sound competence in key areas and cost-effective operations. The management fee calculation is based primarily on lending volume and the spreads achieved. The management fee to the bank amounted to NOK 1 315 million in the second quarter of 2013, up from NOK 586 million in the second quarter of 2012. The management fee for the first half of 2013 amounted to NOK 2 373 million.The increase was mainly due to wider interest rate spreads.

The company recorded impairment losses on loans of NOK 3.3 million in the second quarter of 2013, compared with NOK 7.8 million in the second quarter of 2012. For the first half of 2013, net recoveries on impaired loans of NOK 3.9 million were recorded, compared with impairment losses of NOK 6.1 million in the corresponding period in 2012. The Board of Directors considers the level of impairment to be satisfactory relative to the high quality of the loan portfolio.

Balance sheet, assets under management and funding

At end-June 2013, DNB Boligkreditt had total assets of NOK 555.2 billion under management, a decrease of NOK 6.9 billion or 1.2 per cent from end-December 2012.

Net loans to customers rose by NOK 8.9 billion in the first half, standing at NOK 528.3 billion at end-June. There was an increase of NOK 31.6 billion or 6.4 per cent over the preceding 12 months. The increase originates from the acquisition of residential mortgage portfolios from DNB Bank and the sale of new loans through the bank's distribution network.

Debt securities issued by the company increased by a net NOK 13.5 billion in the second quarter and NOK 35.3 billion during the first half of the year. DNB Boligkreditt issued covered bonds under existing programmes totalling NOK 39.5 billion during the first half of 2013, and total debt securities issued amounted to NOK 418.0 billion as at 30 June 2013.

The company had NOK 104.5 billion due to credit institutions at end-June, which is on a level with a year earlier. This reflects the amount drawn on the overdraft facility with DNB Bank.

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.

Profit fluctuations resulting from changes in market values associated with the credit risk on the company's bond issues are neutralised in Tier 1 capital calculations for the company and thus do not affect the capital base.

The servicing agreement with DNB Bank comprises administration, bank production, IT operations and financial and liquidity management. Operational risk is assessed to be low. The fee structure in the servicing agreement shall ensure a stable return on equity, but does not take the effects of unrealised gains or losses on financial instruments into consideration.

Net non-performing and impaired loans represented 0.12 per cent of total loans at end-June 2013, down from 0.14 per cent a year earlier. In the opinion of the Board of Directors, the loan portfolio is of high quality. A decline in housing prices will reduce the value of the company's cover pool relative to the statutory asset coverage requirement. Quarterly stress tests are carried out to estimate the effects of a negative development in housing prices**.** A short-term measure to meet a significant fall in housing prices will be to supply DNB Boligkreditt with more substitute collateral. The Board of Directors considers the company's total risk exposure to be low.

As at 30 June 2013, the company's equity totalled NOK 22.6 billion, of which NOK 22.3 billion represented Tier 1 capital. Total primary capital in the company was NOK 24.1 billion. The Tier 1 capital ratio was 10.2 per cent, while the capital adequacy ratio was 11.0 per cent. Boligkreditt's capital ratio is thus below the new minimum capital requirement with effect from 1 July 2013, at 12.5 per cent. The company has notified the Norwegian Financial Supervisory Authority (Finanstilsynet) that it will await a final decision on new risk weights on residential mortgages before initiating a comprehensive capitalization of the company. The Board of Directors considers the company to be adequately capitalised relative to the risk level in the loan portfolios and other operations.

New regulatory framework

The Basel III regulatory framework introduces stricter capital adequacy and liquidity requirements. The requirements were disclosed in the EU/EEA during the second quarter and will be implemented in the form of new capital requirements directives, CRR and CRD IV, with effect from 1 January 2014. The Norwegian Ministry of Finance has prepared for implementation of CRR and CRD IV in Norway based on the EEA agreement, and aims to approve changes in regulations as soon as the CRD IV is implemented in the EEA agreement.

In Norway, the new capital requirements will be introduced with effect from 1 July 2013. The minimum Tier 1 capital ratio will be 9 per cent and be gradually increased to 12 per cent by 1 July 2016, including a so-called capital conservation buffer. The minimum capital reguirement will be 12.5 per cent with effect from 1 July 2013. In addition, a counter-cyclical capital element 2.5 per cent will be introduced, determined by the national supervisory authority.

In March 2013, the Ministry of Finance sent a consultation paper, suggesting new risk weights on residential mortgages ranging between 20 and 35 per cent. Today, Boligkreditt's average risk weight on residential mortgages is approximately 12 per cent according to Basel II without transitional rules. New risk weights on residential mortgages are expected to be approved in the third quarter of 2013.

Meanwhile, Finanstilsynet requires that risk-weighted volume must represent minimum 80 per cent of risk-weighted volume measured according to standard risk weights under the Basel I rules.

Macroeconomic developments

The eurozone seems to be stepping out of the recession and efforts to save the euro have dampened the negative effect of the debt crisis. Forecasts indicate positive growth towards the end of 2013.

The US economy seems to move in the right direction, with moderate growth and a more positive situation in the labour market. However, there is still uncertainty regarding fiscal policy and the debt situation.

A weaker development in China might have a negative influence on the international economy.

The Norwegian economy shows reduced growth.The positive growth impetus from housing and offshore investments is now waning, and forecasts are more pessimistic than a year ago. Housing prices in Norway continued to rise in the second quarter of 2013, but at a lower rate. Population growth, a moderate number of new residential properties, a stable and low unemployment rate and prospects of continuing low interest rate levels point towards a further stable upward trend in housing prices. However, relatively high housing prices and stricter equity requirements introduced by the Finanstilsynet have dampened price growth.

At end-May 2013, housing prices were approximately 6.5 per cent higher than at end-May 2012.

There was a positive market situation for covered bonds in the first half of 2013. Lower returns in other asset classes seemed to have a positive impact on the demand for covered bonds from highly rated issuers, especially covered bond issues with a long term to maturity.

Future prospects

Covered bonds have gained a leading position as a funding vehicle for Norwegian banks. At the end of 2012, the Norwegian Ministry of Finance asked Finanstilsynet to investigate whether the implementation of qualitative rules on the transfer of loans to residential mortgage companies could contribute to lowering systemic risk. Finanstilsynet's response was that an effective measure would be to increase the transparency and reporting, and to monitor the banking groups on an individual basis by following up each bank's transfer of residential mortgages to mortgage companies. The Ministry of Finance has not yet concluded on the issue.

Towards the end of first quarter 2013, DNB decided to raise residential mortgage rates by up to 0.30 percentage points. The interest rate increase is primarily reflected in the accounts as from the second quarter and is part of the adjustment to the new and stricter capital requirements as outlined in the paragraph on the new regulatory framework.

Demand for Norwegian covered bonds is supported by the sound Norwegian economy. Thus, Norwegian covered bonds seem to be regarded as attractive investments with relatively low credit and market risk. This provides a further sound basis for DNB Boligkreditt's funding activities in 2013.

Oslo, 10 July 2013
The Board of Directors of DNB Boligkreditt AS

Bjørn Erik Næss
(chairman)

Eva-Lill Strandskogen

Reidar Bolme

Elisabeth Ege

Rein Øsebak

Øyvind Birkeland
(chief executive officer)

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

We hereby confirm that the half-yearly financial statements for the company for the period 1 January through 30 June 2013 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 the assets, liabilities, financial position and profit or loss of the company 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
- description of major transactions with related parties.

Oslo, 10 July 2013
The Board of Directors of DNB Boligkreditt AS

Bjørn Erik Næss
(chairman)

Eva-Lill Strandskogen

Reidar Bolme

Elisabeth Ege

Rein Øsebak

Øyvind Birkeland
(chief executive officer)

Income statement and Statement of comprehensive income

DNB Boligkreditt AS

Amounts in NOK 1 000	Note	2nd quarter 2013	2nd quarter 2012	1st half 2013	1st half 2012	Full year 2012 1)
Total interest income	7	5 117 951	4 695 548	9 938 101	9 332 209	18 960 566
Total interest expenses	7	3 403 727	3 697 533	6 767 490	7 707 392	14 929 763
Net interest income	7	**1 714 224**	**998 015**	**3 170 612**	**1 624 817**	**4 030 802**
Commission and fee income		18 813	18 145	34 693	32 867	70 365
Commission and fee expenses		525	453	1 004	912	1 814
Net gains (losses) on financial instruments at fair value	8	(323 877)	492 155	(393 881)	(2 665 044)	(3 542 632)
Other income		2 514	1 310	5 290	2 926	5 394
Net other operating income		**(303 075)**	**511 157**	**(354 901)**	**(2 630 162)**	**(3 468 686)**
Total income		**1 411 150**	**1 509 172**	**2 815 710**	**(1 005 345)**	**562 116**
Salaries and other personnel expenses	9	7 437	5 002	17 591	10 461	19 233
Other expenses	9, 15	1 320 809	596 883	2 381 505	876 308	2 573 057
Total operating expenses	9	**1 328 246**	**601 885**	**2 399 095**	**886 769**	**2 592 290**
Impairments on loans and commitments	10	3 269	7 758	(3 857)	6 061	8 074
Pre-tax operating profit		**79 634**	**899 529**	**420 471**	**(1 898 176)**	**(2 038 248)**
Taxes		22 163	251 868	117 789	(531 489)	(570 775)
Profit for the period		**57 471**	**647 661**	**302 682**	**(1 366 686)**	**(1 467 472)**
Other comprehensive income		-	-	-	-	6 305
Total comprehensive income for the period		**57 471**	**647 661**	**302 682**	**(1 366 686)**	**(1 461 167)**

1) Due to changes in principles, some comparative figures have been restated. See further details in note 1 Accounting principles.

Balance sheet

DNB Boligkreditt AS

Amounts in NOK 1 000	Note	30 June 2013	31 Dec. 2012 [1)]	30 June 2012 [1)]
Assets				
Due from credit institutions	14,15	1 079 534	13 098 740	1 775 132
Loans to customers	14,10	528 296 500	519 362 406	496 659 687
Financial derivatives	13,15	25 822 278	29 651 578	28 471 729
Other assets		12 907	5 382	9 225
Total assets		**555 211 219**	**562 118 106**	**526 915 773**
Liabilities and equity				
Due to credit institutions	14,15	104 476 837	130 128 238	104 432 485
Financial derivatives	13,15	6 816 367	24 243 408	20 791 713
Debt securities issued	11,14	417 835 927	382 530 982	380 152 780
Payable taxes		321 478	285 527	-
Deferred taxes		159 460	159 460	550 944
Other liabilities		890 490	374 143	188 565
Provisions		38 428	26 326	34 082
Subordinated loan capital	12,14	2 057 842	2 058 313	2 358 938
Total liabilities		**532 596 830**	**539 806 398**	**508 509 508**
Share capital		2 527 000	2 527 000	2 127 000
Share premium reserve		16 893 000	16 893 000	13 293 000
Retained earnings		3 194 389	2 891 707	2 986 265
Total equity		**22 614 389**	**22 311 707**	**18 406 265**
Total liabilities and equity		**555 211 219**	**562 118 106**	**526 915 773**

1) Due to changes in principles, some comparative figures have been restated. See further details in note 1 Accounting principles.

Statement of changes in equity

DNB Boligkreditt AS

Amounts in NOK 1000	Share capital	Share premium reserve	Actuarial profit and loss	Retained earnings	Total equity
Balance sheet as at 31 December 2011	**1 827 000**	**10 593 000**	**-**	**5 076 110**	**17 496 110**
Implementation of the amended IAS 19 - Employee Benefits [1)]	-	-	(3 158)	-	(3 158)
Balance sheet as at 1 January 2012	**1 827 000**	**10 593 000**	**(3 158)**	**5 076 110**	**17 492 952**
Profit for the period	-	-	-	(1 366 686)	(1 366 686)
Other comprehensive income	-	-	0	-	-
Total comprehensive income for the period	**-**	**-**	**0**	**(1 366 686)**	**(1 366 686)**
Group contribution paid				(720 000)	(720 000)
Share issue 21 March 2012	300 000	2 700 000	-	-	3 000 000
Balance sheet as at 30 June 2012	**2 127 000**	**13 293 000**	**(3 158)**	**2 989 424**	**18 406 265**
Balance sheet as at 31 December 2012	**2 527 000**	**16 893 000**	**0**	**2 888 559**	**22 308 560**
Implementation of the amended IAS 19 - Employee Benefits [1)]	-	-	3 147	-	3 147
Balance sheet as at 1 January 2013	**2 527 000**	**16 893 000**	**3 147**	**2 888 559**	**22 311 707**
Profit for the period	-	-	-	302 682	302 682
Other comprehensive income	-	-	0	-	-
Total comprehensive income for the period	**-**	**-**	**0**	**302 682**	**302 682**
Balance sheet as at 30 June 2013	**2 527 000**	**16 893 000**	**3 147**	**3 191 242**	**22 614 389**

1) Changes in accounting principles due to changes in IAS 19, ref. note 1 Accounting principles.

Share capital

All shares and voting rights of the company are held by DNB Bank ASA. Share capital at the beginning of 2013 was NOK 2 527 million (25 270 000 shares at NOK 100).

Statement of cash flows

DNB Boligkreditt AS

Amounts in NOK 1 000	1st half 2013	1st half 2012	Full year 2012
Operating activities			
Net receipts/payments on loans to customers	(304 268)	(11 992 156)	(23 545 143)
Interest received from customers	9 793 520	9 172 037	17 141 547
Net payments on sales of financial assets for investment or trading	228 550	-	1 003 271
Net receipts on commissions and fees	33 689	31 904	68 551
Payments for operating expenses	(1 877 273)	(754 988)	(2 281 482)
Taxes paid	(80 614)	(6 373)	12 536
Other receipts	-	2 926	8 635
Net cash flow relating to operating activities	**7 793 603**	**(3 546 650)**	**(7 592 085)**
Investing activities			
Net purchase of loan portfolio	(8 415 888)	(20 971 327)	(31 675 875)
Net cash flow relating to investment activities	**(8 415 888)**	**(20 971 327)**	**(31 675 875)**
Financing activities			
Net receipts/payments on loans from credit institutions	(15 264 735)	9 764 399	35 393 211
Receipts on issued bonds	39 543 083	47 829 875	61 719 388
Payments on redeemed bonds	(23 689 769)	(28 052 146)	(50 588 388)
Redemptions of subordinated loan capital	-	-	(300 000)
Share issue	-	3 000 000	7 000 000
Group contribution paid	-	(1 000 000)	(1 000 000)
Interest payments on financing activities	(1 598 834)	(7 947 508)	(2 556 000)
Net cash flow from financing activities	**(1 010 256)**	**23 594 620**	**49 668 211**
Net cash flow	**(1 632 540)**	**(923 357)**	**10 400 251**
Cash at beginning of period	1 837 569	2 698 489	2 698 489
Net receipts/payments of cash	(1 632 540)	(923 357)	10 400 251
Cash at end of period	205 029	1 775 132	13 098 740

The statement of cash flows has been prepared in accordance with the direct method and shows receipts and payments of cash and cash equivalents during the year. Cash and cash equivalents is defined as cash and deposits with central banks and deposits with credit institutions with no agreed period of notice. Included in the cash balances at end of period, is restricted amounts of NOK 423 748 (NOK 797 751 for 2012) related to withholding employee taxes.

Note 1 Accounting principles

The financial statements for the first half and second quarter of 2013 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at 31 December 2012.

The company's accounting principles and methods of estimates are consistent with those applied in the preparation of the annual financial statements for 2012. The following changes in accounting standards have effect for the interim report:

IFRS 13 Fair Value Measurement entered into force as of 1 January 2013. The standard includes principles and guidance for fair value measurement of assets and liabilities when other IFRSs require or permit fair value measurements. The standard does not change what is required or permitted to be measured at fair value and have not changed any fair value measurement estimates in the company's balance sheet. IFRS 13 requires more detailed note information in both quarterly and annual accounts. This information is presented in notes 13 and 14.

Amendments to IAS 19 – Employee Benefits entered into force as of 1 January 2013. The amendments affect the recognition and presentation of the company's defined benefit pension schemes. The main effect of the amendments is that the corridor approach for recognising actuarial gains and losses have been removed and actuarial gains and losses are recognised in other comprehensive income in the year in which they occur. The actuarial net losses per 31 December 2011 of NOK 3.2 million, have been booked directly to the company's equity per 1 January 2012. 2012 figures have been restated.

The accounts for the first half and second quarter were approved by the Board of Directors on 10th of July 2013.

Operating segments

The company has operations within one operating segment only according to IFRS 8 *Operating segments*. The segment gave a positive return of NOK 0.3 billion for the first half of 2013. The company uses the information in the statement of comprehensive income and balance sheet also in its internal reporting.

Note 2 Significant accounting judgements, estimates and assumptions

The preparation of financial information in conformity with IFRS requires the use of estimates and assumptions about future conditions that affect reported income, expenses, assets and liabilities. Use of available information and applications of judgement are inherent in the information estimates. Actual results in the future may differ from such estimates, and the differences may be material to the financial statements. A more detailed description of important estimates and assumptions is presented in the annual report for 2012 in note 1 *Significant accounting judgements, estimates and assumptions.*

Note 3 Capital adequacy

Primary capital	DNB Boligkreditt AS	
Amounts in NOK 1 000	30 June 2013	31 Dec. 2012
Share capital	2 527 000	2 527 000
Other equity	19 784 707	19 781 560
Total equity	22 311 707	22 308 560
Deductions		
50 percent expected losses, IRB-portfolios	(188 778)	(210 084)
Adjustments for unrealised losses/(gains) on liabilites recorded at fair value	135 485	(73 566)
Allocated group contributions for payment	-	-
Tier 1 capital [1)]	22 258 413	22 024 910
Term subordinated loan capital	2 050 000	2 050 000
Deductions		
Remaining maturity of less than 5 years	-	-
50 percent expected losses, IRB-portfolios	188 778	(210 084)
Tier 2 capital	1 861 222	1 839 916
Total eligible primary capital	24 119 635	23 864 826
Risk-weighted volume	218 817 359	213 870 241
Minimum capital requirement	17 505 389	17 109 619
Tier 1 capital ratio (%)	10.2	10.3
Capital ratio (%)	11.0	11.2

DNB Boligkreditt AS complies to the Basel II regulations.

Due to transitional rules, the minimum capital requirement for 2013 cannot be reduced below 80 per cent in relation to the requirements according to Basel I rules. Capital adequacy for the second quarter is reported according to the transitional rules.

The schedule below shows capital adequacy according to Basel II without regard to the rules of transition.

	DNB Boligkreditt AS	
Amounts in NOK 1 000	30 June 2013	31 Dec. 2012
Risk-weighted volume, Basel II	80 057 096	86 460 613
Minimum capital requirement, Basel II	6 404 568	6 916 849
Tier 1 capital ratio (%)	27.8	25.5
Capital ratio (%)	30.1	27.6

1) The loss for the period is included in Tier 1 capital.

Note 4 Credit risk

Credit risk is the risk that the company will incur a loss because its customers or counterparties fail to meet their contractual obligations. Credit risk arises from loans and loan commitments as well as from derivatives. The maximum exposure to credit risk, according to IFRS, is the gross carrying amount of the assets, net of any amounts offset in accordance with the standards and net of any recognised impairment losses. In addition, certain off-balance sheet items such as loan commitments represent credit risk. The maximum exposure of loan commitments is the irrevocable amount that may be drawn upon in the future.

DNB Boligkreditt has adopted the credit risk policies as set by the DNB Group. The group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, and by monitoring exposures in relation to such limits. Collateral are taken to manage credit risk in the loan portfolios. According to the "Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Boligkreditt AS", the day to day monitoring of the loans are managed by DNB Bank on behalf of DNB Boligkreditt.

DNB's risk classification system is divided into ten risk classes where 1 represents the lowest and 10 the highest risk. The classification system is based on the probability of default (PD) which is an estimate of the likelihood of a counterparty defaulting on its contractual obligations.

DNB Boligkreditt's majority of credit risk is related to loans to customers with collateral security in residential property, holiday homes and housing associations. DNB Boligkreditt acquires the loans from DNB Bank. The loans are originally granted to customers by DNB Bank, based on the group's policies and limits. At the time of transfer of loan portfolios from DNB Bank to DNB Boligkreditt, only loans that qualify as collateral for the issue of covered bonds according to the Financial Institutions Act, are accepted by the company. For all these loans, a mortgage over the property is taken and the value of the total loan balance per property should not exceed 75 per cent of the total value of the property. The collateral value is monitored on an ongoing basis.

Credit risk also arises from derivative financial instruments. The maximum credit risk related to derivatives is limited to those with a positive fair value in the balance sheet. All derivative contracts, both those with a current positive value and current negative value, are entered into with DNB Bank ASA as counterparty.

Note 5 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates.

Market risk arises as a consequence of open positions in interest rates and foreign exchange rates. Changes in these rates may affect both the company's total comprehensive income for the period as well as values in the balance sheet.

Currency risk
Currency risk may arise from DNB Boligkreditt's debt securities that are denominated in foreign currencies. DNB Boligkreditt has minimized this currency risk through currency swap agreements with DNB Bank. All issued debt is swapped to NOK.

In accordance with the bank's policy, positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

Interest rate risk
The company is exposed to interest rate risk through its ordinary operations. The company's strategy is to swap all interest risk exposure to short-term interest. The Board of Directors sets interest risk limits for various fixed-rate periods. The positions are monitored on a daily basis, and monthly exposure reports are prepared for the management and for The Board of Directors.

Basis risk and basis swap spreads
The company is exposed to basis risk, which is a type of market risk associated with imperfect hedging. The company enters into basis swaps to manage foreign currency risk and interest rate risk from it's long-term borrowing in foreign currencies. However, the loans are hedged 1:1 through the use of basis swap contracts where there is a high correlation between the currencies and interest rate flows, and the hedging instrument. DNB Boligkreditt's basis risk, as a result of imperfect hedging of positions in foreign currencies, is expected to be low.

The basis swaps designated as hedging instruments are recorded at fair value. There may be significant variations in the value of the basis swaps from day-to-day due to increases or reductions in the spreads, which causes unrealized gains and losses in the income statement. Gains and losses from such instruments tend to vary considerably from quarter to quarter and will typically be reversed in subsequent periods due to stabilizing markets or because the maturity dates of the instruments are approaching.

Note 6 Liquidity risk

Liquidity risk is defined as the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the company might be unable to meet its payment obligations when they fall due.

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.

Covered bonds are the company's primary source of funding. According to Section 2-32 of the Financial Institutions Act: *"the mortgage institution shall ensure that payment flows from the cover assets at all times enable the mortgage institution to meet its payment obligations to the owners of bonds with preferential rights and counterparties in derivative agreements"*.The company's Board of Directors has decided that the company shall, at all times, have positive cash flows within the next 12 months. In a situation where the net cash flow from the lending and funding activities is negative, the company has a long-term overdraft facility in DNB ASA with a total limit of NOK 160 billion.

According to Section 6 in the regulations on sound liquidity management, "the institution shall analyze the liquidity situation by means of stress tests, which must be adapted to the scope, complexity and risk of operations. Experience from the stress tests shall be used when the Board of Directors considers the liquidity strategy and approves liquidity risk limits". As part of its liquidity risk management, the company prepares liquidity stress tests with quarterly reporting to the Board of Directors. Important parameters in the stress tests are developments in non-performing volume and reductions in housing prices.

DNB Boligkreditt AS's liquidity situation at the end of first half and second quarter 2013 can be characterised as sound.

Note 7 Net interest income

DNB Boligkreditt AS

Amounts in NOK 1 000	2nd quarter 2013	2nd quarter 2012	1st half 2013	1st half 2012	Full year 2012
Interest on amounts due from credit institutions	10 695	4 237	26 616	22 045	33 769
Interest on loans to customers	5 055 980	4 646 043	9 809 048	9 217 079	18 728 736
Front-end fees etc.	468	2 158	2 712	6 975	16 948
Other interest income	50 807	43 111	99 725	86 110	181 113
Total interest income	**5 117 951**	**4 695 548**	**9 938 101**	**9 332 209**	**18 960 566**
Interest on amounts due to credit institutions	470 298	604 290	1 025 220	1 238 287	2 473 577
Interest on debt securities issued	2 583 453	2 675 264	5 050 722	5 503 388	10 540 298
Interest on subordinated loan capital	22 585	28 915	45 550	60 525	113 587
Net interest income/expenses, derivatives	327 392	389 065	645 997	905 192	1 802 301
Total interest expenses	**3 403 727**	**3 697 533**	**6 767 490**	**7 707 392**	**14 929 763**
Net interest income	**1 714 224**	**998 015**	**3 170 612**	**1 624 817**	**4 030 802**

Note 8 Net gains on financial instruments

DNB Boligkreditt AS

Amounts in NOK 1 000	2nd quarter 2013	2nd quarter 2012	1st half 2013	1st half 2012	Full year 2012
Net gains on loans at fair value (fixed-rate loans) [1]	(11 200)	333 421	92 116	35 305	551 654
Net gains on financial liabilities (long-term borrowing in NOK) [2]	(34 096)	(140 894)	(43 584)	(1 056 184)	(2 581 106)
Total gains on financial instruments, designated as at fair value	(45 295)	192 527	48 532	(1 020 879)	(2 029 452)
Net gains on foreign exchange and financial derivatives, trading [3]	(278 582)	299 628	(442 413)	(1 644 165)	(1 513 180)
Net gains on financial derivatives, hedging [4] [5]	6 162 380	2 413 246	4 955 164	2 492 123	6 061 808
Net gains on financial liabilities, hedged items [4] [5]	(6 162 380)	(2 413 246)	(4 955 164)	(2 492 123)	(6 061 808)
Net gains (losses) on financial instruments at fair value	**(323 877)**	**492 155**	**(393 881)**	**(2 665 044)**	**(3 542 632)**

1) *DNB Boligkreditt's fixed-rate loans are measured at fair value. Increased interest rates, including credit margins, will reduce the fair value of already originated loans. However, new loans granted with a higher interest rate, including credit margin, will over time lead to increased interest income. The fair value adjustments of the company's fixed-rate loans are reversed over the loans' remaining term to maturity.*

2) *DNB Boligkreditt's long-term borrowing in Norwegian kroner is carried at fair value. The market value of such funding is impacted by the interest rate, including own credit risk premium. Reduced interest rates, including own credit risk premium, will increase the fair value of already issued Norwegian kroner liabilities. However, new funding issued at lower credit risk premiums will over time lead to decreased interest expenses. The fair value adjustments of the company's Norwegian kroner debt are reversed over the loans' remaining term to maturity. There was a NOK 199.9 million increase in market values in the second quarter of 2013 (negative effect on profits) due to such credit risk premium effects, compared with a NOK 73.6 million decrease in market values in the second quarter of 2012 (positive effect on profits). For the first half of 2013 the effect was NOK 290.3 million increase in market values (negative effect on profits), compared with a NOK 1 005.8 million increase in market values in the first half of 2012 (negative effect on profits). Accumulated negative mark-to-market effects by the end of second quarter 2013 were NOK 188.2 million, compared with a positive NOK 102.2 million by year-end 2012.*

3) *DNB Boligkreditt enters into swaps to manage interest-rate risk for the fixed-rate loans and bonds issued in Norwegian kroner. Such derivatives are recorded at fair value.*

Additionally, the company enters into basis swaps to manage foreign currency risk and interest rate risk from DNB Boligkreditt's long-term borrowing in foreign currencies. DNB Boligkreditt's long-term borrowing in foreign currencies is converted to Norwegian kroner by means of cross-currency basis swaps with the same maturities. For funding in Euro, basis swaps from Euro to Norwegian kroner are entered into. These derivatives are carried at fair value. There may be significant variations in the value of the basis swaps from day to day, due to changes in basis swap spreads. This unhedged risk causes unrealised gains and losses in the total comprehensive income for the period. The hedge relationships are set up at the time of issuing the bonds and are continuously monitored until maturity. There was a NOK 239.8 million decrease in market values in the second quarter of 2013 (negative effect on profit) due to such basis swap spread effects, compared with a NOK 480.3 increase in the second quarter of 2012 (positive effect on profits). For the first half of 2013 the effect was a NOK 497.3 million in decrease in market values (negative effect on profits), compared with a NOK 1 250.9 decrease in market values in the first half of 2012 (negative effect on profits). Accumulated positive mark-to-market effects by the end of second quarter 2013 were NOK 737.7 million, compared with NOK 1 235.0 million by year-end 2012.

4) *Derivatives that are designated as hedging instruments in hedging relationships are recorded at fair value. Changes in fair value arising from hedged risk are presented under Net gains on financial derivatives, hedging.*

5) *DNB Boligkreditt uses hedge accounting with respect to long-term borrowing in foreign currencies. With respect to hedged liabilities, the change in fair value of the hedged items due to the hedged risk is charged to profit or loss. Foreign currency borrowing is hedged with swaps ensuring a high correlation between currencies and interest rates in the hedged items and the hedging instruments. In the table, the interest rate exposure of the NOK leg of the interest rate swaps is included in changes in value of the hedging instrument. However, the NOK leg of the hedging transaction will be exposed to three-month interest rates. This effect is included as part of "net gains on foreign exchange and financial derivatives, trading", together with basis swap spread effects.*

Note 9 Operating expenses

DNB Boligkreditt AS

Amounts in NOK 1 000	2nd quarter 2013	2nd quarter 2012	1st half 2013	1st half 2012	Full year 2012 [2]
Ordinary salaries	2 792	3 527	5 719	6 649	12 221
Employer's national insurance contributions	515	539	1 003	997	1 778
Severance package	2 950	-	7 731	-	-
Pension expenses	938	317	2 446	1 704	3 305
Social expenses	241	620	692	1 112	1 928
Salaries and other personnel expenses	**7 437**	**5 002**	**17 591**	**10 461**	**19 233**
Fees [1]	1 320 514	596 325	2 380 868	875 445	2 569 695
Other operating expenses	295	559	637	863	3 362
Other expenses	**1 320 809**	**596 883**	**2 381 505**	**876 308**	**2 573 057**
Operating expenses	**1 328 246**	**601 885**	**2 399 095**	**886 769**	**2 592 290**

1) *Fees are mainly management fees paid to DNB Bank ASA for services rendered according to the management agreement. See also note 15.*
2) *Due to changes in principles, some comparative figures have been restated. See further details in note 1 Accounting principles.*

Note 10 Loans to customers

DNB Boligkreditt AS

Amounts in NOK 1 000	30 June 2013	31 Dec. 2012	30 June 2012
Loans to customers at amortised cost, nominal amount	451 245 069	444 788 951	436 608 994
– Individual impairments	29 962	13 849	34 320
Loans to customers, net of impairment allowances	451 215 107	444 775 102	436 574 674
+ Accrued interest	927 124	815 223	899 971
– Individual impairments on accrued interest	37 842	39 245	40 406
Loans to customers, at amortised cost	**452 104 389**	**445 551 080**	**437 434 238**
Loans to customers at fair value, nominal amount	74 980 502	72 729 028	58 669 448
– Individual impairments	8 338	31 631	5 862
Loans to customers, net of impairment allowances	74 972 164	72 697 397	58 663 586
+ Accrued interest	153 233	147 169	126 090
+ Adjustment to fair value	1 181 022	1 088 907	572 558
Loans to customers, at fair value	**76 306 419**	**73 933 472**	**59 362 234**
– Collective impairments	114 309	122 146	136 785
Total loans to customers	**528 296 500**	**519 362 406**	**496 659 687**

Impairment allowances

DNB Boligkreditt AS

Amounts in NOK 1 000	30 June 2013	31 Dec. 2012	30 June 2012
Individual impairments	38 300	45 480	40 182
Individual impairments on accrued interest	37 842	39 245	40 406
Collective impairments	114 309	122 146	136 785
Impairment allowances as at end of period	**190 451**	**206 871**	**217 373**

Note 10 Loans to customers (continued)

Impairment expenses for the period

DNB Boligkreditt AS

Amounts in NOK 1 000	2nd quarter 2013	2nd quarter 2012	30 June 2013	30 June 2012	Full year 2012
Individual impairments	2 872	6 240	6 159	7 047	27 072
Collective impairments [1)]	2 052	1 792	(7 837)	200	(14 439)
Recoveries of previous write-offs	(1 655)	(273)	(2 179)	(1 185)	(4 559)
Impairment expenses for the period	**3 269**	**7 758**	**(3 857)**	**6 061**	**8 074**

1) Based on the DNB Group's calculation model and statistics. Further information about collective impairments can be found in note 1 Accounting principles.

Note 11 Debt securities issued

Debt securities issued

DNB Boligkreditt AS

Amounts in NOK 1 000	30 June 2013	31 Dec. 2012	30 June 2012
Listed covered bonds, nominal amount	361 107 412	324 786 963	329 833 771
Private placements under the bond programme, nominal amount	42 088 242	36 988 302	35 541 470
Total bonds, nominal amount	403 195 654	361 775 265	365 375 241
Accrued interest	2 878 048	4 081 912	3 198 343
Unrealised gains/losses	11 762 225	16 673 805	11 579 197
Total adjustments	14 640 274	20 755 717	14 777 540
Total debt securities issued	**417 835 927**	**382 530 982**	**380 152 780**

Unrealised gains/losses comprise of adjustments for net gain/loss attributable to hedged risk on debt securities that are accounted for as hedged items and mark-to-market adjustments on debt securities that are designated as at fair value through profit or loss (fair value option).

Changes in debt securities issued

DNB Boligkreditt AS

Amounts in NOK 1 000	Balance sheet 30 June 2013	Issued 2013	Matured/ redeemed 2013	Exchange rate movements 2013	Changes in adjustments 2013	Balance sheet 31 Dec. 2012
Bond debt, nominal amount	403 195 654	39 543 083	(16 875 600)	18 752 906	-	361 775 265
Total adjustments	14 640 274	-	-	-	(6 115 444)	20 755 717
Total debt securities issued	**417 835 927**	**39 543 083**	**(16 875 600)**	**18 752 906**	**(6 115 444)**	**382 530 982**

Maturity of debt securities issued

DNB Boligkreditt AS

Amounts in NOK 1 000	NOK	Foreign currency	Total
2013	-	197 943	197 943
2014	22 500 000	-	22 500 000
2015	6 782 500	39 137 985	45 920 485
2016	27 100 000	55 720 213	82 820 213
2017	41 500 000	42 815 772	84 315 772
2018	21 000 000	32 585 240	53 585 240
2019 and later	21 122 000	92 734 001	113 856 001
Total bond debt	**140 004 500**	**263 191 154**	**403 195 654**

Note 11 Debt securities issued (continued)

Debt securities issued - matured/redeemed during the period **DNB Boligkreditt AS**

Amounts in NOK 1 000

ISIN Code	Matured/ redeemed amount	Currency	Interest	Issued	Matured		30 June 2013	31 Dec. 2012
Private placement	40 000	EUR	Fixed	2008	2018	Called	-	315 200
Private placement	20 000	EUR	Fixed	2008	2038	Called	-	160 400
Total debt securities issued, nominal value							**-**	**475 600**

The table shows matured and redeemed bonds during the period. The value per 31 december 2012 is the nominal value translated at the foreign currency rate at 31 December 2012. The remaining amounts in the 30 June 2013 shows remaining nominal amount at foreign exchange rate at end quarter, for bonds that are partly redeemed during the period.

Cover pool **DNB Boligkreditt AS**

Amounts in NOK 1 000	30 June 2013	31 Dec. 2012	30 June 2012
Pool of eligible loans	524 735 332	514 748 331	489 780 641
Market value of eligible derivatives	19 006 014	5 408 840	7 682 998
Supplementary assets	-	-	-
Total collateralised assets	**543 741 346**	**520 157 171**	**497 463 639**
Debt securities issued, carrying value	417 835 927	382 530 982	380 152 780
Less valuation changes attributable to changes in credit risk on debt carried at fair value	(417 331)	(158 896)	1 125 062
Debt securities issued, valued according to regulation [1)]	**417 418 597**	**382 372 086**	**381 277 843**
Collateralisation (per cent)	130.3	136.0	130.5

1) *The debt securities issued are bonds with preferred rights in the appurtenant cover pool. The composition and calculation of values in the cover pool are defined in Sections 2-28 and 2-31 of the Financial Institutions Act with appurtenant regulations.*

Note 12 Subordinated capital

DNB Boligkreditt AS

Amounts in NOK 1 000	Nominal	Currency	Interest rate	Issue date	Maturity date	30 June 2013	31 Dec. 2012	30 June 2012
Term subordinated loan capital	300 000	NOK	3 month Nibor + 75 bp	2007	2017	0	0	300 000
Term subordinated loan capital	1 200 000	NOK	3 month Nibor + 152 bp	2008	2018	1 200 000	1 200 000	1 200 000
Term subordinated loan capital	850 000	NOK	3 month Nibor + 400 bp	2009	2019	850 000	850 000	850 000
Accrued interest						7 842	8 313	8 938
Total						**2 057 842**	**2 058 313**	**2 358 938**

Note 13 Financial instruments at fair value

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1
Valuation based on quoted, unadjusted prices in active markets for identical assets and liabilities. DNB Boligkreditt has no financial instruments in this category.

Level 2
Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Valuation of interest rate swaps and currency swaps is based on level 2 techniques. The valuation is based on swap curves that are based on observable market prices. Credit risk is considered to have an insignificant effect on the fair value.

Debt securities issued in Norwegian kroner are also measured at fair value based on level 2 techniques. The valuation of the bonds is primarily based on observable market data in the form of interest rate curves and credit margins.

Level 3
Techniques for which inputs that have a significant effect on the recorded fair value are not based on observable market data.

Loans to customers at fixed interest rates are measured at fair value based on level 3 techniques. The credit margin constitutes a major part of adjustments to fair value.

Financial instruments at fair value, by valuation technique (fair value hierarchy)

As at 30 June 2013 **DNB Boligkreditt AS**

Amounts in NOK 1 000	Valuation based on quoted prices in an activa market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Accrued interest [1)]	Total
Assets					
Loans to customers	-	-	76 161 524	153 233	76 314 757
Financial derivatives	-	25 822 278	-	-	25 822 278
Liabilities					
Debt securities issued	-	141 825 967	-	512 889	142 338 856
Financial derivatives	-	6 816 367	-	-	6 816 367

1) For financial derivatives, accrued interest on financial derivatives is included in the level 2- and level 3 amounts.

Note 14 Fair value of financial instruments at amortised cost

Most assets and liabilities in the DNB Boligkreditt's balance sheet are carried at amortised cost.

Amortised cost is the historical cost of the asset or liability at initial recognition, adjusted for repayments of principal, amortisations based on the effective interest rate method and impairments. The value is not based on current market conditions, but rather accounted for based on the originally agreed terms, so in general there will be a difference between the amortised cost value and market value.

The difference is mainly related to changes in interest rates and credit risk. Fair value includes both positive and negative value changes in interest- and credit risk while amortised cost is not adjusted for positive value changes and only to some extent adjusted for negative value changes through impairment.

The table shows estimated fair values of items carried at amortised cost. Values are measured based on the valuation methods described in note 13.

Fair value of financial instruments at amortised cost	**DNB Boligkreditt AS**	
Amounts in NOK 1 000	Carrying value 30 June 2013	Fair value 30 June 2013
Due from credit institutions	1 079 534	1 079 534
Loans to customers	452 362 644	452 362 644
Total financial assets	**453 442 178**	**453 442 178**
Due to credit institutions	104 476 837	104 476 837
Debt securities issued	265 556 313	268 271 319
Subordinated loan capital	2 057 842	2 067 666
Total financial liabilities	**372 090 993**	**374 815 823**

For floating rate loans to customers, the interest rates and margins are changed when the market rates change. The customers have to be notified of all changes in advance of the changes being put into effect, so there is a short period of time where the terms of the loans diverge from market rates. However this delay in timing is considered to have an immaterial effect to the total value of the loans hence the carrying value of these loans are considered to be a relevant measure for fair value.

Debt securities issued that are carried at amortised cost are subject to hedge accounting. The hedge relationships between the bonds and their designated cross currency interest rate swaps are considered to be effective and accounted for as fair value hedges. The amortised cost value is adjusted by the fair value change of the hedged risk. As the hedging is considered to change the terms related to interest and currency for the bonds to market terms at each reporting date, the carrying value in the balance sheet is considered being adjusted for changes in interest rates and currency. However, changes in credit risk are not accounted for.

Subordinated loan capital is at floating interest rates and carried at amortised cost. Loans due to credit institutions are mainly at floating interest rates and carried at amortised cost, which is considered not to diverge significantly from fair value.

Note 15 Related parties

DNB Boligkreditt AS is a subsidiary within the DNB Group. During the quarter many transactions, mostly related to the ordinary course of business, take place between DNB Boligkreditt and other group entities. All transactions are at markets terms. Major transactions with related parties:

DNB Bank ASA

DNB Bank ASA (the bank) is the parent of DNB Boligkreditt. As part of ordinary business transactions, a large number of banking transactions are entered into between DNB Boligkreditt and the bank, including loans, deposits and financial derivatives used in currency and interest rate risk management. All transactions are carried out at market terms, and regulated in the ”Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB 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 2013, portfolios of NOK 4.3 billion were transferred from the bank to DNB Boligkreditt.

Pursuant to the management agreement, DNB Boligkreditt purchases services from the bank, including administration, bank production, distribution, customer contact, IT operations, financial and liquidity management. DNB Boligkreditt pays a monthly management fee for these services based on the lending volume under management and the achieved lending spreads. The management fee paid is recognised as “Other expences” in the statement of comprehensive income and amounted to NOK 1 315.4 million for the second quarter of 2013 (NOK 586.5 million for the second quarter of 2012).

In the balance sheet ”Due from credit institutions” and “Due to credit institutions” are solely outstandings with DNB Bank. All derivative contracts are with DNB Bank as counterparty. At end-June, the bank had invested NOK 85.8 billion in covered bonds issued by DNB Boligkreditt.

DNB Livsforsikring ASA

As part of the company's ordinary investment activity, DNB Livsforsikring has subscribed for covered bonds issued by DNB Boligkreditt. At end-June 2013, DNB Livsforsikring's holding of listed DNB Boligkreditt bonds was valued at NOK 4.6 billion.

DNB Næringskreditt AS

DNB Næringskreditt has no employees and purchases administrative services from DNB Boligkreditt. The fee received for such services is recognised as “Other income” in the income statement and amounted to NOK 2.5 million for the second quarter of 2013.

Note 16 Contingencies and post balance sheet events

DNB Boligkreditt is not involved in any legal actions

Key figures

DNB Boligkreditt AS

	2nd quarter 2013	2nd quarter 2012	1st half 2013	1st half 2012	Full year 2012 [2)]
1. Return on equity, annualised (%) [1)]	1.0	14.0	2.7	(15.5)	(3.5)
2. Core (Tier 1) capital ratio at end of period (%) [2)]	10.2	8.1	10.2	8.1	10.3
3. Capital adequacy ratio at end of period (%) [2)]	11.0	9.0	11.0	9.0	11.2
4. Core capital at end of period (NOK 1000)	22 258 413	16 973 451	22 258 413	16 973 451	22 024 910
5. Risk-weighted volume at end of period (NOK 1000)	218 817 359	209 425 135	218 817 359	209 425 135	213 870 241
6. Impairment relative to net loans to customers, annualised	0.00	0.00	0.00	0.00	0.00
7. Non-performing and impaired loans, per cent of gross loans	0.22	0.26	0.22	0.26	0.23
8. Non-performing and impaired loans gross (NOK 1 000)	1 181 923	1 288 237	1 181 923	1 288 237	1 190 857
9. Net non-performing and impaired loans, per cent of net loans	0.12	0.14	0.12	0.14	0.13
10. Net non-performing and impaired loans at end of period (NOK 1 000)	652 345	709 243	652 345	709 243	679 246
11. Number of full-time positions at end of period	11	12	11	12	12

1) *Average equity is calculated on the basis of book value of equity.*
2) *Due to changes in principles, some comparative figures have been restated. See further details in note 1 Accounting principles.*

Profit and balance sheet trends

Income statement and Statement of comprehensive income

DNB Boligkreditt AS

Amounts in NOK 1 000	2nd quarter 2013	1st quarter 2013	4th quarter 2012 [1)]	3rd quarter 2012	2nd quarter 2012
Total interest income	5 117 951	4 820 150	4 876 815	4 751 542	4 695 548
Total interest expenses	3 403 727	3 363 762	3 501 660	3 720 711	3 697 533
Net interest income	**1 714 224**	**1 456 387**	**1 375 154**	**1 030 831**	**998 015**
Commission and fee income	18 813	15 880	18 927	18 571	18 145
Commission and fee expenses	525	479	455	447	453
Net gains (losses) on financial instruments at fair value	(323 877)	(70 003)	(112 339)	(765 249)	492 155
Other income	2 514	2 776	1 200	1 268	1 310
Net other operating income	**(303 075)**	**(51 827)**	**(92 667)**	**(745 857)**	**511 157**
Total income	**1 411 150**	**1 404 561**	**1 282 487**	**284 974**	**1 509 172**
Salaries and other personnel expenses	7 437	10 154	5 194	3 578	5 002
Other expenses	1 320 809	1 060 696	998 335	698 414	596 883
Total operating expenses	**1 328 246**	**1 070 849**	**1 003 529**	**701 992**	**601 885**
Impairments on loans and commitments	3 269	(7 126)	9 823	(7 810)	7 758
Pre-tax operating profit	**79 634**	**340 837**	**269 136**	**(409 208)**	**899 529**
Taxes	22 163	95 626	75 292	(114 578)	251 868
Profit for the period	**57 471**	**245 211**	**193 844**	**(294 630)**	**647 661**
Other comprehensive income	-	-	6 305	-	-
Total comprehensive income for the period	**57 471**	**245 211**	**200 149**	**(294 630)**	**647 661**

1) *Due to changes in principles, some comparative figures have been restated. See further details in note 1 Accounting principles.*

Balance sheet

DNB Boligkreditt AS

Amounts in NOK 1 000	30 June 2013	31 March 2013	31 Dec. 2012 [1)]	30 Sept. 2012 [1)]	30 June 2012 [1)]
Assets					
Due from credit institutions	1 079 534	1 379 957	13 098 740	216 754	1 775 132
Loans to customers	528 296 500	525 701 626	519 362 406	512 111 624	496 659 687
Financial derivatives	25 822 278	29 185 706	29 651 578	29 469 666	28 471 729
Other assets	12 907	(378)	5 382	8 745	9 225
Deferred tax assets	-	7 494	-	-	-
Total assets	**555 211 219**	**556 274 405**	**562 118 106**	**541 806 789**	**526 915 773**
Liabilities and equity					
Due to credit institutions	104 476 837	107 031 618	130 128 238	122 663 187	104 432 485
Financial derivatives	6 816 367	19 368 487	24 243 408	23 454 955	20 791 713
Debt securities issued	417 835 927	404 384 681	382 530 982	370 254 176	380 152 780
Payable taxes	321 478	507 187	285 527	-	-
Deferred taxes	159 460	-	159 460	436 366	550 944
Other liabilities	890 490	333 126	374 143	493 958	188 565
Provisions	38 428	34 283	26 326	34 082	34 082
Subordinated loan capital	2 057 842	2 058 106	2 058 313	2 358 431	2 358 938
Total liabilities	**532 596 830**	**533 717 488**	**539 806 398**	**519 695 155**	**508 509 508**
Share capital	2 527 000	2 527 000	2 527 000	2 527 000	2 127 000
Share premium reserve	16 893 000	16 893 000	16 893 000	16 893 000	13 293 000
Retained earnings	3 194 389	3 136 918	2 891 707	2 691 635	2 986 265
Total equity	**22 614 389**	**22 556 918**	**22 311 707**	**22 111 635**	**18 406 265**
Total liabilities and equity	**555 211 219**	**556 274 405**	**562 118 106**	**541 806 789**	**526 915 773**

1) *Due to changes in principles, some comparative figures have been restated. See further details in note 1 Accounting principles.*

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Other sources of information

Annual and quarterly reports

DNB Boligkreditt AS is part of the DNB Bank Group and the DNB Group. Annual and quarterly reports for DNB Boligkreditt AS, the DNB Bank Group and the DNB Group are available on www.dnb.no.

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