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DNB BOLIGKREDITT AS

– a company in the DNB Group

Third quarter report 2013

(UNAUDITED)

Key figures

DNB Boligkreditt AS

Statement of comprehensive income	3rd quarter	3rd quarter	January - September		Full year
Amounts in NOK million	2013	2012	2013	2012	2012 [2)]
Net interest income	1 957	1 031	5 128	2 656	4 031
Net other operating income	0	(746)	(355)	(3 376)	(3 469)
- net gains (losses) on financial instruments at fair value	(17)	(765)	(411)	(3 430)	(3 543)
Operating expenses	1 577	702	3 977	1 589	2 592
Impairments on loans and commitments	12	(8)	8	(2)	8
Pre tax operating profit	368	(409)	789	(2 307)	(2 038)
Taxes	104	(115)	222	(646)	(571)
Profit for the period	265	(295)	567	(1 661)	(1 468)

Balance sheet	30 Sept.	31 Dec.	30 Sept.
Amounts in NOK million	2013	2012 [2)]	2012 [2)]
Total assets	570 233	562 118	541 807
Loans to customers	529 690	519 362	512 112
Debt securities issued	427 276	382 531	370 254
Total equity	22 879	22 312	22 112

Key figures	3rd quarter	3rd quarter	January - September		Full year
Per cent	2013	2012	2013	2012	2012 [2)]
Combined weighted total average spread for loans [1)]	1.34	0.59	1.13	0.52	0.60
Return on equity, annualised [3)]	4.6	(6.2)	3.4	(12.3)	(3.5)
Tier 1 capital ratio at end of period [4)]	10.0	10.3	10.0	10.3	10.3
Capital ratio at end of period [4)]	10.7	11.4	10.7	11.4	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	0.13	0.14	0.13	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.*

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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 Personal Banking Norway 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 three quarters of 2013. The company issued covered bonds for a total of NOK 42.3 billion during this period.

Review of the third quarter and the first three quarters of 2013 accounts

Statement of comprehensive income

DNB Boligkreditt recorded a pre-tax operating profit of NOK 368 million in the third quarter of 2013, compared with a pre-tax operating loss of NOK 409 million in the third quarter of 2012. The pre-tax operating profit for the first three quarters of 2013 was NOK 789 million, compared with a pre-tax operating loss of NOK 2 307 million in the first three quarters of 2012. There was a profit of NOK 265 million in the third quarter of 2013, and a loss of NOK 295 million in the third quarter of 2012. The profit for the first three quarters of 2013 was NOK 567 million, compared with a loss of NOK 1 661 million in the first three quarters of 2012.

The company's total income was NOK 1 958 million in the third quarter of 2013, compared with NOK 285 million in the third quarter of the previous year. Total income for the first three quarters of 2013 was NOK 4 773 million, while total income was negative at NOK 720 million in the first three quarters of the previous year.

Net interest income totalled NOK 1 957 million, up from NOK 1 031 million in the third quarter of 2012. The improvement was due to wider interest rate spreads.

Net other operating income was NOK 0.2 million in the third quarter of 2013, while operating income was negative at NOK 746 million in the corresponding period in 2012. The figures reflect the 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 third quarter of 2013, DNB Boligkreditt recorded unrealised losses on financial instruments of NOK 17 million due to a reduction in market values, compared with a loss of NOK 765 million in the third quarter of 2012.

The company's operating expenses totalled NOK 1 577 million in the third quarter of 2013, up from NOK 702 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 1 557 million in the third quarter of 2013, up from NOK 674 million in the third quarter of 2012. The management fee for the first three quarters of 2013 amounted to NOK 3 930 million.The increase was mainly due to wider interest rate spreads.

The company recorded impairment losses on loans of NOK 11.8 million in the third quarter of 2013, compared with net recoveries on impaired loans of NOK 7.8 million in the third quarter of 2012. For the first three quarters of 2013, impairment losses of NOK 8.0 million were recorded, compared with net recoveries of NOK 1.7 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-September 2013, DNB Boligkreditt had total assets of NOK 570.2 billion under management, an increase of NOK 8.1 billion or 1.4 per cent from end-December 2012.

Net loans to customers rose by NOK 10.3 billion in the first three quarters, standing at NOK 529.7 billion at end-September. There was an increase of NOK 17.6 billion or 3.4 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 9.3 billion in the third quarter and NOK 44.7 billion during the first three quarters of the year. DNB Boligkreditt issued covered bonds under existing programmes totalling NOK 42.3 billion during the first three quarters of 2013, and total debt securities issued amounted to NOK 427.3 billion as at end-September 2013.

The company had NOK 104.5 billion due to credit institutions at end-September, 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 0.13 per cent of total loans at end-September 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 September 2013, the company's equity totalled NOK

22.9 billion, of which NOK 22.1 billion represented Tier 1 capital. Total primary capital in the company was NOK 23.7 billion. The Tier 1 capital ratio was 10.0 per cent, while the capital adequacy ratio was 10.7 per cent.

DNB 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. On 13 October 2013, the Ministry of Finance determined that today's so-called Basel I floor will be retained, resulting in an actual risk weight of as much as 40 per cent on home mortgages. On this basis, DNB Boligkreditt will be recapitalized during the fourth quarter of 2013.

New regulatory framework

The EU's new capital adequacy regulations, CRR and CRD IV, will enter into force on 1 January 2014. The regulations are based on the Basel Committee's recommendations on new stricter capital and liquidity standards, Basel III. Norway has chosen to introduce the capital requirements earlier than on the implementation date specified in the international regulations. The new legislation became effective as from 1 July 2013 and requires a common equity Tier 1 capital ratio of minimum 9 per cent and a capital adequacy ratio of 12.5 per cent. The common equity Tier 1 capital requirement will be gradually increased to 12 per cent by 1 July 2016.

In addition, a counter-cyclical capital buffer of maximum 2.5 per cent common equity Tier 1 capital will be implemented.

On 13 October 2013, the Ministry of Finance also determined rules for the weighting of bank's home mortgages in capital adequacy calculations. The Ministry will increase the minimum requirement for the model parameter "loss given default", LGD, from 10 to 20 per cent in the capital adequacy regulations. But prevailing rules relating to the so-called Basel I floor will be retained. For DNB Boligkreditt, the Basel I floor will still represent the actual limit for risk-weighted assets, resulting in an actual risk weight of as much as 40 per cent on home mortages. DNB Boligkreditt's average risk weight on residential mortgages is approximately 12 per cent according to Basel II.

Macroeconomic developments

After declining for six consecutive quarters, the eurozone's GDP once again showed a positive trend in the second quarter of 2013, rising by 0.3 per cent. Increased private and public consumption, net exports and cautious signs of improvement in the labour market, are the main factors behind the GDP improvement.

In the US, GDP also shows a positive trend, due to increased private consumption and investments. Public expenditure, however, shows a negative development, and the US central bank continues to buy securities to stimulate the economy and keep interest rates low.

In China, growth appears to be stabilising after having declined since the fourth quarter of 2012.

The Norwegian economy slows down. The oil industry and the construction industry suffered reduced growth in the third quarter, while there was an increase in the export industry and domestically-oriented industries. The business barometer prepared by the Confederation of Norwegian Enterprise (NHO) for the third quarter also shows that the Norwegian economy has decelerated. Housing prices in Norway showed a decline in the third quarter of 2013, but at end-September 2013 the prices were still approximately 2.6 per cent higher than at end-September 2012.

There was a positive market situation for covered bonds in the first three quarters 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. However, the number of covered bond issues in the third quarter were rather low.

Future prospects

There is a more positive economic trend in Europe, while economic growth in Norway is abating. Housing prices are expected to level off in 2014 and to decline somewhat in 2015 and 2016, though no significant reductions are expected. According to DNB Markets' forecasts, Norway will experience a so-called soft landing, with a continued GDP increase and no material negative trend in housing prices during the coming year.

The requirements regarding higher risk weights on home mortgages have now been defined and will result in a strict, specifically Norwegian capital requirement. On a comparable basis, Norwegian banks will also appear to be less capitalized than international banks. The introduction of a counter-cyclical capital buffer could further reinforce this impression. Overall, the new capital requirements will require a significant further increase in Tier 1 capital. DNB Boligkreditt will build additional capital in accordance with the authorities' requirements.

Due to a weaker market development, lending volumes are expected to show a less favourable trend than forecast.

Covered bonds have gained a leading position as a funding vehicle for Norwegian banks. Norwegian covered bonds still 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.

Oslo, 23 October 2013
The Board of Directors of DNB Boligkreditt AS

Bjørn Erik Næss
(chairman)

Reidar Bolme

Stein Ove Steffensen

Rein Øsebak

Øyvind Birkeland
(chief executive officer)

Statement of comprehensive income

DNB Boligkreditt AS

Amounts in NOK 1 000	Note	3rd quarter 2013	3rd quarter 2012	January - September 2013	January - September 2012	Full year 2012 [1)]
Total interest income	7	5 252 837	4 751 542	15 190 938	14 083 751	18 960 566
Total interest expenses	7	3 295 404	3 720 711	10 062 894	11 428 103	14 929 763
Net interest income	7	**1 957 432**	**1 030 831**	**5 128 044**	**2 655 648**	**4 030 802**
Commission and fee income		17 152	18 571	51 845	51 438	70 365
Commission and fee expenses		510	447	1 513	1 359	1 814
Net gains (losses) on financial instruments at fair value	8	(16 841)	(765 249)	(410 722)	(3 430 293)	(3 542 632)
Other income		444	1 268	5 733	4 194	5 394
Net other operating income		**244**	**(745 857)**	**(354 657)**	**(3 376 019)**	**(3 468 686)**
Total income		**1 957 676**	**284 974**	**4 773 386**	**(720 371)**	**562 116**
Salaries and other personnel expenses	9	4 634	3 578	22 225	14 039	19 233
Other expenses	9, 15	1 572 824	698 414	3 954 329	1 574 722	2 573 057
Total operating expenses	9	**1 577 458**	**701 992**	**3 976 553**	**1 588 761**	**2 592 290**
Impairments on loans and commitments	10	11 830	(7 810)	7 973	(1 749)	8 074
Pre-tax operating profit		**368 388**	**(409 208)**	**788 860**	**(2 307 384)**	**(2 038 248)**
Taxes		103 879	(114 578)	221 668	(646 067)	(570 775)
Profit for the period		**264 509**	**(294 630)**	**567 192**	**(1 661 316)**	**(1 467 472)**
Other comprehensive income		-	-	-	-	6 305
Total comprehensive income for the period		**264 509**	**(294 630)**	**567 192**	**(1 661 316)**	**(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 Sept. 2013	31 Dec. 2012 [1)]	30 Sept. 2012 [1)]
Assets				
Due from credit institutions	14,15	1 697 703	13 098 740	216 754
Loans to customers	14,10	529 690 392	519 362 406	512 111 624
Financial derivatives	13,15	38 830 597	29 651 578	29 469 666
Other assets		13 843	5 382	8 745
Total assets		**570 232 535**	**562 118 106**	**541 806 789**
Liabilities and equity				
Due to credit institutions	14,15	104 542 294	130 128 238	122 663 187
Financial derivatives	13,15	12 319 938	24 243 408	23 454 955
Debt securities issued	11,14	427 275 903	382 530 982	370 254 176
Payable taxes		425 357	285 527	-
Deferred taxes		159 460	159 460	436 366
Other liabilities		536 242	374 143	493 958
Provisions		36 545	26 326	34 082
Subordinated loan capital	12,14	2 057 897	2 058 313	2 358 431
Total liabilities		**547 353 637**	**539 806 398**	**519 695 155**
Share capital		2 527 000	2 527 000	2 527 000
Share premium reserve		16 893 000	16 893 000	16 893 000
Retained earnings		3 458 898	2 891 707	2 691 635
Total equity		**22 878 898**	**22 311 707**	**22 111 635**
Total liabilities and equity		**570 232 535**	**562 118 106**	**541 806 789**

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	-	-	-	(1 661 316)	(1 661 316)
Other comprehensive income	-	-	0	-	-
Total comprehensive income for the period	**-**	**-**	**0**	**(1 661 316)**	**(1 661 316)**
Group contribution paid				(720 000)	(720 000)
Share issue 21 March 2012	300 000	2 700 000	0	0	3 000 000
Share issue 25 September 2012	400 000	3 600 000	0	0	4 000 000
Balance sheet as at 30 September 2012	**2 527 000**	**16 893 000**	**(3 158)**	**2 694 794**	**22 111 635**
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	-	-	-	567 192	567 192
Other comprehensive income	-	-	0	-	-
Total comprehensive income for the period	**-**	**-**	**0**	**567 192**	**567 192**
Balance sheet as at 30 September 2013	**2 527 000**	**16 893 000**	**3 147**	**3 455 751**	**22 878 898**

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	January - September 2013	January - September 2012	Full year 2012
Operating activities			
Net receipts/payments on loans to customers	2 825 022	(17 343 577)	(23 545 143)
Interest received from customers	15 145 196	14 051 288	17 141 547
Net payments on sales of financial assets for investment or trading	(177 814)	-	1 003 271
Net receipts on commissions and fees	50 331	50 079	68 551
Payments for operating expenses	(3 811 333)	(1 156 311)	(2 281 482)
Taxes paid	(80 614)	(6 373)	12 536
Other receipts	-	4 194	8 635
Net cash flow relating to operating activities	**13 950 788**	**(4 400 699)**	**(7 592 085)**
Investing activities			
Net purchase of loan portfolio	(13 413 910)	(30 356 320)	(31 675 875)
Net cash flow relating to investment activities	**(13 413 910)**	**(30 356 320)**	**(31 675 875)**
Financing activities			
Net receipts/payments on loans from credit institutions	(15 954 939)	27 876 138	35 393 211
Receipts on issued bonds	42 301 933	50 627 538	61 719 388
Payments on redeemed bonds	(26 328 649)	(40 096 808)	(50 588 388)
Redemptions of subordinated loan capital	-	-	(300 000)
Share issue	-	7 000 000	7 000 000
Group contribution paid	-	(1 000 000)	(1 000 000)
Interest payments on financing activities	(2 325 253)	(12 131 583)	(2 556 000)
Net cash flow from financing activities	**(2 306 909)**	**32 275 285**	**49 668 211**
Net cash flow	**(1 770 031)**	**(2 481 734)**	**10 400 251**
Cash at beginning of period	1 837 569	2 698 489	2 698 489
Net receipts/payments of cash	(1 770 031)	(2 481 735)	10 400 251
Cash at end of period	67 538	216 754	13 098 740

As of 1January 2013 due from credit institutions, previously presented as cash, is presented as part of net receipts/payments on loans from credit institutions in the net cash flow from financing activities.

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 998 256 (NOK 797 751 for 2012) related to withholding employee taxes.

Note 1 Accounting principles

The financial statements for the third 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 with an effect of NOK 6.3 million recognized as *Other comprehensive income*.

The accounts for the third quarter were approved by the Board of Directors on the 23rd of October 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 0.6 billion for the first three quarters 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 Sept. 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	(184 402)	(210 084)
Adjustments for unrealised losses/(gains) on liabilites recorded at fair value	(73 566)	(73 566)
Allocated group contributions for payment	-	-
Tier 1 capital 1)	22 053 739	22 024 910
Term subordinated loan capital	2 050 000	2 050 000
Deductions		
Remaining maturity of less than 5 years	(240 000)	-
50 percent expected losses, IRB-portfolios	(184 402)	(210 084)
Tier 2 capital	1 625 598	1 839 916
Total eligible primary capital	23 679 337	23 864 826
Risk-weighted volume	220 614 981	213 870 241
Minimum capital requirement	17 649 198	17 109 619
Tier 1 capital ratio (%)	10.0	10.3
Capital ratio (%)	10.7	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 Sept. 2013	31 Dec. 2012
Risk-weighted volume, Basel II	79 264 988	86 460 613
Minimum capital requirement, Basel II	6 341 199	6 916 849
Tier 1 capital ratio (%)	27.8	25.5
Capital ratio (%)	29.9	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 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 liquidity situation at the end of third quarter 2013 can be characterised as sound.

Note 7 Net interest income

DNB Boligkreditt AS

	3rd quarter	3rd quarter	January - September		Full year
Amounts in NOK 1 000	2013	2012	2013	2012	2012
Interest on amounts due from credit institutions	5 488	1 387	32 105	23 432	33 769
Interest on loans to customers	5 194 958	4 700 263	15 004 006	13 917 343	18 728 736
Front-end fees etc.	670	3 990	3 382	10 965	16 948
Other interest income	51 720	45 901	151 445	132 012	181 113
Total interest income	**5 252 837**	**4 751 542**	**15 190 938**	**14 083 751**	**18 960 566**
Interest on amounts due to credit institutions	446 569	633 570	1 471 789	1 871 858	2 473 577
Interest on debt securities issued	2 637 085	2 548 508	7 687 808	8 051 896	10 540 298
Interest on subordinated loan capital	22 432	27 397	67 981	87 922	113 587
Net interest income/expenses, derivatives	189 318	511 235	835 316	1 416 428	1 802 301
Total interest expenses	**3 295 404**	**3 720 711**	**10 062 894**	**11 428 103**	**14 929 763**
Net interest income	**1 957 432**	**1 030 831**	**5 128 044**	**2 655 648**	**4 030 802**

Note 8 Net gains on financial instruments

DNB Boligkreditt AS

	3rd quarter	3rd quarter	January - September		Full year
Amounts in NOK 1 000	2013	2012	2013	2012	2012
Net gains on loans at fair value (fixed-rate loans) 1)	(358 681)	713 030	(266 565)	748 335	551 654
Net gains on financial liabilities (long-term borrowing in NOK) 2)	202 923	(1 245 663)	159 339	(2 301 847)	(2 581 106)
Total gains on financial instruments, designated as at fair value	(155 758)	(532 633)	(107 226)	(1 553 512)	(2 029 452)
Net gains on foreign exchange and financial derivatives, trading 3)	138 917	(232 615)	(303 496)	(1 876 781)	(1 513 180)
Net gains on financial derivatives, hedging 4) 5)	(804 718)	2 658 007	4 150 446	5 150 131	6 061 808
Net gains on financial liabilities, hedged items 4) 5)	804 718	(2 658 007)	(4 150 446)	(5 150 131)	(6 061 808)
Net gains (losses) on financial instruments at fair value	**(16 841)**	**(765 249)**	**(410 722)**	**(3 430 293)**	**(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 18.4 million increase in market values in the third quarter of 2013 (negative effect on profits) due to such credit risk premium effects, compared with a NOK 1 021.5 million increase in market values in the third quarter of 2012 (negative effect on profits). For the first three quarters of 2013 the effect was NOK 308.7 million increase in market values (negative effect on profits), compared with a NOK 2 027.3 million increase in market values in the first three quarters of 2012 (negative effect on profits). Accumulated negative mark-to-market effects by the end of third quarter 2013 were NOK 206.5 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 172.6 million decrease in market values in the third quarter of 2013 (negative effect on profit) due to such basis swap spread effects, compared with a NOK 43.5 increase in the third quarter of 2012 (positive effect on profits). For the first three quarters of 2013 the effect was a NOK 669.8 million decrease in market values (negative effect on profits), compared with a NOK 1 207.4 decrease in market values in the first three quarters of 2012 (negative effect on profits). Accumulated positive mark-to-market effects by the end of third quarter 2013 were NOK 565.1 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	3rd quarter 2013	3rd quarter 2012	January - September 2013	January - September 2012	Full year 2012 [2]
Ordinary salaries	2 946	2 609	8 666	9 258	12 221
Employer's national insurance contributions	695	433	1 698	1 430	1 778
Severance package	-	-	7 731	-	-
Pension expenses	735	247	3 181	1 951	3 305
Social expenses	257	288	949	1 401	1 928
Salaries and other personnel expenses	**4 634**	**3 578**	**22 225**	**14 039**	**19 233**
	-				
Fees [1]	1 571 205	696 515	3 952 073	1 571 961	2 569 695
Other operating expenses	1 619	1 898	2 256	2 761	3 362
Other expenses	**1 572 824**	**698 414**	**3 954 329**	**1 574 722**	**2 573 057**
Operating expenses	**1 577 458**	**701 992**	**3 976 553**	**1 588 761**	**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 Sept. 2013	31 Dec. 2012	30 Sept. 2012
Loans to customers at amortised cost, nominal amount	454 526 058	444 788 951	445 076 140
– Individual impairments	28 274	13 849	31 406
Loans to customers, net of impairment allowances	454 497 784	444 775 102	445 044 734
+ Accrued interest	830 605	815 223	883 922
– Individual impairments on accrued interest	39 560	39 245	40 272
Loans to customers, at amortised cost	**455 288 828**	**445 551 080**	**445 888 385**
Loans to customers at fair value, nominal amount	73 570 299	72 729 028	64 932 635
– Individual impairments	12 010	31 631	12 929
Loans to customers, net of impairment allowances	73 558 289	72 697 397	64 919 706
+ Accrued interest	145 425	147 169	139 854
+ Adjustment to fair value	822 341	1 088 907	1 285 588
Loans to customers, at fair value	**74 526 055**	**73 933 472**	**66 345 148**
– Collective impairments	124 491	122 146	121 908
Total loans to customers	**529 690 392**	**519 362 406**	**512 111 624**

Impairment allowances

DNB Boligkreditt AS

Amounts in NOK 1 000	30 Sept. 2013	31 Dec. 2012	30 Sept. 2012
Individual impairments	40 284	45 480	44 335
Individual impairments on accrued interest	39 560	39 245	40 272
Collective impairments	124 491	122 146	121 908
Impairment allowances as at end of period	**204 335**	**206 871**	**206 514**

Note 10 Loans to customers (continued)

Impairment expenses for the period — **DNB Boligkreditt AS**

Amounts in NOK 1 000	3rd quarter 2013	3rd quarter 2012	30 Sept. 2013	30 Sept. 2012	Full year 2012
Individual impairments	2 661	10 252	8 819	17 299	27 072
Collective impairments [1)]	10 182	(14 877)	2 345	(14 677)	(14 439)
Recoveries of previous write-offs	(1 012)	(3 185)	(3 191)	(4 370)	(4 559)
Impairment expenses for the period	**11 830**	**(7 810)**	**7 973**	**(1 749)**	**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 Sept. 2013	31 Dec. 2012	30 Sept. 2012
Listed covered bonds, nominal amount	366 128 475	324 786 963	314 491 758
Private placements under the bond programme, nominal amount	45 286 082	36 988 302	37 026 638
Total bonds, nominal amount	411 414 557	361 775 265	351 518 396
Accrued interest	3 497 326	4 081 912	3 252 917
Unrealised gains/losses	12 364 020	16 673 805	15 482 862
Total adjustments	15 861 346	20 755 717	18 735 780
Total debt securities issued	**427 275 903**	**382 530 982**	**370 254 176**

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 Sept. 2013	Issued 2013	Matured/ redeemed 2013	Exchange rate movements 2013	Changes in adjustments 2013	Balance sheet 31 Dec. 2012
Bond debt, nominal amount	411 414 557	42 301 933	(17 207 500)	24 544 860	-	361 775 265
Total adjustments	15 861 346	-	-	-	(4 894 371)	20 755 717
Total debt securities issued	**427 275 903**	**42 301 933**	**(17 207 500)**	**24 544 860**	**(4 894 371)**	**382 530 982**

Maturity of debt securities issued — **DNB Boligkreditt AS**

Amounts in NOK 1 000	NOK	Foreign currency	Total
2013	-	-	0
2014	22 500 000	-	22 500 000
2015	6 782 500	39 755 310	46 537 810
2016	27 100 000	56 716 345	83 816 345
2017	41 500 000	43 975 667	85 475 667
2018	21 000 000	33 058 874	54 058 874
2019 and later	21 622 000	97 403 861	119 025 861
Total bond debt	**140 504 500**	**270 910 057**	**411 414 557**

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 Sept. 2013	31 Dec. 2012
XS0377361471	15 000	EUR	Floating	2008	2013	Matured	-	120 600
Private placement	15 000	EUR	Fixed	2009	2019	Called	-	132 150
Private placement	10 000	EUR	Fixed	2008	2038	Called	-	79 150
Total debt securities issued, nominal value							**-**	**331 900**

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 September 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 Sept. 2013	31 Dec. 2012	30 Sept. 2012
Pool of eligible loans	526 330 497	514 748 331	506 140 008
Market value of eligible derivatives	26 510 659	5 408 840	6 018 009
Supplementary assets	-	-	-
Total collateralised assets	**552 841 156**	**520 157 171**	**512 158 017**
Debt securities issued, carrying value	427 275 903	382 530 982	370 254 176
Less valuation changes attributable to changes in credit risk on debt carried at fair value	(420 497)	(158 896)	118 779
Debt securities issued, valued according to regulation [1)]	**426 855 407**	**382 372 086**	**370 372 955**
Collateralisation (per cent)	129.5	136.0	138.2

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 Sept. 2013	31 Dec. 2012	30 Sept. 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						7 897	8 313	8 431
Total						**2 057 897**	**2 058 313**	**2 358 431**

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 September 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	-	-	74 392 640	145 425	74 538 065
Financial derivatives	-	38 830 597	-	-	38 830 597
Liabilities					
Debt securities issued	-	142 123 044	-	452 792	142 575 836
Financial derivatives	-	12 319 938	-	-	12 319 938

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 Sept. 2013	Fair value 30 Sept. 2013
Due from credit institutions	1 697 703	1 697 703
Loans to customers	455 560 997	455 560 997
Total financial assets	**457 258 700**	**457 258 700**
Due to credit institutions	104 542 294	104 542 294
Debt securities issued	273 954 591	277 780 001
Subordinated loan capital	2 057 897	2 062 632
Total financial liabilities	**380 554 782**	**384 384 927**

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 third quarter of 2013, portfolios of NOK 5.0 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 1 557 million for the third quarter of 2013 (NOK 674.2 million for the third 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-September, the bank had invested NOK 87.0 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-September 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 0.4 million for the third 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

		3rd quarter 2013	3rd quarter 2012	January - September 2013	January - September 2012	Full year 2012 [2]
1.	Return on equity, annualised (%) [1]	4.6	(6.2)	3.4	(12.3)	(3.5)
2.	Core (Tier 1) capital ratio at end of period (%) [2]	10.0	10.3	10.0	10.3	10.3
3.	Capital adequacy ratio at end of period (%) [2]	10.7	11.4	10.7	11.4	11.2
4.	Core capital at end of period (NOK 1000)	22 053 739	21 624 293	22 053 739	21 624 293	22 024 910
5.	Risk-weighted volume at end of period (NOK 1000)	220 614 981	208 995 813	220 614 981	208 995 813	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	0.23	0.22	0.23	0.22	0.23
8.	Non-performing and impaired loans gross (NOK 1 000)	1 229 470	1 128 764	1 229 470	1 128 764	1 190 857
9.	Net non-performing and impaired loans, per cent of net loans	0.13	0.14	0.13	0.14	0.13
10.	Net non-performing and impaired loans at end of period (NOK 1 000)	707 468	738 930	707 468	738 930	679 246
11.	Number of full-time positions at end of period	9	12	9	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

Statement of comprehensive income

DNB Boligkreditt AS

Amounts in NOK 1 000	3rd quarter 2013	2nd quarter 2013	1st quarter 2013	4th quarter 2012 [1)]	3rd quarter 2012
Total interest income	5 252 837	5 117 951	4 820 150	4 876 815	4 751 542
Total interest expenses	3 295 404	3 403 727	3 363 762	3 501 660	3 720 711
Net interest income	**1 957 432**	**1 714 224**	**1 456 387**	**1 375 154**	**1 030 831**
Commission and fee income	17 152	18 813	15 880	18 927	18 571
Commission and fee expenses	510	525	479	455	447
Net gains (losses) on financial instruments at fair value	(16 841)	(323 877)	(70 003)	(112 339)	(765 249)
Other income	444	2 514	2 776	1 200	1 268
Net other operating income	**244**	**(303 075)**	**(51 827)**	**(92 667)**	**(745 857)**
Total income	**1 957 676**	**1 411 150**	**1 404 561**	**1 282 487**	**284 974**
Salaries and other personnel expenses	4 634	7 437	10 154	5 194	3 578
Other expenses	1 572 824	1 320 809	1 060 696	998 335	698 414
Total operating expenses	**1 577 458**	**1 328 246**	**1 070 849**	**1 003 529**	**701 992**
Impairments on loans and commitments	11 830	3 269	(7 126)	9 823	(7 810)
Pre-tax operating profit	**368 388**	**79 634**	**340 837**	**269 136**	**(409 208)**
Taxes	103 879	22 163	95 626	75 292	(114 578)
Profit for the period	**264 509**	**57 471**	**245 211**	**193 844**	**(294 630)**
Other comprehensive income	-	-	-	6 305	-
Total comprehensive income for the period	**264 509**	**57 471**	**245 211**	**200 149**	**(294 630)**

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 Sept. 2013	30 June 2013	31 March 2013	31 Dec. 2012 [1)]	30 Sept. 2012 [1)]
Assets					
Due from credit institutions	1 697 703	1 079 534	1 379 957	13 098 740	216 754
Loans to customers	529 690 392	528 296 500	525 701 626	519 362 406	512 111 624
Financial derivatives	38 830 597	25 822 278	29 185 706	29 651 578	29 469 666
Other assets	13 843	12 907	(378)	5 382	8 745
Deferred tax assets	-	-	7 494	-	-
Total assets	**570 232 535**	**555 211 219**	**556 274 405**	**562 118 106**	**541 806 789**
Liabilities and equity					
Due to credit institutions	104 542 294	104 476 837	107 031 618	130 128 238	122 663 187
Financial derivatives	12 319 938	6 816 367	19 368 487	24 243 408	23 454 955
Debt securities issued	427 275 903	417 835 927	404 384 681	382 530 982	370 254 176
Payable taxes	425 357	321 478	507 187	285 527	-
Deferred taxes	159 460	159 460	-	159 460	436 366
Other liabilities	536 242	890 490	333 126	374 143	493 958
Provisions	36 545	38 428	34 283	26 326	34 082
Subordinated loan capital	2 057 897	2 057 842	2 058 106	2 058 313	2 358 431
Total liabilities	**547 353 637**	**532 596 830**	**533 717 488**	**539 806 398**	**519 695 155**
Share capital	2 527 000	2 527 000	2 527 000	2 527 000	2 527 000
Share premium reserve	16 893 000	16 893 000	16 893 000	16 893 000	16 893 000
Retained earnings	3 458 898	3 194 389	3 136 918	2 891 707	2 691 635
Total equity	**22 878 898**	**22 614 389**	**22 556 918**	**22 311 707**	**22 111 635**
Total liabilities and equity	**570 232 535**	**555 211 219**	**556 274 405**	**562 118 106**	**541 806 789**

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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