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DNB NÆRINGSKREDITT AS

– a company in the DNB Group

Second quarter and first half report 2015
(Unaudited)

DNB

Financial highlights

DNB Næringskreditt AS

Comprehensive income statement *Amounts in NOK million*	2nd quarter 2015	2nd quarter 2014	1st half 2015	1st half 2014	Full year 2014
Net interest income	81	89	167	175	364
Net other operating income	0	(9)	2	(4)	(8)
Operating expenses	32	28	59	53	116
Impairments on loans and commitments	(0)	(1)	(1)	0	0
Pre-tax operating profit	50	54	110	118	240
Tax expense	13	15	30	32	65
Profit for the period	**36**	**39**	**80**	**86**	**175**

Balance sheet *Amounts in NOK million*	30 June 2015	31 Dec. 2014	30 June 2014
Total assets	25 909	26 088	26 258
Loans to customers	25 768	25 905	25 959
Debt securities issued	4 531	4 561	4 503
Total equity	5 447	5 541	5 452

Key figures *Per cent*	2nd quarter 2015	2nd quarter 2014	1st half 2015	1st half 2014	Full year 2014
Combined weighted total average spread for lending [1)]	0.83	0.90	0.86	0.88	0.90
Return on equity, annualised	2.7	3.1	2.9	3.0	3.2
Common equity Tier 1 capital ratio, transitional rules	26.0	25.7	26.0	25.7	25.9
Capital ratio, transitional rules	26.0	25.7	26.0	25.7	25.9
Net non-performing and impaired loans, per cent of net loans	0.00	0.00	0.00	0.00	0.00

1) Based on nominal values excluding impaired loans, measured against actual funding cost.

Second quarter and first half report 2015

Directors' report

DNB Næringskreditt AS is the DNB Group's vehicle for the issue of covered bonds based on commercial mortgages. The company's offices are located in Oslo. DNB Næringskreditt is a wholly-owned subsidiary of DNB Bank ASA and is reported partly under the Corporate Banking Norway business area and partly under the Large Corporates and International business area in the consolidated accounts of DNB Bank ASA. The company has completed three bond issues totalling NOK 4.4 billion. The rating agencies' assessments are of significance to the company's funding terms. In the second quarter of 2013 an agreement was signed with Moody's on the rating of the company's bond issues. DNB Næringskreditt's covered bonds are rated Aaa by Moody's.

Financial accounts

DNB Næringskreditt recorded a profit of NOK 36 million in the second quarter of 2015, compared with a profit of NOK 39 million in the second quarter of 2014.

Total income

Income totalled NOK 81 million in the second quarter of 2015, up from NOK 80 million in the year-earlier period.

Amounts in NOK million	2nd quarter 2015	Change	2nd quarter 2014
Total income	81	1	80
Net interest income		(8)	
Net commission and fee income			
Net gains/(losses) on financial instruments at fair value		9	

Net interest income was reduced by NOK 8 million from the second quarter of 2014 to the second quarter of 2015.

The increase in recorded gains on financial instruments reflects the effects of unrealised changes in the market value of covered bonds and interest rate swaps.

Operating expenses and impairment of loans

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 Næringskreditt sound competence in key areas and cost-effective operations. The management fee calculation is based primarily on lending volume and the spreads achieved. The size of the management fee is related to net interest income. The fee amounted to NOK 28 million in the second quarter of 2015, up from NOK 26 million in the second quarter of 2014.

The company has recorded no individual impairment losses in previous years, which was also the case in the second quarter of 2015. The Board of Directors considers the level of impairment to be satisfactory relative to the high quality of the loan portfolio.

Funding, liquidity and balance sheet

Balance sheet

At end-June 2015, DNB Næringskreditt had total assets of NOK 25.9 billion under management, a decrease of NOK 0.3 billion or 1.3 per cent from end-June 2014.

Amounts in NOK million	30 June 2 015	Change	30 June 2 014
Total assets	25 909	(349)	26 258
Loans to customers		(191)	
Financial derivatives		29	
Other assets		(187)	
Total liabilities	20 462	(344)	20 806
Due to credit institutions		(372)	
Debt securities issued		28	

The increase in loans to customers originates from the acquisition of commercial mortgage portfolios from DNB Bank and the sale of new loans through the bank's distribution network.

The company did not issue covered bonds in the second quarter of 2015. Total debt securities issued amounted to NOK 4.5 billion at end-June 2015.

Risk and capital adequacy

The company has established guidelines and limits for management and control of the different types of risk.

The company is not exposed to currency risk. 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.

Changes in the market values of the company's bonds due to credit risk are monitored on a daily basis.

The servicing agreement with DNB Bank comprises administration, bank production, IT operations and financial and liquidity management. 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. Operational risk is assessed to be low.

DNB Næringskreditt's assets comprise loans secured by commercial property within 60 per cent of the property's appraised value, plus bank deposits. Negative developments in the commercial property market affect the company. A decline in prices of commercial properties 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 commercial property prices. A short-term measure to meet a significant fall in prices will be to supply DNB Næringskreditt with more substitute collateral. The Board of Directors considers the company's total risk exposure to be low.

At end-June 2015, the company's equity totalled NOK 5.4 billion, all of which represented Tier 1 capital. The company has no primary capital in excess of equity. The company's capital adequacy and Tier 1 capital ratios were both 26.0 per cent. 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

Increase in counter-cyclical buffer in 2016

The Ministry of Finance has decided to increase the level of the counter-cyclical capital buffer requirement for Norwegian banks to 1.5 per cent as of 30 June 2016 in accordance with advice from Norges Bank and Finanstilsynet. It has previously been decided to set the requirement at 1.0 per cent as of 30 June 2015.

In its assessments, the Ministry has placed special emphasis on the debt burden of Norwegian households and the fact that an increase in capital will make the banks more robust to meet future loan losses.

The Ministry of Finance refers to the EU rules, whereby the counter-cyclical buffer requirement will be phased in during the 2016 to 2019 period while the individual member states may choose an earlier introduction of the buffer requirements. The Ministry plans to make the counter-cyclical buffer requirements established in other EU/EEA countries applicable for Norwegian banks' exposures in those countries parallel to the entry into force of the EU system.

Macroeconomic developments

There is still moderate growth in the global economy, with considerable differences from country to country. After a weak start to the year, with poor weather conditions and a harbour strike on the Western coast, the upswing in the US economy is continuing. There is a clear recovery in the labour market, and the first interest rate increase is expected in the autumn. In the United Kingdom, economic growth is sound. There are weaker prospects for the eurozone, which nevertheless experiences economic growth and a slight decline in unemployment. High debt levels and limited growth capacity in a number of economies, coupled with greater risk of a Greek exit from the currency union, contribute to dampening the upswing. The emerging economies remain the main engines of global growth in spite of declining activity levels in the commodity exporters Russia and Brazil and less momentum in China.

The price of oil has climbed to USD 57 a barrel and is thus up USD 12 from January 2015. Still, this is USD 45 below the average price during the last four years before oil prices started to drop in the summer of 2014. Even before the fall in oil prices, there were prospects of a decline in Norwegian petroleum investments in 2015 due to many years of high cost growth. Due to lower oil prices, the downturn will probably become more pronounced and last longer. This will have negative spillover effects on the mainland economy in the form of a more moderate increase in demand for goods and services. Consequently, unemployment levels will rise while wage inflation will remain moderate. At end-June, the rise in registered unemployment was limited, though it is expected to pick up to just over 4 per cent during the autumn. Consumption growth has remained strong. However, the companies in Norges Bank's regional network report weaker overall production growth in the Norwegian economy at the present time. The growth in housing prices was strong around the turn of the year, but abated during the spring. Prices will probably level off over the next three years, reflecting a weaker labour market and more moderate growth in purchasing power.

The Norwegian economy has important buffers which help ensure a soft landing. Interest rate cuts help sustain households' purchasing power and keep the Norwegian krone weak. A weak krone means higher profitability and improved competitiveness for exporters, who are also experiencing an upswing in demand from other countries. The competitive ability of home market companies exposed to global competition will also improve. Norway is conducting an expansionary fiscal policy. The sustained level of demand in the economy mainly reflects strong increases in public investment in roads and railways. Overall, the Norwegian economy will probably grow by some 1.2 per cent in 2015. The rate of growth is expected to steadily pick up and reach more normal levels. The growth rate is expected to reach 2.4 per cent in 2018.

The market remained attractive for covered bond issuers with strong credit ratings in the second quarter of 2015. Lower returns in other asset classes seemed to have a positive impact on the demand for covered bonds from highly rated issuers.

Future prospects

Economic forecasts for 2015 indicate moderate global economic growth. Economic growth is also expected in Norway, though the growth will probably slow somewhat in 2015 as a result of declining oil investments and their spillover effects on the mainland economy. Lending volumes are expected to increase at an annual rate of 3 to 4 per cent, provided that exchange rates remain stable. Volume-weighted spreads are expected to be constant in 2015.

The loan portfolio of DNB Næringskreditt is expected to increase in the period ahead as a result of further transfers of loans from DNB Bank ASA. Overall, there is conditional optimism with respect to low-risk commercial property in Norway.

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.

Oslo, 9 July 2015
The Board of Directors of DNB Næringskreditt AS

Bjørn Erik Næss
(chairman)

Reidar Bolme

Elisabeth Ege

Jørn E. Pedersen

Eva-Lill Strandskogen

Per Sagbakken
(chief executive officer)

Comprehensive income statement

		DNB Næringskreditt AS				
Amounts in NOK million	Note	2nd quarter 2015	2nd quarter 2014	1st half 2015	1st half 2014	Full year 2014
Total interest income	6	185	214	375	413	863
Total interest expenses	6	104	125	209	238	499
Net interest income	6	**81**	**89**	**167**	**175**	**364**
Commission and fee income		0	0	1	0	1
Commission and fee expenses		0	0	0	0	0
Net gains on financial instruments at fair value	7	0	(9)	1	(4)	(8)
Net other operating income		**0**	**(9)**	**2**	**(4)**	**(8)**
Total income		**81**	**80**	**168**	**171**	**356**
Other expenses	12	32	28	59	53	116
Total operating expenses		**32**	**28**	**59**	**53**	**116**
Impairment of loans and commitments	8	(0)	(1)	(1)	0	0
Pre-tax operating profit		**50**	**54**	**110**	**118**	**240**
Tax expense		13	15	30	32	65
Profit for the period		**36**	**39**	**80**	**86**	**175**
Other comprehensive income						
Total comprehensive income for the period		**36**	**39**	**80**	**86**	**175**

Balance sheet

		DNB Næringskreditt AS		
Amounts in NOK million	Note	30 June 2015	31 Dec. 2014	30 June 2014
Assets				
Due from credit institutions	11, 12	40	56	229
Loans to customers	8, 10, 11	25 768	25 905	25 959
Financial derivatives	10, 12	95	120	66
Deferred tax assets		5	5	3
Other assets		1	1	1
Total assets		**25 909**	**26 088**	**26 258**
Liabilities and equity				
Due to credit institutions	11, 12	15 888	15 908	16 260
Financial derivatives	10, 12	(0)		
Debt securities issued	9, 10, 11, 12	4 531	4 561	4 503
Payable taxes		29	67	35
Other liabilities		13	10	8
Total liabilities		**20 462**	**20 546**	**20 806**
Share capital		550	550	550
Share premium		4 604	4 604	4 604
Other equity		293	387	298
Total equity		**5 447**	**5 541**	**5 452**
Total liabilities and equity		**25 909**	**26 088**	**26 258**

Statement of changes in equity

DNB Næringskreditt AS

Amounts in NOK million	Share capital	Share premium	Other equity	Total equity
Balance sheet as at 31 December 2013	**550**	**4 604**	**367**	**5 521**
Profit for the period			86	86
Total comprehensive income for the period			**86**	**86**
Group contribution paid			(155)	(155)
Balance sheet as at 30 June 2014	**550**	**4 604**	**298**	**5 452**
Balance sheet as at 31 December 2014	**550**	**4 604**	**387**	**5 541**
Profit for the period			80	80
Total comprehensive income for the period			**80**	**80**
Group contribution paid			(174)	(174)
Balance sheet as at 30 June 2015	**550**	**4 604**	**293**	**5 447**

Share capital

All of the company's shares and voting rights are held by DNB Bank ASA. Share capital at the beginning of 2014 was NOK 550 million (550 000 shares at NOK 1 000).

Cash flow statement

DNB Næringskreditt AS

Amounts in NOK million	1st half 2015	1st half 2014	Full year 2014
Operating activities			
Net receipts/payments on loans to customers	2 855	291	3 739
Interest received from customers	385	393	845
Net receipts/payments on loans to/from credit institutions	(2)	2 882	2 699
Interest received from credit institutions	2	3	7
Interest paid to credit institutions	(169)	(179)	(390)
Payments for operating expenses	(57)	(58)	(121)
Taxes paid	(67)		
Net cash flow relating to operating activities	**2 947**	**3 332**	**6 780**
Investing activities			
Net purchase of loan portfolio	(2 728)	(3 069)	(6 469)
Net cash flow relating to investing activities	**(2 728)**	**(3 069)**	**(6 469)**
Financing activities			
Interest payments on issued bonds and commercial paper	(47)	(51)	(102)
Group contribution paid	(174)	(215)	(215)
Net cash flow from financing activities	**(222)**	**(266)**	**(317)**
Net cash flow	**(3)**	**(2)**	**(7)**
Cash as at 1 January	5	11	11
Net receipts/payments of cash	(3)	(2)	(7)
Cash at end of period	2	9	5

The cash flow statement shows receipts and payments of cash and cash equivalents during the year and has been prepared in accordance with the direct method. Cash is defined as cash and deposits with credit institutions with no agreed period of notice.

Note 1 Basis for preparation

The quarterly financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. A description of the accounting principles applied by the company when preparing the financial statements appears in the annual report for 2014. The annual and interim financial statements for the company have been prepared in accordance with IFRS endorsed by EU.

When preparing the financial statements, management makes estimates, judgment and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the significant estimates and areas where judgment is applied appear in note 1 Important accounting estimates, judgments and assumptions in the annual report for 2014.

Note 2 Capital adequacy

Primary capital

	DNB Næringskreditt AS	
Amounts in NOK million	30 June 2015	31 Dec. 2014
Share capital	550	550
Other equity	4 817	4 991
Total equity	5 367	5 541
Deductions		
Expected losses exceeding actual losses, IRB-portfolios	(12)	(7)
Value adjustments due to the requirements for prudent valuation (AVA)		(0)
Adjustments for deferred tax assets	(5)	(5)
Adjustment for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	(0)	
Allocated group contributions for payment		(175)
Tier 1 capital	5 350	5 354
Total eligible primary capital	5 350	5 354
Risk-weighted volume, transitional rules	20 547	20 710
Minimum capital requirement, transitional rules	1 644	1 657
Tier 1 capital ratio, transitional rules (%)	26.0	25.9
Capital ratio, transitional rules (%)	26.0	25.9

Due to transitional rules, the minimum capital adequacy requirement cannot be reduced below 80 per cent of the corresponding figure calculated according to the Basel I regulations.

Specification of risk-weighted volume and capital requirements

				DNB Næringskreditt AS	
Amounts in NOK million	Nominal exposure 30 June 2015	EAD 1) 30 June 2015	Risk-weighted volume 30 June 2015	Capital require-ments 30 June 2015	Capital require-ments 31 Dec. 2014
IRB approach					
Corporate	13 319	13 319	4 091	327	325
Total credit risk, IRB approach	13 319	13 319	4 091	327	325
Standardised approach					
Institutions	135	135	27	2	8
Corporate	12 456	12 456	12 456	996	1 036
Other assets	1	1	1	0	0
Total credit risk, standardised approach	12 592	12 592	12 484	999	1 044
Total credit risk	25 911	25 911	16 575	1 326	1 369
Credit value adjustment (CVA)			170	14	19
Operational risk			623	50	50
Total risk-weighted volume and capital requirements			17 367	1 389	1 437
Additional capital requirements according to transitional rules			3 179	254	219
Total risk-weighted volume and capital requirements			20 547	1 644	1 657

1) EAD, exposure at default.

Note 3 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 committed loan facilities 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 committed loan facilities represent credit risk. The maximum exposure of committed loan facilities is the irrevocable amount that may be drawn upon in the future.

DNB Næringskreditt has adopted the credit risk policies of 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. In order to manage credit risk in the loan portfolios, the loans are backed by collateral.

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 Næringskreditt uses commercial property as collateral to reduce the risk related to customers' willingness and capacity to service their debt. As
a rule, the physical objects used as collateral must be insured. When approving loans, an objective appraisal of the commercial property must be available. In addition, aspects which may influence collateral value must be taken into account, for example concession terms or encumbrances.

Note 4 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 unhedged positions in the interest rate and foreign exchange markets. Changes in interest rates and exchange rates may affect both the company's total comprehensive income for the period and values in the balance sheet.

DNB Næringskreditt is not exposed to market risk arising from investments in commodities, foreign currencies and equity.

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

Relative to the company's primary capital, the company's interest rate risk is considered to be insignificant. In the opinion of the companys's management, the company does not assume greater interest rate risk than what is considered prudent, cf. the requirements in section 5 in the regulations on mortgage institutions issuing covered bonds of 25 May 2007.

Note 5 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 cash or other financial assets. Liquidity risk is the risk 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.

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 over the next 12 months.

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.

DNB Næringskreditt's liquidity situation for the second quarter of 2015 can be characterised as sound.

Note 6 Net interest income

			DNB Næringskreditt AS		
Amounts in NOK million	2nd quarter 2015	2nd quarter 2014	1st half 2015	1st half 2014	Full year 2014
Interest on amounts due from credit institutions	1	2	2	3	7
Interest on loans to customers	184	212	373	410	856
Other interest income	0	0	0	0	0
Total interest income	**185**	**214**	**375**	**413**	**863**
Interest on amounts due to credit institutions	77	96	155	181	384
Interest on debt securities issued	27	29	53	57	115
Total interest expenses	**104**	**125**	**209**	**238**	**499**
Net interest income	**81**	**89**	**167**	**175**	**364**

Note 7 Net gains on financial instruments at fair value

	DNB Næringskreditt AS				
Amounts in NOK million	2nd quarter 2015	2nd quarter 2014	1st half 2015	1st half 2014	Full year 2014
Net gains on financial liabilities, designated as at fair value [1)]	42	(40)	47	(66)	(144)
Net gains on financial derivatives, trading [2)]	(42)	30	(46)	62	136
Net gains on financial instruments at fair value	**0**	**(9)**	**1**	**(4)**	**(8)**

1) *DNB Næringskreditt's fixed-rate bonds, issued in Norwegian kroner, are carried at fair value. The floating-rate bonds are carried at amortised cost. The market value of the fixed-rate bonds, carried at fair value, 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.*

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

Note 8 Loans to customers

Loans to customers, including accrued interest, totaled NOK 25.8 billion at end-June 2015 (NOK 25.9 billion as at end-June 2014). There was no objective evidence of a decrease in value requiring individual impairment of the loans. Nor were any allocations made for individual impairment.

The loans have been reviewed for collective impairment. During the second quarter of 2015, there were no new collective impairments.

Customer loans are backed by collateral in the form of commercial property within 60 per cent of market value.

	DNB Næringskreditt AS		
Amounts in NOK million	30 June 2015	31 Dec. 2014	30 June 2014
Loans to customers at amortised cost, nominal amount	25 661	25 788	25 836
– Individual impairment			
Loans to customers, after individual impairment	25 661	25 788	25 836
+ Accrued interest	113	125	132
– Individual impairment on accrued interest			(2)
Loans to customers, at amortised cost	**25 774**	**25 913**	**25 966**
– Collective impairment	**7**	**7**	**7**
Total loans to customers	**25 768**	**25 905**	**25 959**

	DNB Næringskreditt AS		
Amounts in NOK million	30 June 2015	31 Dec. 2014	30 June 2014
Impairment as per 1 January	7	7	7
Changes in individual impairment			
Changes in collective impairment	(1)	0	0
Impairment at end of period	7	7	7
Of which: Individual impairment			
Individual impairment of accrued interest and amortisation			
Collective impairment	*7*	*7*	*7*

Note 9 Debt securities issued

						DNB Næringskreditt AS		
Amounts in NOK million ISIN Code	Currency	Nominal value	Interest	Issued	Matured	30 June 2015	31 Dec. 2014	30 June 2014
NO 0010543192	NOK	2 400	Floating	2009	2015	2 400	2 400	2 400
NO 0010694425	NOK	1 000	Floating	2013	2018	1 000	1 000	1 000
NO 0010694474	NOK	1 000	Fixed	2013	2023	1 093	1 140	1 062
Accrued interest						38	21	41
Total debt securities issued						**4 531**	**4 561**	**4 503**

Cover pool	DNB Næringskreditt AS		
Amounts in NOK million	30 June 2015	31 Dec. 2014	30 June 2014
Pool of eligible loans	23 661	20 950	23 329
Market value of eligible derivatives	95	121	66
Supplementary assets			220
Total collateralised assets	**23 755**	**21 071**	**23 615**
Debt securities issued, carrying value	4 531	4 543	4 503
Market value of eligible derivatives			
Less valuation changes attributable to changes in credit risk on debt carried at fair value	(13)	(17)	(20)
Debt securities issued, valued according to regulation 1)	**4 518**	**4 526**	**4 482**
Collateralisation (per cent)	525.8	465.6	525.0

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 10 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 Næringskreditt 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 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 and at a fixed interest rate, 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.
DNB Næringskreditt has no financial instruments in this category.

				DNB Næringskreditt AS	
Amounts in NOK million	Valuation based on quoted prices in an active 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 as at 30 June 2015					
Financial derivatives		95			95
Liabilities as at 30 June 2015					
Debt securities issued		1 093		24	1 117

1) *Accrued interest on financial derivatives is included in the amounts in levels 2 and 3.*

Note 11 Fair value of financial instruments at amortised cost

Most assets and liabilities in the DNB Næringskreditt'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 10.

Fair value of financial instruments at amortised cost

DNB Næringskreditt AS

	30 June 2015		30 June 2014	
Amounts in NOK million	Carrying amount	Fair value	Carrying amount	Fair value
Due from credit institutions	40	40	229	229
Loans to customers	25 768	25 768	25 959	25 959
Total financial assets	25 808	25 808	26 188	26 188
Due to credit institutions	15 888	15 888	16 260	16 260
Debt securities issued	3 414	3 425	3 416	3 430
Total financial liabilities	19 302	19 313	19 676	19 676

DNB Næringskreditt AS

Amounts in NOK million	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Accrued interest	Total
Assets as at 30 June 2015					
Due from credit institutions		40			40
Loans to customers			25 654	113	25 768
Liabilities as at 30 June 2015					
Due to credit institutions		15 847		41	15 888
Debt securities issued		3 411		14	3 425

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 with a floating interest rate are carried at amortised cost. If measured at fair value, a positive or negative effect of changes in credit risk would have been recorded. 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 12 Information on related parties

DNB Næringskreditt 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 Næringskreditt and other group entities. All transactions are at market terms. Major transactions with related parties:

DNB Bank ASA

DNB Bank ASA (the bank) is the parent of DNB Næringskreditt. As part of ordinary business transactions, a large number of banking transactions are entered into between DNB Næringskreditt and the bank. The transactions are regulated in the ”Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Næringskreditt 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 2015, portfolios of NOK 2.1 billion were transferred from the bank to DNB Næringskreditt. All transactions are carried out at market terms.

Pursuant to the management agreement, DNB Næringskreditt purchases services from the bank, including administration, bank production, distribution, customer contact, IT operations, financial and liquidity management. DNB Næringskreditt pays a management fee for these services based on the lending volume under management and the achieved lending spreads. The management fee amounted to NOK 28.0 million for the second quarter of 2015 (NOK 25.8 million for the second quarter of 2014).

In the balance sheet ”Loans to and deposits with 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 2.8 billion in covered bonds issued by DNB Næringskreditt.

DNB Boligkreditt AS

DNB Næringskreditt has no employees and purchases administrative services from DNB Boligkreditt. On an annual basis, DNB Næringskreditt hires staff representing 2 full-time equivalents. The management fee amounted to NOK 0.7 million for the second quarter of 2015. DNB Boligkreditt is a wholly-owned subsidiary of DNB Bank.

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 2015 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, 9 July 2015
The Board of Directors of DNB Næringskreditt AS

Bjørn Erik Næss
(chairman)

Reidar Bolme

Elisabeth Ege

Jørn E. Pedersen

Eva-Lill Strandskogen

Per Sagbakken
(chief executive officer)

Key figures

	DNB Næringskreditt AS				
	2nd quarter 2015	2nd quarter 2014	1st half 2015	1st half 2014	Full year 2014
Rate of return/profitability					
Return on equity, annualised (%) [1]	2.7	3.1	2.9	3.0	3.2
Financial strength at end of period					
Common equity Tier 1 capital ratio, transitional rules (%)	26.0	25.7	26.0	25.7	25.9
Capital ratio, transitional rules (%)	26.0	25.7	26.0	25.7	25.9
Common equity Tier 1 capital (NOK million)	5 350	5 358	5 350	5 358	5 354
Risk-weighted volume, transitional rules (NOK million)	20 547	20 841	20 547	20 841	20 710

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

Profit and balance sheet trends

Comprehensive income statement — **DNB Næringskreditt AS**

Amounts in NOK million	2nd quarter 2015	1st quarter 2015	4th quarter 2014	3rd quarter 2014	2nd quarter 2014
Total interest income	185	190	219	232	214
Total interest expenses	104	105	123	138	125
Net interest income	**81**	**85**	**96**	**94**	**89**
Commission and fee income	0	0	0	0	0
Commission and fee expenses	0	0	0	0	0
Net gains on financial instruments at fair value	0	1	(6)	1	(9)
Net other operating income	**0**	**2**	**(5)**	**1**	**(9)**
Total income	**81**	**87**	**91**	**95**	**80**
Other expenses	32	28	34	29	28
Total operating expenses	**32**	**28**	**34**	**29**	**28**
Impairment of loans and commitments	(0)	(1)	(0)	0	(1)
Pre-tax operating profit	**50**	**60**	**57**	**66**	**54**
Tax expense	13	16	15	18	15
Profit for the period	**36**	**44**	**41**	**48**	**39**
Other comprehensive income					
Total comprehensive income for the period	**36**	**44**	**41**	**48**	**39**

Balance sheet — **DNB Næringskreditt AS**

Amounts in NOK million	30 June 2015	31 March 2015	31 Dec. 2014	30 Sept. 2014	30 June 2014
Assets					
Due from credit institutions	40	365	56	515	229
Loans to customers	25 768	24 600	25 905	26 724	25 959
Financial derivatives	95	127	120	95	66
Deferred tax assets	5	5	5	3	3
Other assets	1	1	1	1	1
Total assets	**25 909**	**25 098**	**26 088**	**27 337**	**26 258**
Liabilities and equity					
Due to credit institutions	15 888	14 859	15 908	17 236	16 260
Financial derivatives	(0)				
Debt securities issued	4 531	4 564	4 561	4 530	4 503
Payable taxes	29	82	67	52	35
Other liabilities	13	8	10	18	8
Total liabilities	**20 462**	**19 513**	**20 546**	**21 837**	**20 806**
Share capital	550	550	550	550	550
Share premium	4 604	4 604	4 604	4 604	4 604
Other equity	293	431	387	346	298
Total equity	**5 447**	**5 585**	**5 541**	**5 500**	**5 452**
Total liabilities and equity	**25 909**	**25 098**	**26 088**	**27 337**	**26 258**

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Other sources of information
Annual and quarterly reports
DNB Næringskreditt AS is part of the DNB Bank Group and the DNB Group. Annual and quarterly reports for DNB Næringskreditt AS, the DNB Bank Group and the DNB Group are available on dnb.no

HERE FOR YOU.
EVERY DAY.
WHEN IT MATTERS THE MOST.

DNB Næringskreditt AS

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