

Annual report 2006



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DnB NOR Boligkreditt AS's annual report has been approved by the Board of Directors in the original Norwegian version. This is an English translation.

Operations in 2006

DnB NOR Boligkreditt AS received a licence to operate as a finance company in September 2005.

During 2006, DnB NOR Boligkreditt AS acquired mortgages with a total balance of NOK 15.7 billion from DnB NOR Bank ASA. DnB NOR Boligkreditt AS had 29 121 loans with a total balance of NOK 22.9 billion as at 31 December 2006. All loans are mortgages secured within 60 per cent of appraised value. DnB NOR Boligkreditt AS plans to acquire additional mortgages from DnB NOR Bank ASA during 2007.

The company has further developed both IT and operational solutions in order to be at full capacity when the legislative amendments and regulations applying to bonds secured by a loan portfolio come into force.

The company is a wholly-owned subsidiary of DnB NOR Bank ASA.

Strategy

DnB NOR Boligkreditt AS will provide home mortgages on competitive terms to retail customers. The issue of covered bonds secured by the company's cover pool will ensure competitive funding of the company. The covered bonds will be offered in the Norwegian as well as in international financial markets.

The strategy includes both acquiring and extending mortgages that are secured within 60 per cent of appraised value. The portfolio and the company's activities will at all times be in accordance with the Norwegian Financial Institutions Act, chapter 2 IV, "Covered bonds". As from 2007, the company's business will be adapted to and operated based on the BASEL II regulations, and the IRB method will be applied.

The target group for covered bonds is national and international financial institutions and other investors. The aim is to achieve a bond rating which is the equivalent of AAA.

Review of the annual accounts

DnB NOR Boligkreditt recorded profits of NOK 57.1 million in 2006 and NOK 9.2 million in 2005, corresponding to a return on equity of 6.6 per cent and 3.8 per cent respectively. Net interest income was NOK 124.8 million in 2006 and NOK 40.5 million in 2005.

Operating expenses totalled NOK 45.6 million in 2006 and NOK 20.1 million in 2005. The company has entered into a management agreement with DnB NOR Bank ASA regulating the administration of mortgages and

operation of the company. According to this agreement, DnB NOR Boligkreditt AS is required to pay a monthly management fee to DnB NOR Bank ASA, based on the book value of the portfolio.

New mortgages in 2006 were recorded at amortised cost. The company recorded no losses or write-downs on loans in 2006. No write-downs are expected on the mortgage business. According to an agreement with DnB NOR Bank ASA, mortgages with an identified loss risk will be transferred to DnB NOR Bank ASA at their book value in DnB NOR Boligkreditt AS. Upon conversion to a mortgage company, this agreement will be renegotiated.

DnB NOR Boligkreditt AS had a total tax charge of NOK 22.2 million in 2006. This represents 28 per cent of pre-tax operating profit.

Total assets in the balance sheet were NOK 27.6 billion at year-end 2006 and NOK 14.7 billion at year-end 2005.

The purchase of the mortgage portfolio was financed through borrowings from DnB NOR Bank ASA at market terms.

The capital adequacy ratio stood at 10.6 per cent at year-end 2006 and 8.9 per cent at year-end 2005.

In accordance with the provisions of the Norwegian Accounting Act, the Board of Directors confirms that the accounts have been prepared on a going concern basis.

Risk

The company is exposed to interest rate risk, currency risk, credit risk and liquidity risk. The company has established limits for risk exposure together with guidelines to handle the different types of risk. Interest and currency risk is sought eliminated through the use of financial derivatives, cf. note 8. The financial risk is assessed to be low.

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

Assets are primarily mortgages within 60 per cent of appraised value, and credit risk is therefore assessed to be very low.

Under the agreements between DnB NOR Bank ASA and DnB NOR Boligkreditt AS, the bank will take over any loans with an identified risk of being written down.

It is the opinion of the Board of Directors that the quality of the loan portfolio is so sound that write-downs on groups of mortgages are not necessary.

There have been no amendments to the credit risk profile during the financial year.

It is the opinion of the Board of Directors that the company's total risk exposure is low.

Employees and working environment

The company has four part-time employees, all of whom are also employed in DnB NOR Bank ASA. Personnel costs are included in the management fees paid by DnB NOR Boligkreditt AS to DnB NOR Bank ASA.

The working environment in the company is good and it is the opinion of the Board of Directors that the company's activities do not pollute the external environment.

The Board of Directors has five members, including one woman.

Future prospects

DnB NOR Boligkreditt AS will continue to operate as a finance company in 2007 until the Norwegian regulations

relating to covered bonds is in place. It is expected that the regulations will enter into force during the first quarter of 2007, and DnB NOR Boligkreditt AS will then apply for permission to operate as a mortgage institution. Purchases of portfolios from DnB NOR Bank ASA will continue throughout 2007. The company will in 2007 also establish new loans directly in the company's balance sheet through DnB NOR's distribution network in Norway. The company's established low risk profile will be maintained.

Parallel to becoming a mortgage institution and increasing its business volumes, the company will employ staff and further develop the established management agreement with the DnB NOR Group.

DnB NOR Boligkreditt AS has ambitions to be a leading, profitable and strong participant within its market segment. The company is expected to be profitable for the owner in a market characterised by increasing competition for mortgages and at the same time ensure favourable borrowing terms for customers.

Dividends and the allocation of profits

The profit for 2006 was NOK 57.1 million. The Board of Directors suggests giving a group contribution of NOK 57.1 million to DnB NOR Bank ASA for 2006.

Oslo, 26 February 2007

The Board of Directors of DnB NOR Boligkreditt AS

Åsmund Skår
(chairman)

Eldbjørg Sture

Reidar Bolme

Steinar Ouren

Carl Johan Wickmann
(chief executive officer)

Key figures

Key figures

<i>Amounts in NOK 1 000</i>	<i>2006</i>	<i>2005</i>
PROFIT AND LOSS ACCOUNTS		
Pre-tax operating profit before write-downs	79 268	12 760
Net identified and estimated gains/(write-downs)	-	-
Pre-tax operating profit	79 268	12 760
Profit for the year	57 073	9 187
BALANCE SHEETS		
Assets		
Cash, lending to and deposits with credit institutions	4 452 327	3 733
Net lending to customers	22 898 563	14 652 962
Other assets	276 700	26 464
Total assets	27 627 590	14 683 159
Liabilities and equity		
Loans and deposits from credit institutions	500 000	13 998 141
Securities issued	24 694 383	-
Other liabilities	1 083 207	35 018
Subordinated loan capital	350 000	-
Equity	1 000 000	650 000
Total liabilities and equity	27 627 590	14 683 159
Risk-weighted volume	12 663 969	7 341 288
Average total assets	17 721 698	2 769 780
Total eligible primary capital	1 346 881	650 000
Capital adequacy ratio	10,6 %	8,9 %
In per cent of average total assets		
Pre-tax operating profit before losses	0,4 %	0,5 %
Pre-tax operating profit	0,4 %	0,5 %
Profit for the year	0,3 %	0,3 %
Return on equity	6,6 %	3,8 %
Earnings per share (EPS)	8,49	3,64

Profit and loss accounts

<i>Amounts in NOK 1 000</i>	<i>Note</i>	<i>2006</i>	<i>2005</i>
Interest income and similiar income			
Interest income from credit institutions		28 905	3 733
Interest income from customers		669 371	106 968
Other interest income and similar income		6 958	2
Total interest income		705 234	110 703
Interest expenses and similar expenses			
Interest expenses to credit institutions		329 449	70 184
Interest expenses on securities issued		197 926	-
Interest expenses on subordinated loan capital		3 850	-
Other interest expenses and similar expenses		49 240	-
Total interest expenses		580 465	70 184
Net interest income and credit commissions		124 769	40 519
Commissions and fees receivable on banking services			
Commissions and fees receivable		139	-
Total commissions and fees receivable on banking services		139	0
Commissions and fees payable on banking services			
Commissions and fees payable		51	-
Total commissions and fees payable on banking services		51	0
Net gains (losses) on financial instruments			
Net gains/(losses) on financial derivatives		-	(7 706)
Total gains/(losses) on financial instruments		0	(7 706)
Other operating income			
Other operating income		-	12
Total other operating income		0	12
Operating expenses			
Salaries and other ordinary personnel expenses	4	115	1 294
Administrative expenses	3	44 215	18 439
Other operating expenses	3,4	1 259	332
Total operating expenses		45 589	20 065
Pre-tax operating profit before write-downs		79 268	12 760
Write-downs on loans	10,11	0	0
Pre-tax operating profit		79 268	12 760
Taxes	5	22 195	3 573
Profit for the year		57 073	9 187
Transfers			
Group contribution		57 073	9 187
Earnings per share (NOK)		8,49	3,64

Balance sheets

ASSETS

<i>Amounts in NOK 1 000</i>	<i>Note</i>	<i>31 Dec. 06</i>	<i>31 Dec. 05</i>
Lending to and deposits with credit institutions			
Lending to and deposits with credit institutions with no fixed maturity	6,7,9	27 038	3 733
Lending to and deposits with credit institutions with a fixed maturity	6,7,9	4 425 289	-
Total lending to and deposits with credit institutions		4 452 327	3 733
Lending to customers			
Gross lending to customers	2,6,7,9	22 898 563	14 652 962
Individual write-downs	10	-	-
Net lending to customers		22 898 563	14 652 962
Intangible assets			
Deferred tax assets	5	3 119	-
Total intangible assets		3 119	0
Other assets			
Financial derivatives	6,7,8,9	214 567	-
Total other assets		214 567	0
Prepayments and accrued income			
Accrued interest	6,7,9	59 014	26 464
Total pre-paid expenses and accrued income		59 014	26 464
TOTAL ASSETS		27 627 590	14 683 159

LIABILITIES AND EQUITY

Debt to credit institutions			
Loans and deposits from credit institutions with a fixed term	6,7,13	500 000	13 998 141
Total debt to credit institutions		500 000	13 998 141
Securities issued			
Bond debt	6,7,12,13	24 694 383	-
- Less owned bonds included in the portfolio		-	-
Total debt from securities issued		24 694 383	0
Other liabilities			
Financial derivatives	6,7,8,13	765 696	-
Other liabilities	13	82 387	12 760
Total other liabilities		848 083	12 760
Accrued expenses and prepaid revenues			
Accrued expenses and prepaid revenues	8	235 124	22 258
Total accrued expenses and prepaid revenues		235 124	22 258
Subordinated loan capital			
Other subordinated loan capital	13,14	350 000	-
Total subordinated loan capital		350 000	0
TOTAL LIABILITIES		26 627 590	14 033 159
EQUITY			
Paid-up share capital			
Share capital	2,15,18	685 000	650 000
Share premium reserve	2,15,18	315 000	-
Total paid-up share capital		1 000 000	650 000
Retained earnings			
Other equity		-	-
TOTAL EQUITY		1 000 000	650 000
TOTAL LIABILITIES AND EQUITY		27 627 590	14 683 159

Cash flow statements

<i>Amounts in NOK 1 000</i>	2006	2005
Interest and commissions received from customers	431 679	110 703
Interest paid to credit institutions	(151 337)	(70 184)
Net receipts/payments on trading in financial derivatives	-	(7 706)
Other receipts	139	12
Payments to operations	(39 591)	(20 065)
Net cash flow relating to operations	240 890	12 760
Net cash flow relating to investment activity	0	0
Net payments made on instalment loans	(8 245 601)	(14 652 962)
Net cash flow relating to funding of operations	(8 245 601)	(14 652 962)
Net investments in/loans from credit institutions	(13 498 141)	13 998 141
Net payments on securities issued	25 260 000	-
Net payments on other short-term liabilities	(8 554)	(4 206)
Net payments on subordinated loan capital	350 000	-
Net payment from new share capital	350 000	649 800
Net cash flow from funding activity	12 453 305	14 643 735
Net cash flow	4 448 594	3 533
Net change in cash equivalents	4 448 594	3 533
Cash equivalents at 1 January	3 733	200
Cash equivalents at 31 December	4 452 327	3 733

There are no restricted liquid assets.

Notes to the accounts

NOTE 1 Accounting principles

The accounts of DnB NOR Boligkreditt are based on Norwegian accounting legislation, the accounting regulations issued by the Ministry of Finance and Norwegian generally accepted accounting principles. The accounts for the 2006 accounting year are based on regulations on annual accounts etc. for banks and finance companies of 16 December 1998 (regulations on annual reports and accounts).

Changes in accounting principles

The effects of changes in accounting principles are recorded directly against equity. The company implemented "Regulations on the accounting treatment of loans and guarantees" effective 1 January 2006 (lending regulations), whereby loans are measured at amortised cost instead of being recorded at their nominal principal amount plus accrued interest. The change in principle had no impact on equity as all loans were acquired from DnB NOR Bank ASA at terms whereby amortised cost equalled the nominal principal.

Classification and valuation

Valuation of assets

Assets for long-term possession or use are classified as fixed assets. Other assets are classified as current assets. Fixed assets owned by the company are stated at cost and depreciated over the estimated economic life of the asset. The straight line principle is applied. Current assets are stated at the lower of cost and fair value.

Loans

Loans are recorded at amortised cost, and profits are calculated using the effective interest method. When using the effective interest method, the internal rate of return for the contract is calculated. Discounting contractual cash flows based on the expected life of the financial instrument sets the internal rate of return. Cash flows include front-end fees and direct marginal transaction costs not covered by the customer, as well as any residual value at the end of the expected life of the loan. Amortised cost is the net present value of such cash flows discounted by the internal rate of return.

Individual write-downs

If objective evidence of a decrease in value can be found, write-downs on loans are calculated as the difference between the value of the loan in the balance sheet and the net present value of estimated future cash flows discounted by the internal rate of return on the loan. The internal rate of return used is the internal rate of return on the loan prior to the identification of objective evidence of impairment, adjusted for changes in market

rates up to the measurement date. Changes in the credit risk of the loan due to objective evidence of impairment are not taken into consideration when adjusting the internal rate of return used for discounting.

Objective evidence of a decrease in value of a loan or loan portfolio includes serious financial problems on the part of the debtor, non-payment or other serious breaches of contract, the probability that the debtor will enter into debt negotiations or other special circumstances that have occurred.

Individual write-downs reduce the value of commitments in the balance sheet, and changes during the period are recorded under "Write-downs on loans". Interest calculated according to the effective interest method on the written-down value of the loan is included in "Net interest income and credit commissions".

Group write-downs

Loans which have not been individually evaluated for impairment, are evaluated collectively in groups. Loans which have been individually evaluated, but not written down, are also evaluated in groups. The evaluation is based on objective evidence of a decrease in value that has occurred on the balance sheet date and can be related to the group.

Loans are grouped on the basis of similar risk and value characteristics in accordance with the division of customers into main sectors or industries and risk categories. The need for write-downs is estimated per customer group based on estimates of the general economic situation and loss experience for the respective customer groups.

Group write-downs reduce the value of commitments in the balance sheet, and changes during the period are recorded under "Write-downs on loans". Like individual write-downs, group write-downs are based on discounted cash flows. Cash flows are discounted on the basis of statistics derived from individual write-downs. Interest is calculated on commitments subject to group write-downs according to the same principles and experience base as for commitments evaluated on an individual basis.

Interest calculated according to the effective interest method on the written-down value of the loan is included in "Net interest income and credit commissions".

Liabilities

Loans and deposits from credit institutions and debt from securities issued are recorded at nominal values in the balance sheet. Bonds issued are classified as securities

issued. Holdings of own bonds are netted against bond debt in the balance sheet. Liabilities and securities denominated in foreign currencies are translated to NOK according to exchange rates prevailing on the balance sheet date.

Financial derivatives

Financial derivatives are contracts stipulating financial values in the form of interest rate terms and exchange rates for fixed periods of time. Derivatives include swaps, forward contracts and options as well as combinations thereof.

When financial derivatives are used to hedge securities recorded in the balance sheet, the value of the derivatives is included in the market value stipulated for the securities.

When financial derivatives are used to manage risk on balance-sheet items, due to cost factors such agreements are entered into through business units in the DnB NOR Group.

Accruals

Income is recorded in the profit and loss account when accrued. Costs are matched against income and charged to the accounts in the same accounting period as related income. Incurred costs related to income earned in subsequent periods are deferred. Costs which will occur in future periods concerning accrued income are charged to the profit and loss account during the same period. Future costs not related to future income are charged to the accounts when the costs are identified.

Recording of interest and fees

Interest and commissions are included in the profit and loss account when earned as income or incurred as expenses. Unrealised gains and losses on loans, deposits and borrowings arising on interest rate hedges in connection with changes in market rates, are amortised under net interest income.

Fees which represent direct payment for services rendered are recognised as income upon payment. Fees for the establishment of loan agreements are included in cash flows when calculating amortised cost and recorded under "Interest income and similar income" using the effective interest method.

Taxation

Taxes for the year comprise payable taxes for the financial year and changes in the value of deferred taxes and deferred tax assets. Any changes in deferred taxes and deferred tax assets are shown as taxes for the year in the profit and loss account along with payable taxes for the fiscal year.

Deferred taxes are calculated on the basis of differences between the profits stated in the accounts and the profits computed for tax purposes which will be offset in the future. Evaluations are based on the balance sheet and tax position on the balance sheet date. Taxable and tax-deductible timing differences will be netted against each other within the same time interval. Deferred tax assets can be recognised as assets in the balance sheet when it is considered probable that the tax-deductible timing differences may be realised.

Cash flow statements

The cash flow statements are structured on the basis of operations and reflect the main aspects of the company's liquidity management, with special emphasis on cash flows relating to lending and funding activities. Liquid funds are defined as cash and bank deposits.

Note 2 Individual transactions

The share capital was increased by NOK 35 million. See note 15 – Equity.

During 2006, DnB NOR Boligkreditt AS acquired a loan portfolio valued at NOK 15.7 billion from DnB NOR Bank ASA. The loan portfolio was taken over at market value, and all loans are mortgages secured within 60 per cent of appraised value. The purchase was financed through borrowings in DnB NOR Bank ASA.

The company completed two bond issues in 2006. Both issues were fully subscribed by DnB NOR Bank ASA.

Note 3 Operating expenses

<i>Amounts in NOK 1 000</i>	<i>2006</i>	<i>2005</i>
Management fee DnB NOR Bank ASA	44 215	18 439
Fees DnB NOR Bank ASA	285	1 294
Other administrative expenses	915	332
Other operating expenses	174	-
Total operating expenses	45 589	20 065

DnB NOR Bank ASA manages the loan portfolio according to a management contract based on market terms.

Note 4 Remunerations etc

<i>Amounts in NOK 1 000</i>	DnB NOR Boligkreditt AS							
	<i>Remu- neration</i>	<i>Salaries</i>	<i>Bonus</i>	<i>Benefits in kind</i>	<i>Total Remu- neration</i>	<i>Lending as at 31 Dec. 2006</i>	<i>Accrued pension expenses</i>	<i>Current value of pension agreement</i>
The Board of Directors in DnB NOR Boligkreditt AS								
Åsmund Skår	-	-	-	-	-	-	-	-
Reidar Bolme	-	-	-	-	-	-	-	-
Eldbjørg Sture	8	-	-	-	-	-	-	-
Steinar Ouren	14	-	-	-	-	-	-	-
Board of directors, total	22	0	0	0	0	0	0	0
Management								
Carl Johan Wickmann ¹	-	-	-	-	-	-	-	-
Management, total	0	0	0	0	0	0	0	0
Control Committee								
Helge B. Andresen	-	-	-	-	-	-	-	-
Frode Hassel	-	-	-	-	-	-	-	-
Kristin Normann	-	-	-	-	-	-	-	-
Thorstein Øverland	-	-	-	-	-	-	-	-
Control Committee, total	0	0	0	0	0	0	0	0
Supervisory Board, total	0	0	0	0	0	0	0	0
Total	22	0	0	0	0	0	0	0

¹ CEO is also member of the Board of Directors

DnB NOR Boligkreditt AS has four part-time employees (two full-time positions) who are also employed in DnB NOR Bank ASA. Personnel expenses are included in the management fee DnB NOR Boligkreditt AS pays to DnB NOR Bank ASA.

Accrued expenses include an audit fee of NOK 120 500 (incl. VAT) to the auditor and a NOK 5 500 attestation fee (incl. VAT) to the auditor.

DnB NOR Boligkreditt AS was charged NOK 61 000 for its proportional share of remunerations to the Control Committee.

The company has no contractual obligations to give the chief executive officer, members of the board or others special compensation in case of changes in conditions of employment. Nor has the company contractual obligations to offer bonuses, profit sharing arrangements or options benefiting the chief executive officer, the Board of Directors or others.

Note 4 Remunerations etc (continued)

Amounts in NOK 1 000	DnB NOR-Group							
	Remu- neration	Salaries	Bonus	Benefits in kind	Total Remu- neration	Lending as at 31 Dec. 2006	Accrued pension expenses	Current value of pension agreement
The board of Directors in DnB NOR Boligkreditt AS								
Åsmund Skår	-	2 561	612	247	3 420	1 474	678	10 734
Reidar Bolme	-	1 597	-	125	1 722	0	90	1 872
Eldbjørg Sture	8	1 690	-	8	1 706	0	153	4 302
Steinar Ouren ²	14	-	-	5	19	0	-	-
Board of directors, total	22	5 848	612	385	6 867	1 474	922	16 908
Management								
Carl Johan Wickmann ¹	-	1 145	-	137	1 282	1 379	242	3 799
Management, total	0	1 145	0	137	1 282	1 379	242	3 799
Control Committee								
Helge B. Andresen	368	-	-	-	368	-	-	-
Frode Hassel	233	-	-	-	233	-	-	-
Kristin Normann	269	-	-	-	269	-	-	-
Thorstein Øverland	228	-	-	-	228	-	-	-
Control Committee, total	1 098	0	0	0	1 098	0	0	0
Supervisory Board, total	263	8 488	354	510	9 615	5 660	853	14 114
Total	1 383	15 481	966	1 032	18 862	8 513	2,017	34 821

¹ The CEO is also a member of the Board of Directors

² In addition, he received NOK 575 116 in pension payments from Vital

Note 5 Taxes

Amounts in NOK 1 000	2006	2005
Taxes		
Payable taxes	3 119	-
Change deferred taxes	(3 119)	-
Tax on group contribution	22 195	3 573
Total taxes	22 195	3 573
Tax base		
Pre-tax operating profit	79 268	12 760
+ change temporary differences	11 138	-
- group contribution	(79 268)	(12 760)
Tax base for the year	11 138	0
Elements in the calculation of deferred taxes		
Amounts in NOK 1000	2006	2005
Taxable temporary differences		
Change in long-term debt in foreign currency	565 617	-
Total taxable temporary differences	565 617	0
Tax-deductible temporary differences		
Financial instruments	576 755	-
Total tax-deductible temporary differences	576 755	0
Calculation base for deferred taxes	(11 138)	0
Deferred tax assets	3 119	0

Note 6 Financial risk

Expected time to interest rate adjustments for balance sheet items

Amounts in NOK 1 000		Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No interest rate	Total
Assets								
Cash	NOK							0
	f.curr.							0
Lending to and deposits with credit institutionsr	NOK	4 452 327						4 452 327
	f.curr.							0
Net lending to customers	NOK		21 470 024	177 905	1 030 476	220 158		22 898 563
	f.curr.							0
Commercial paper and bonds	NOK							0
	f.curr.							0
Sundry assets ¹	NOK						62 133	62 133
	f.curr.						214 567	214 567
Total assets		4 452 327	21 470 024	177 905	1 030 476	220 158	276 700	27 627 590
	NOK	4 452 327	21 470 024	177 905	1 030 476	220 158	62 133	27 413 023
	f.curr.	0	0	0	0	0	214 567	214 567
Liabilities and equity								
Loans and deposits from credit institutions	NOK	500 000						500 000
	f.curr.							0
Deposits from customers	NOK							0
	f.curr.							0
Securities issued	NOK							0
	f.curr.				24 694 383			24 694 383
Sundry liabilities ¹	NOK						303 023	303 023
	f.curr.						780 184	780 184
Subordinated loan capital	NOK		350 000					350 000
	f.curr.							0
Equity	NOK						1 000 000	1 000 000
	f.curr.							0
Total liabilities and equity		500 000	350 000	0	24 694 383	0	2 083 207	27 627 590
	NOK	500 000	350 000	0	0	0	1 303 023	2 153 023
	f.curr.	0	0	0	24 694 383	0	780 184	25 474 567
Net, time to interest rate adjustments on balance sheet items	NOK	3 952 327	21 120 024	177 905	(23 663 907)	220 158	(1 806 507)	0
	f.curr.	0	0	0	(24 694 383)	0	(565 617)	(25 260 000)

¹ Financial derivatives are classified under "No interest rate".

Net nominal values on financial derivatives	NOK	(25 103 493)	(7 965)	(329 327)	23 663 394	(193 058)		(1 970 449)
	f.curr.	0	0	0	24 694 383	0		24 694 383

DnB NOR Boligkreditt AS has a credit line priced at market rate (market rate incl. margin) in DnB NOR Bank ASA. An interest rate swap has been entered into between DnB NOR Boligkreditt AS and DnB NOR Bank ASA. This swap eliminates interest rate risk for DnB NOR Boligkreditt AS.

Note 7 Residual maturity

Amounts in NOK 1 000		Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets								
Cash	NOK							0
	f.curr.							0
Lending to and deposits with credit institutions	NOK	4 452 327						4 452 327
	f.curr.							0
Net lending to customers	NOK	5 126	1 370	16 767	557 438	22 317 862		22 898 563
	f.curr.							0
Commercial paper and bonds	NOK							0
	f.curr.							0
Sundry assets ¹	NOK						62 133	62 133
	f.curr.				214 567			214 567
Total assets		4 457 453	1 370	16 767	772 005	22 317 862	62 133	27 627 590
	NOK	4 457 453	1 370	16 767	557 438	22 317 862	62 133	27 413 023
	f.curr.	0	0	0	214 567	0	0	214 567
Liabilities and equity								
Loans and deposits from credit institutions	NOK	500 000						500 000
	f.curr.							0
Deposits from customers	NOK							0
	f.curr.							0
Securities issued	NOK							0
	f.curr.				24 694 383			24 694 383
Sundry liabilities ¹	NOK						303 023	303 023
	f.curr.				780 184			780 184
Subordinated loan capital	NOK					350 000		350 000
	f.curr.							0
Equity	NOK						1 000 000	1 000 000
	f.curr.							0
Total liabilities and equity		500 000	0	0	25 474 567	350 000	1 303 023	27 627 590
	NOK	500 000	0	0	0	350 000	1 303 023	2 153 023
	f.curr.	0	0	0	25 474 567	0	0	25 474 567
Net, residual maturity on balance sheet items	NOK	3 957 453	1 370	16 767	(24 702 562)	21 967 862	(1 240 890)	0
	f.curr.	0	0	0	(25 260 000)	0	0	(25 260 000)
¹ Accrued interest is classified as "No fixed maturity".								
Net nominal values on financial derivatives	NOK	(9 526)	(12 008)	706 861	2 285 675	(19 782)		2 951 220
	f.curr.	0	0	965 550	27 594 738	0		28 560 289

The table shows final maturity irrespective of instalment payments.

Note 8 Financial derivatives

Financial derivatives are traded in order to cover liquidity and market risk arising from the company's ordinary activities.

Interest rate swaps

Contracts in which two parties agree to exchange interest payment obligations on a fixed amount for a specified period.

Cross-currency interest rate swaps

Contracts in which the parties exchange both currency and interest payments on a specified amount for a specified period.

<i>Amounts in NOK 1 000</i>	<i>31. December 2006</i>		
	<i>Nominal amount ¹</i>	<i>Positive market value ²</i>	<i>Negativ market value ²</i>
Interest rate agreements	27 324 832	2 839	15 712
Foreign exchange agreements ³	25 260 000		154 379
Effect of netting agreements ⁴		(1 243)	

¹ Nominal amount represents the underlying principal used as a basis for calculating interest income, interest expenses and net trading profits in the profit and loss account.

² Market prices represent the average of purchase and sales prices quoted by information services accessible to the public. In some cases, market prices are calculated by extrapolation or interpolation of available prices.

³ Cross-currency interest rate swaps are included under foreign exchange agreements.

⁴ Includes only contracts where legally binding agreements with the customer covering such netting have been signed.

Note 9 Assets

<i>Amount in NOK 1 000</i>	<i>31 Dec. 2006</i>	<i>31 Dec. 2005</i>
Deposits with banks	4 452 327	3 733
Instalment loans to customers	22 898 563	14 652 962
Other receivables	276 700	26 464
Total assets	27 627 590	14 683 159

Loans according to customer group:

Retail customers	22 851 913	14 645 886
Various business sectors *	46 649	7 076
Total	22 898 563	14 652 962

Loans according to geographical location:

County		
Østfold	1 684 077	748 993
Akershus	5 810 611	3 324 150
Oslo	5 176 918	2 928 541
Hedmark	561 269	545 924
Oppland	621 558	332 520
Buskerud	1 624 041	632 237
Vestfold	2 093 167	841 013
Telemark	351 829	232 130
Aust-Agder	290 926	397 600
Vest-Agder	160 553	208 225
Rogaland	920 938	1 101 923
Hordaland	1 879 812	1 782 186
Sogn og Fjordane	58 451	86 180
Møre og Romsdal	233 716	274 594
Sør-Trøndelag	629 752	480 727
Nord-Trøndelag	126 054	98 793
Nordland	146 837	201 451
Troms	302 071	194 868
Finnmark	177 571	214 148
Abroad *	48 411	26 759
Total	22 898 563	14 652 962

¹ This allocation is based on definitions given by Norges Bank and Kredittilsynet (The Financial Supervisory Authority of Norway).

All loans to customers are mortgages secured within 60 per cent of appraised value.

Note 10 Write-downs on loans

The loan portfolio has been acquired from DnB NOR Bank ASA. It is the opinion of the Board of Directors that the quality of the loan portfolio is so sound that write-downs on groups of mortgages are not necessary. According to agreements between DnB NOR Bank ASA and DnB NOR Boligkreditt, the bank will take over any mortgages with an identified risk of being written down. Thus, no individual or group write-downs have been made in the company's accounts.

Note 11 Credit risk

The loan portfolio has been acquired from DnB NOR Bank ASA. The credit strategy, credit process and quality assurance procedures of the Retail Banking business area have been followed. DnB NOR Bank's application score, behavioural score, credit score and valuation principles for classifying the loan portfolio have been applied. Loan pricing reflects individual risk factors based on DnB NOR Bank's strategy for pricing customers and security for individual loans. The company has carried out stress testing of the company's loan portfolio. The credit risk for all assets in DnB NOR Boligkreditt AS is estimated to be very low.

12 loans were classified as non-performing as at 31 December 2006. The loans had a total outstanding balance of NOK 12.3 million and were backed by collateral totaling NOK 39.5 million. Cf. Note 10 and the section on risk in the Directors' Report.

Note 12 Securities issued

<i>Amounts in NOK 1 000</i>	<i>2006</i>	<i>2005</i>
Maturity (year)		
2007	-	-
2008	-	-
2009	12 347 192	-
2010	-	-
2011	12 347 191	-
2012 and later	-	-
Totalt	24 694 383	-

DnB NOR Bank ASA currently owns all the bonds, which are all denominated in euro.

Note 13 Liabilities

<i>Amounts in NOK 1 000</i>	<i>31 Dec.2006</i>	<i>31 Dec.2005</i>
Loans and deposits from credit institutions with a fixed term	500 000	13 998 141
Securities issued	24 694 383	-
Financial derivatives	765 696	-
Other liabilities	82 387	12 960
Accrued expenses and prepaid revenues	235 124	22 058
Provisions for commitments	-	-
Subordinated loan capital	350 000	-
Total liabilities	26 627 590	14 033 159

DnB NOR Boligkreditt AS is financed through borrowings from DnB NOR Bank ASA.

Note 14 Subordinated loan capital

All subordinated loan capital is denominated in NOK and issued by DnB NOR Bank ASA.

Amounts in NOK 1 000

<i>Raised</i>	<i>Interest rate</i>	<i>Maturity</i>	<i>Call date</i>	<i>Book value</i>
Term subordinated loan capital				
18.11.06	3-month NIBOR + 0,35% *	18.09.16	18.09.11	350 000
Total term subordinated loan capital				350 000

* The borrower may choose 1, 3, 6 or 12-month NIBOR

Note 15 Equity

<i>Amounts in NOK 1 000</i>	<i>Share capital</i>	<i>Share premium reserve</i>	<i>Other equity</i>	<i>Total equity</i>
Balance sheet as at 31 December 2005	650 000	0	0	650 000
Issue of shares 13 March 2006	10 000	90 000		100 000
Issue of shares 7 June 2006	25 000	225 000		250 000
Profit for the year			57 073	57 073
Group contribution			(57 073)	(57 073)
Balance sheet as at 31 December 2006	685 000	315 000	0	1 000 000

In the share issues on 13 March 2006 and 7 June 2006, 100 000 and 250 000 shares respectively were issued, with a face value NOK 100. Both issues were fully subscribed by DnB NOR Bank ASA.

The average number of shares was 6 722 055.

Note 16 Capital adequacy

DnB NOR Boligkreditt AS fulfils the capital adequacy requirements stipulated in the Financial Institutions Act and regulations from Kredittilsynet (The Financial Supervisory Authority of Norway).

<i>Amounts in NOK 1 000</i>	<i>31 Dec.2006</i>	<i>31 Dec.2005</i>
Eligible primary capital		
Share capital	685 000	650 000
Share premium reserve	315 000	-
Other equity	-	-
- Deductions	3 119	-
Core capital	996 881	650 000
Subordinated loan capital	350 000	-
- Deductions	-	-
Supplementary capital	350 000	-
Total eligible primary capital	1 346 881	650 000
Specification of risk-weighted volume		
Cash and ordinary deposits with banks	890 465	747
Lending	11 449 282	7 326 481
Other assets	70 723	13 232
Total assets	12 410 470	7 340 460
Financial derivatives	253 499	828
Total off balance-sheet instruments	253 499	828
Total risk-weighted volume	12 663 969	7 341 288
Core capital ratio	7,87 %	8,85 %
Capital ratio	10,64 %	8,85 %

Note 17 Receivables and liabilities to companies in the DnB NOR Group

<i>Amounts in NOK 1 000</i>	<i>31 Dec.2006</i>	<i>Interest 2006</i>	<i>31 Dec.2005</i>	<i>Interest 2005</i>
Receivables				
DnB NOR Bank ASA	4 672 552	28 905	3 733	3 733
Liabilities				
DnB NOR Bank ASA	26 544 194	580 465	14 020 591	70 184

Interest terms on receivables and liabilities are based on market terms. See notes 12 and 13.

Note 18 Ownership

Share capital amounted to NOK 685 million as at 31 December 2006, divided into 6 850 000 shares with a face value of NOK 100. All share carry equal voting rights in the company. All shares in DnB NOR Boligkreditt AS are owned by DnB NOR Bank ASA.

Note 19 Contingencies

DnB NOR Boligkreditt AS is party to no legal actions.

Note 20 Contact information

DnB NOR Boligkreditt AS is a subsidiary of DnB NOR Bank ASA (Register of Business Enterprises 984 851 006), which is a subsidiary of DnB NOR ASA (Register of Business Enterprises 981 276 957).

DnB NOR Boligkreditt AS' annual accounts are included in the consolidated accounts of DnB NOR ASA. The Group's annual report is available at the Group's head office at Stranden 21, 0021 Oslo.

The annual accounts of DnB NOR Bank ASA and DnB NOR ASA are also available at www.dnbnor.com

Oslo, 26 February 2007

The Board of Directors of DnB NOR Boligkreditt AS

Åsmund Skår
(chairman)

Eldbjørg Sture

Reidar Bolme

Steinar Ouren

Carl Johan Wickmann
(chief executive officer)

To the Annual Shareholders' Meeting of DnB NOR Boligkreditt AS

Auditor's report for 2006

We have audited the annual financial statements of DnB NOR Boligkreditt AS as of December 31, 2006, showing a profit of NOK 57 073 000. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The regulations of the Norwegian accounting act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the laws, regulations and auditing standards and practices generally accepted in Norway, including standards on auditing adopted by The Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the company as of December 31, 2006, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway.
- the information given in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Bergen, February 26 2007

PricewaterhouseCoopers AS

Jon Haugervåg

State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

Control Committee's Report

To the Annual General Meeting of DnB NOR Boligkreditt ASA

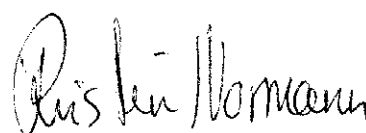
In connection with the closing of the accounts for the 2006 financial year, the Control Committee has examined the Directors' Report, the annual accounts and the Auditor's Report for DnB NOR Boligkreditt AS.

The Committee finds that the Board of Directors gives an adequate description of the financial position of the company, and recommends the approval of the Directors' Report and annual accounts for the 2006 financial year.

Oslo, 14 March 2007



Helge B. Andersen



Kristin Normann



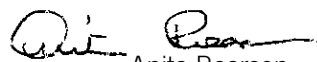
Frode Hassel



Thorstein Øverland



Svein Brustad



Anita Roarsen

Governing bodies

Supervisory board

MEMBERS

Wenche Agerup, Oslo
Anita Roarsen, Oslo
Helge Stray, Oslo
Jørn E. Pedersen, Oslo
Morten Ronæss, Trondheim
Alf Erik Kvaal, Bergen

DEPUTIES

Tove Storrødvann, Oslo
Nils H. Bastiansen, Stabekk
Ragnhild Martinsen, Bodø

Control committee

MEMBERS

Helge B. Andresen, Hamar (chairman)
Kristin Normann, Oslo (vice-chairman)
Frode Hassel, Trondheim
Thorstein Øverland, Oslo

DEPUTIES

Svein Brustad, Hvalstad
Anita Roarsen, Oslo

Board of Directors

Åsmund Skår, Lysaker
Reidar Bolme, Oslo
Eldbjørg Sture, Oslo
Steinar Ouren, Lillehammer
Carl Johan Wickmann, Bergen

Contact information

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www.dnbnor.com

DnB NOR Bank ASA

Organisation number: 984 851 006
Mailing address: NO-0021 Oslo
Visiting address: Stranden 21, 0250 Oslo
www.dnbnor.no
Tel: 03000 (from abroad: +47 915 03000)

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