

DNB

First quarter report
2024

Unaudited

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DNB
Boligkreditt

A company in the DNB Group

Financial highlights

Income statement

<i>Amounts in NOK million</i>	1st quarter 2024	1st quarter 2023	Full year 2023
Net interest income	1 089	749	2 741
Net other operating income	(211)	(337)	(595)
Of which net gains on financial instruments at fair value	(218)	(347)	(629)
Total operating expenses	178	380	1 795
Impairment of financial instruments	(13)	(6)	(31)
Pre-tax operating profit	1 043	786	3 910
Tax expense	(271)	(196)	(987)
Profit for the period	772	589	2 923

Balance sheet

<i>Amounts in NOK million</i>	31 March 2024	31 Dec. 2023	31 March 2023
Total assets	738 002	737 661	750 300
Loans to customers	681 977	690 654	683 638
Debt securities issued	417 964	383 695	368 245
Total equity	42 331	41 565	40 970

Key figures and alternative performance measures

	1st quarter 2024	1st quarter 2023	Full year 2023
Return on equity, annualised (%) ¹	7.4	5.9	7.4
Total average spreads for lending (%) ¹	0.46	0.34	0.30
Impairment relative to average net loans to customers, annualised (per cent) ¹	(0.01)	(0.00)	(0.00)
Net loans and financial commitments in stage 3, per cent of net loans ¹	0.35	0.27	0.31
Net loans and financial commitments in stage 3, (NOK million) ¹	2 401	1 831	2 175
Common equity Tier 1 capital ratio end of period (%)	19.7	18.6	19.6
Capital ratio end of period (%)	22.1	21.4	22.0
Common equity Tier 1 capital (NOK million)	37 333	34 905	37 326
Total risk exposure amount (NOK million)	189 045	187 720	190 316
Number of full-time positions at end of period	5	5	5

¹ Defined as alternative performance measures (APM). APMs are described on [ir.dnb.no](#).

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There has been no full or partial external audit of the quarterly directors' report and accounts.

Directors' report

DNB Boligkreditt AS is the DNB Group's vehicle for the issue of covered bonds based on residential mortgages. The company's office is in Oslo. DNB Boligkreditt is a wholly owned subsidiary of DNB Bank ASA and is reported as part of the Personal Customers 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. DNB Boligkreditt's covered bond programmes are rated AAA by Moody's and Standard & Poor's.

Financial accounts

DNB Boligkreditt recorded a profit of NOK 772 million in the first quarter of 2024, compared with a profit of NOK 589 million in the first quarter of 2023.

Total income

Income totalled NOK 878 million in the first quarter of 2024, up from NOK 412 million in the year-earlier period.

Amounts in NOK million	1st quarter		1st quarter
	2024	Change	2023
Total income	878	466	412
Net interest income		340	
Net commission and fee income		(3)	
Net gains/(losses) on financial instruments at fair value		129	

Compared to the same period in the previous year, the net interest income has increased, due to somewhat wider lending spreads. The recorded loss on financial instruments in the first quarter of 2024 was lower than in the first quarter of 2023. The loss was related to unrealised changes in the market value of covered bonds, derivatives and loans measured at fair value. 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.

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 Boligkreditt sound competence in key areas and cost-effective operations. The management fee calculation is based primarily on lending volume and the spreads achieved; thus, the fee will fluctuate with the net interest income. The servicing agreement also ensures DNB Boligkreditt a minimum-profit based on the net interest rate margin achieved on loans to customers. A net interest rate margin below a minimum level agreed upon with DNB Bank, will result in a negative management fee (payment from DNB Bank to DNB Boligkreditt). The fee amounted to a negative NOK 209 million in the first quarter of 2024, compared to a negative NOK 406 million in the first quarter of 2023.

The company has generally recorded low impairment losses on loans. In the first quarter of 2024, the company reported impairment losses of NOK 13 million. 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-March 2024, DNB Boligkreditt had total assets of NOK 738.0 billion, a decrease of NOK 12.3 billion from end-March 2023.

Amounts in NOK million	31 March		31 March
	2024	Change	2023
Total assets	738 002	(12 298)	750 300
Loans to customers		(1 661)	
Financial derivatives		1 881	
Deferred tax assets		(1 821)	
Other assets		(10 697)	
Total liabilities	695 670	(13 661)	709 331
Due to credit institutions		(62 566)	
Financial derivatives		(3 766)	
Debt securities issued		49 719	
Other liabilities		2 952	

Loans to customers originate 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 was up by net NOK 49.7 billion from end-March 2023, due to the merger with Sbanken Boligkreditt and a higher issuing activity. The company issued covered bonds under existing programmes totalling NOK 40.4 billion in the first quarter of 2024. Total debt securities issued amounted to NOK 418.0 billion at end-March 2024.

Other events

Sustainability

During the first quarter, DNB established a Group project for energy efficiency. The project is intended to help promote achievement of the goals set in DNB's transition plan. Initially, the focus of the project is how to achieve increased energy efficiency in real estate portfolios through sound advice and financing solutions for both corporate customers and personal customers.

In the first quarter, DNB's Group Sustainability Committee (GSC) continued its work to ensure coherent implementation of sustainability measures across the Group. An important area of discussions in the committee was the work to implement DNB's transition plan. In March 2024, the Ministry of Finance put forward its proposal for implementing the Corporate Sustainability Reporting Directive (CSRD) in Norwegian law. The Ministry proposed that the requirements should enter into force in Norway in 2024, with reporting for the first time in 2025 for the financial year 2024. This means that DNB must report in accordance with the CSRD in 2025 for the financial year 2024.

Risk and capital adequacy

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

Currency risk is offset using 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 low.

Changes in the market value of the company's bonds due to credit risk are monitored daily.

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.

Negative developments in the housing market will affect the company. 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 that DNB Bank supplies DNB Boligkreditt with more substitute collateral. The Board of Directors considers the company's total risk exposure to be low.

At end-March 2024, the company's equity totalled NOK 42.3 billion. NOK 37.3 billion represented Tier 1 capital. Own funds for capital adequacy purposes in the company was NOK 41.8 billion. The Tier 1 capital ratio was 19.7 per cent, while the capital adequacy ratio was 22.1 per cent.

New regulatory framework

Finanstilsynet's advice on systemically important institutions

Under Section 31 of the Norwegian Regulations on capital requirements and national adaptation of CRR/CRD IV (CRR/CRD IV regulations), Finanstilsynet (the Financial Supervisory Authority of Norway) Norwegian must, by the end of the first quarter each year, give the Ministry of Finance qualified advice on which institutions should be regarded as systemically important in Norway and be required to meet a special buffer requirement of 1 or 2 per cent. According to the Regulations, systemically important institutions are to be subject to institution-specific buffer requirements.

Finanstilsynet's advice is that DNB Bank ASA, and DNB Boligkreditt AS, should have a special buffer requirement of 2 per cent, and that KBN (the Norwegian Agency for Local Governments), Nordea Eiendoms-kreditt AS and Sparebank 1 SR-bank ASA should have a separate buffer requirement of 1 per cent.

Proposition to the Storting (bill) on compulsory means of payment (cash)

The Norwegian government has proposed amendments to the provisions of the Norwegian Financial Contracts Act on consumers' right to pay with cash. According to the proposition, a consumer must be given the opportunity to pay with cash in a retail premises where a business owner on a regular basis sells goods or services to consumers, if it is possible to pay for the goods or services with other payment solutions in or in immediate connection with the retail premises. A limit of NOK 20 000 is proposed, with exemptions for the sale of goods from vending machines, sales in unstaffed retail premises and sales in premises to which only a limited circle of persons have access. Legal authority in regulations is proposed, so that special rules can be laid down for passenger transport services. The proposition also proposes an expansion of the scope of the rules on payment settlement and monetary claims in the Financial Contracts Act.

Macroeconomic developments

Consumer price growth for Norway's main trading partners slowed markedly last year. So far this year, however, a number of countries have seen fairly unchanged growth. In particular, price growth for services has held up. Last year's decline in inflation fuelled expectations of interest rate cuts internationally. This year, expectations of interest rate reductions have become more subdued, in line with the fall in inflation tailing off. Sustained high employment growth in the US has also contributed to weakening the markets' expectations of imminent cuts being made to the key policy rate by the Federal Reserve. There are still clear expectations in the markets that the European Central Bank will start a series of interest rate reductions starting in June this year. This reflects a mixed picture for developments in the real economies of the eurozone countries. Overall, for Norway's trading partners, there are prospects of higher GDP growth in 2024.

The Norwegian economy has experienced slow growth during the last part of 2023 and into this year. When growth is close to zero, it does not take much for the pace of growth to shift between positive and negative rates. In particular, fluctuations in production and distribution of electricity, and in activity within fishing and aquaculture have contributed to this. If the contributions from the two industries mentioned are excluded, mainland GDP rose by 0.3 per cent from the period September–November 2023, to the period December 2023–February 2024. On the demand side, household consumption growth has been slow and housing investment has fallen markedly. However, other investments, from mainland companies, the public sector and oil and gas companies, rose markedly last year.

Despite weak growth, registered unemployment has remained low and stable. The number of registered unemployed, adjusted for seasonal variations, was 1.9 per cent of the labour force in all months from August last year to March this year.

In March, the consumer price index rose by 3.9 per cent compared with the same month a year earlier. Core inflation, as measured by the CPI-ATE All-item index, declined to 4.5 per cent in March. In recent months, it is particularly price growth for imported goods that has slowed, while price growth for other goods and services has remained at the same level. In the housing market, seasonally adjusted prices have risen by an average of 0.7 per cent month on month for the first three months of this year. This is higher than, for instance, the projections of the Norwegian central bank, Norges Bank, and current developments indicate house price growth of around 3 per cent this year.

Norges Bank kept the key policy rate unchanged at its January monetary policy meeting. As in December, it announced that the rate will most likely remain at 4.50 per cent for some time. This was reiterated at the monetary policy meeting in March, but there, the Governor of Norges Bank stated that the key policy rate would most likely be reduced in September this year. The interest rate path presented at the meeting indicated the same trend. The prospects of interest rate cuts are linked to expectations that inflation will fall further and that unemployment will rise somewhat. The interest rate path reflects Norges Bank's attempts to strike a balance between the objective of curbing inflation on the one hand, and the objective of avoiding an excessive rise in unemployment on the other.

Future prospects

The annual increase in lending volumes is expected to be around 1 to 2 per cent over time.

The common equity Tier 1 (CET1) capital ratio requirement for DNB Boligkreditt is 16.30 per cent, while the Tier 1 (T1) requirement is 17.80 per cent. Including a management buffer of 0.75 per cent the Tier 1 requirement is 18.55 per cent. As per 31 March 2024 the CET1 and T1 capital ratio were 19.7 per cent.

Covered bonds have a leading position as a funding vehicle for Norwegian banks. Norwegian covered bonds still seem attractive, with relatively low credit and market risk. The volume of covered bond issues the next couple of years is expected to be somewhat higher than in the previous years, due to the DNB Group's need for this funding instrument.

Oslo, 22 April 2024

The Board of Directors of DNB Boligkreditt AS



Henrik Lidman
(Chair of the Board)



Bjørn Hauge Spjeld



Karianne Kvernmo Wasenden



Hans Olav Rønningen
(Chief Executive Officer, CEO)

Accounts for DNB Boligkreditt

COMPREHENSIVE INCOME STATEMENT

<i>Amounts in NOK million</i>	Note	1st quarter 2024	1st quarter 2023	Full year 2023
Interest income, effective interest method		9 312	6 783	31 410
Other interest income		250	245	1 012
Interest expenses, effective interest method		(8 345)	(5 673)	(29 143)
Other interest expenses		(128)	(606)	(539)
Net interest income		1 089	749	2 741
Commission and fee income		8	11	42
Commission and fee expenses		(1)	(1)	(4)
Net gains on financial instruments at fair value		(218)	(347)	(629)
Other income				(4)
Net other operating income		(211)	(337)	(595)
Total income		878	412	2 146
Salaries and other personnel expenses		(3)	(2)	(10)
Other income (expenses) related to management fee	7	209	406	1 915
Other expenses exclusive management fee		(29)	(24)	(110)
Total operating expenses		178	380	1 795
Impairment of financial instruments	3	(13)	(6)	(31)
Pre-tax operating profit		1 043	786	3 910
Tax expense		(271)	(196)	(987)
Profit for the period		772	589	2 923
Other comprehensive income that will not be reclassified to profit or loss		(8)	8	(8)
Tax		2	(2)	2
Total comprehensive income for the period		766	595	2 916
Portion attributable to shareholders of DNB Boligkreditt		766	595	2 912
Portion attributable to additional Tier 1 capital holders				5
Profit for the period		766	595	2 916

BALANCE SHEET

<i>Amounts in NOK million</i>	Note	31 March 2024	31 Dec. 2023	31 March 2023
Assets				
Due from credit institutions	7	13 902	13 168	25 576
Loans to customers	3, 6	681 977	690 654	683 638
Financial derivatives	6	40 955	33 714	39 074
Deferred tax assets				1 821
Other assets		1 168	126	191
Total assets		738 002	737 661	750 300
Liabilities and equity				
Due to credit institutions	7	244 563	280 921	307 130
Financial derivatives	6	24 729	23 370	28 495
Debt securities issued	4, 6	417 964	383 695	368 245
Payable taxes		372		198
Deferred taxes		3 421	3 514	
Other liabilities		68	46	18
Provisions		35	33	31
Subordinated loan capital	5	4 518	4 518	5 214
Total liabilities		695 671	696 096	709 331
Share capital		4 527	4 527	4 527
Share premium		25 149	25 149	25 149
Other equity		12 655	11 889	11 294
Total equity		42 331	41 565	40 970
Total liabilities and equity		738 002	737 661	750 300

STATEMENT OF CHANGES IN EQUITY

<i>Amounts in NOK million</i>	Share capital	Share premium	Liability credit reserve	Other equity	Total equity
Balance sheet as at 31 December 2022	4 527	25 149	25	10 673	40 375
Profit for the period				589	589
Financial liabilities designated at FVTPL, changes in credit risk			8		8
Tax on other comprehensive income			(2)		(2)
Comprehensive income for the period			6	589	595
Balance sheet as at 31 March 2023	4 527	25 149	31	11 263	40 970
Balance sheet as at 31 December 2023	4 527	25 149	19	11 870	41 565
Profit for the period				772	772
Financial liabilities designated at FVTPL, changes in credit risk			(8)		(8)
Tax on other comprehensive income			2		2
Comprehensive income for the period			(6)	772	766
Balance sheet as at 31 March 2024	4 527	25 149	13	12 642	42 331

Share capital

All shares and voting rights of the company are held by DNB Bank ASA. Share capital at the end of 2023 was NOK 4 527 million (45 270 000 shares at NOK 100).

CASH FLOW STATEMENT

<i>Amounts in NOK million</i>	Jan.-March 2024	Jan.-March 2023	Full year 2023
Operating activities			
Net receipts on loans to customers	11 295	3 894	23 988
Receipts on issued bonds and commercial paper	40 360	419	90 668
Payments on redeemed bonds and commercial paper	(12 144)	(17 753)	(119 107)
Net receipts/(payments) on loans from credit institutions	(42 413)	13 454	4 974
Interest received	9 279	6 923	31 811
Interest paid	(8 384)	(6 422)	(29 106)
Net receipts on commissions and fees	7	10	38
Net receipts/(payments) for operating activities	(830)	317	1 501
Taxes paid		1	(19)
Net cash flow relating to operating activities	(2 829)	843	4 747
Investing activities			
Purchase of loan portfolio	(2 573)	(1 067)	(1 685)
Sale of loan portfolio	76	223	535
Net cash flow relating to investing activities	(2 498)	(843)	(1 150)
Financing activities			
Receipts on issued subordinated loan capital			4 500
Redemptions of subordinated loan capital			(5 200)
Redemptions of AT1 capital			(226)
Interest payments on AT1 capital			(4)
Group contribution payments			240
Net cash flow from financing activities			(691)
Net cash flow	(5 326)	0	2 906
Cash as at 1 January	5 327	0	0
Net receipts/(payments) of cash	(5 326)	0	2 906
Merger Sbanken Boligkreditt			2 420
Cash at end of period	0	0	5 327

NOTE 1 BASIS FOR PREPARATION

The quarterly financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as issued by the International Accounting Standards Board and as adopted by the European Union. When preparing the financial statements, the management makes estimates, judgements and assumptions that affect the application of the accounting principles, as well as income, expenses, and the carrying amount of assets and liabilities. 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 accounting policies, significant estimates and areas where judgement is applied can be found in Note 1 Accounting principles in the annual report for 2023. In the interim report, the accounting policies, significant estimates, and areas where judgement is applied are in conformity with those described in the annual report.

NOTE 2 CAPITAL ADEQUACY

Capital adequacy is calculated and reported in accordance with the EU capital requirements regulations for banks and investment firms (CRR/CRD).

Own funds

<i>Amounts in NOK million</i>	31 March 2024	31 Dec. 2023	31 March 2023
Share capital	4 527	4 527	4 527
Other equity	37 032	37 038	35 853
Total equity	41 559	41 565	40 380
Regulatory adjustments			
IRB provisions shortfall (-)	(1 023)	(1 005)	(945)
Additional value adjustments (AVA)	(279)	(305)	(373)
(Gains) or losses on liabilities at fair value resulting from own credit risk	(13)	(19)	(17)
(Gains) or losses on derivative liabilities resulting from own credit risk (DVA)	(12)	(11)	(31)
Group contributions	(2 900)	(2 900)	(4 110)
Common equity Tier 1 capital	37 333	37 326	34 905
Term subordinated loan capital	4 500	4 500	5 200
Tier 2 capital	4 500	4 500	5 200
Own funds	41 833	41 826	40 105
Total risk exposure amount	189 045	190 316	187 720
Minimum capital requirement	15 124	15 225	15 018
Common equity Tier 1 capital ratio (%)	19.7	19.6	18.6
Capital ratio (%)	22.1	22.0	21.4

Specification of exposures

<i>Amounts in NOK million</i>	Nominal exposure 31 March 2024	Exposure at default EAD 31 March 2024	Risk amount REA 31 March 2024	Capital requirement 31 March 2024	Capital requirement 31 Dec. 2023
IRB approach					
Corporate	487	487	160	13	15
Retail - secured by immovable property	749 521	749 521	161 268	12 901	13 001
Total credit risk, IRB approach	750 008	750 008	161 428	12 914	13 016
Standardised approach					
Institutions	22 059	22 059	4 412	353	336
Corporate	19 653	19 646	5 426	434	377
Retail	511	354	266	21	21
Retail - secured by immovable property	22 298	22 188	7 858	629	687
Other assets	393	370	533	43	42
Total credit risk, standardised approach	64 914	64 618	18 495	1 480	1 462
Total credit risk	814 922	814 626	179 922	14 394	14 479
Currency risk			3 010	241	258
Operational risk			6 112	489	489
Total risk exposure amount			189 045	15 124	15 225

NOTE 3 DEVELOPMENT IN ACCUMULATED IMPAIRMENT OF FINANCIAL INSTRUMENTS

Loans to customers at amortised cost

<i>Amounts in NOK million</i>	Jan.-March 2024				Full year 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 1 Jan.	(23)	(31)	(56)	(109)	(19)	(22)	(25)	(67)
Transfer to stage 1	(8)	8			(26)	25	1	
Transfer to stage 2	1	(1)			3	(3)		
Transfer to stage 3						1	(1)	
Originated and purchased during the period	(6)	(11)		(17)	(16)	(1)		(17)
Increased expected credit loss	(3)	(9)	(41)	(53)	(18)	(48)	(93)	(159)
Decreased (reversed) expected credit loss	18	3	22	43	53	7	58	118
Write-offs							3	3
Merger Sbanken Boligkreditt						(1)	(2)	(3)
Derecognition		5	3	8		12	3	16
Accumulated impairment as at the end of the period	(21)	(35)	(72)	(128)	(23)	(31)	(56)	(109)

For explanatory comments about the impairment of financial instruments, see the directors' report.

NOTE 4 DEBT SECURITIES ISSUED

Debt securities issued

<i>Amounts in NOK million</i>	31 March 2024	31 Dec. 2023	31 March 2023
Listed covered bonds, nominal amount	376 823	342 425	330 264
Private placements under the bond programme, nominal amount	53 670	52 646	58 399
Total covered bonds, nominal amount	430 494	395 072	388 663
Accrued interest	2 335	2 174	1 831
Unrealised losses ¹	(14 864)	(13 551)	(22 249)
Value adjustments ²	(12 530)	(11 377)	(20 419)
Total debt securities issued	417 964	383 695	368 245

Changes in debt securities issued

<i>Amounts in NOK million</i>	Balance sheet 31 March 2024	Issued 2024	Matured/ redeemed 2024	Exchange rate movements 2024	Other changes 2024	Balance sheet 31 Dec. 2023
Covered bond debt, nominal	430 494	40 667	(13 522)	8 277		395 072
Value adjustments ²	(12 530)				(1 153)	(11 377)
Total debt securities issued	417 964	40 667	(13 522)	8 277	(1 153)	383 695

Maturity of debt securities issued

<i>Amounts in NOK million</i>	NOK	Foreign currency	Total
2024	12 000	26 946	38 946
2025	56 500	36 008	92 508
2026	72 500	41 211	113 711
2027	19 500	29 147	48 647
2028 and later	14 100	122 581	136 681
Total covered bond debts, nominal amount	174 600	255 894	430 494

1 Unrealised losses comprise of adjustments for net gain 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).

2 Including accrued interest, fair value adjustments and premiums/discounts.

NOTE 4 DEBT SECURITIES ISSUED (continued)

Debt securities issued - matured/redeemed during the period

Amounts in NOK million ISIN Code	Currency	Matured redeemed amount	Interest	Issued	Matured		Remaining nominal amount	
							31 March 2024	31 Dec. 2023
Private	EUR	280	Fixed	2010	2024	Matured		280
Private	EUR	224	Fixed	2011	2024	Matured		224
Private	EUR	336	Fixed	2012	2024	Matured		336
Private	EUR	112	Fixed	2014	2024	Redeemed		112
XS1014279787	EUR	449	Fixed	2014	2024	Matured		449
XS1014864190	EUR	90	Fixed	2014	2024	Redeemed		90
XS1193287304	EUR	785	Fixed	2015	2024	Matured		785
Private	EUR	56	Fixed	2017	2024	Matured		56
XS1574773583	EUR	112	Fixed	2017	2024	Matured		112
NO0010805310	NOK	1 000	Fixed	2017	2024	Matured		1 000
XS1945126867	SEK	9 775	Fixed	2019	2024	Matured		9 775
XS1945126867	SEK	302	Fixed	2020	2024	Matured		302
Total debt securities matured/ redeemed, nominal amount		13 522						13 522

Cover pool

Amounts in NOK million	31 March 2024	31 Dec. 2023	31 March 2023
Pool of eligible loans	657 451	662 690	680 680
Market value of eligible derivatives ¹	40 955	33 714	39 074
Total collateralised assets	698 406	696 403	719 754

Debt securities issued, carrying value	417 964	383 695	368 245
Valuation changes attributable to changes in credit risk on debt carried at fair value	18	26	41
Market value of eligible derivatives ¹	24 729	23 370	28 495
Debt securities issued, valued according to regulation²	442 711	407 091	396 781

Collateralisation (per cent)	157.8	171.1	181.4
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- ¹ From and including the first quarter of 2024, eligible derivatives are presented with their gross value. Comparable figures have been changed accordingly.
- ² 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 11-8 and 11-11 of the Financial Institutions Act with appurtenant regulations.

NOTE 5 SUBORDINATED LOAN CAPITAL

Amounts in NOK million	Currency	Nominal amount	Interest rate	Issue date	Call date	Maturity date	31 March 2024	31 Dec. 2023	31 March 2023
Term subordinated loan capital	NOK	1 900	3 month Nibor + 160 bp	2018	2023	2028			1 900
Term subordinated loan capital	NOK	3 300	3 month Nibor + 160 bp	2018	2023	2028			3 300
Term subordinated loan capital	NOK	4 500	3 month Nibor + 205 bp	2023	2028	2033	4 500	4 500	
Accrued interest							18	18	14
Total subordinated loan capital							4 518	4 518	5 214

NOTE 6 FINANCIAL INSTRUMENTS AT FAIR VALUE

<i>Amounts in NOK million</i>	Level 1	Level 2	Level 3	Total
Assets as at 31 March 2024				
Loans to customers			31 156	31 156
Financial derivatives		40 955		40 955
Liabilities as at 31 March 2024				
Debt securities issued		4 951		4 951
Financial derivatives		24 729		24 729
Assets as at 31 December 2023				
Loans to customers			32 035	32 035
Financial derivatives		33 714		33 714
Liabilities as at 31 December 2023				
Debt securities issued		5 993		5 993
Financial derivatives		23 370		23 370

Financial instruments at fair value, level 3

<i>Amounts in NOK million</i>	Loans to customers
Carrying amount as at 31 December 2022	
Net gains recognised in the income statement	269
Additions/purchases	3 509
Sales	(48)
Settled	(6 193)
Carrying amount as at 31 December 2023	
Net gains recognised in the income statement	(143)
Additions/purchases	748
Sales	(8)
Settled	(1 477)
Carrying amount as at 31 March 2024	
	31 156

For a further description of the instruments and valuation techniques, see DNB Boligkredit's annual report for 2023.

Sensitivity analysis, level 3

An increase in the discount rate on fixed-rate loans by 10 basis points will decrease the fair value by NOK 83 million.

NOTE 7 INFORMATION ON RELATED PARTIES

DNB Bank ASA

In the first quarter of 2024, loan portfolios representing NOK 2.5 billion (NOK 0.8 billion in the first quarter of 2023) were transferred from the bank to DNB Boligkreditt in accordance with the "Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Boligkreditt AS".

The servicing agreement between DNB Boligkreditt and DNB Bank ensures DNB Boligkreditt a minimum margin achieved on loans to customers. A margin below the minimum level will be at DNB Bank's risk, resulting in a negative management fee (payment from DNB Bank to DNB Boligkreditt). The management fee paid to the bank for purchased services is recognised as 'Other income (expenses) related to management fee' in the comprehensive income statement and amounted to a negative NOK 209 million in the first quarter of 2024 (a negative NOK 406 million in the first quarter of 2023).

At end-March 2024, DNB Bank had invested NOK 111.8 billion in covered bonds issued by DNB Boligkreditt.

In the first quarter of 2024, DNB Boligkreditt entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 13.3 billion at end-March 2024.

As of end-March 2024, DNB Invest Denmark A/S' ownership of subordinated loans issued by DNB Boligkreditt amounted to NOK 4.5 billion.

DNB Boligkreditt has a long-term overdraft facility in DNB Bank with a limit of NOK 325 billion.

DNB Livsforsikring AS

At end-March 2024, DNB Livsforsikring's holding of DNB Boligkreditt bonds had a fair value of NOK 253 million.

Information about DNB Boligkreditt

Organisation number

Register of Business Enterprises NO 985 621 551 MVA

Board of Directors

Henrik Lidman	Chair of the Board
Bjørn Hauge Spjeld	
Karianne Kvernmo Wasenden	

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Other sources of information

DNB Boligkreditt AS is part of the DNB Group. Quarterly and annual reports for the DNB Group and DNB Boligkreditt are available on ir.dnb.no.

DNB Boligkreditt AS

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