



Fourth quarter report 2022

Preliminary and unaudited

Financial highlights

Income statement

<i>Amounts in NOK million</i>	4th quarter 2022	4th quarter 2021	Full year 2022	Full year 2021
Net interest income	354	1 310	2 971	5 989
Net other operating income	(1 196)	378	1 358	(257)
Of which net gains on financial instruments at fair value	(1 206)	365	1 328	(313)
Total operating expenses	753	(289)	1 345	(1 944)
Impairment of financial instruments	(7)	3	(25)	5
Pre-tax operating profit	(97)	1 402	5 649	3 792
Tax expense	24	(350)	(1 412)	(948)
Profit for the period	(72)	1 051	4 237	2 844

Balance sheet

<i>Amounts in NOK million</i>	31 Dec. 2022	31 Dec. 2021
Total assets	732 992	746 367
Loans to customers	686 604	689 142
Debt securities issued	365 316	440 950
Total equity	40 375	38 933

Key figures and alternative performance measures

	4th quarter 2022	4th quarter 2021	Full year 2022	Full year 2021
Return on equity, annualised (%) ¹⁾	(0.7)	10.8	10.7	6.5
Total average spreads for lending (%) ¹⁾	0.04	0.64	0.29	0.77
Impairment relative to average net loans to customers, annualised (per cent) ¹⁾	(0.00)	0.00	(0.00)	0.00
Net loans and financial commitments in stage 3, per cent of net loans ¹⁾	0.25	0.24	0.25	0.24
Net loans and financial commitments in stage 3, (NOK million) ¹⁾	1 709	1 660	1 709	1 660
Common equity Tier 1 capital ratio end of period (%)	18.7	18.7	18.7	18.7
Capital ratio end of period (%)	21.5	21.5	21.5	21.5
Common equity Tier 1 capital (NOK million)	34 825	34 708	34 825	34 708
Total risk exposure amount (NOK million)	186 016	185 640	186 016	185 640
Number of full-time positions at end of period	5	6	5	6

¹⁾ Defined as alternative performance measures (APM). APMs are described on [ir.dnb.no](https://www.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 loss of NOK 72 million in the fourth quarter of 2022, compared with a profit of NOK 1 051 million in the fourth quarter of 2021.

Total income

Income totalled a negative NOK 842 million in the fourth quarter of 2022, down from NOK 1 687 million in the year-earlier period.

Amounts in NOK million	4th quarter		4th quarter
	2022	Change	2021
Total income	(842)	(2 529)	1 687
Net interest income		(956)	
Net commission and fee income		(2)	
Net gains/(losses) on financial instruments at fair value		(1 571)	
Other income			

Compared to the same period in the previous year, the net interest income has decreased, due to tighter lending spreads and reduced lending volume. The recorded losses on financial instruments reflect the effects of 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 fee based on the net interest rate margin achieved on loans to customers. A net interest rate 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 fee amounted to a negative NOK 780 million in the fourth quarter of 2022, down from a positive NOK 294 million in the fourth quarter of 2021.

The company has generally recorded low impairment losses on loans. In the fourth quarter of 2022, the company reported a net impairment loss of NOK 7 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-December 2022, DNB Boligkreditt had total assets of NOK 733.0 billion, a decrease of NOK 13.4 billion from end-December 2021.

Amounts in NOK million	31 Dec.		31 Dec.
	2022	Change	2021
Total assets	732 992	(13 375)	746 367
Loans to customers		(2 538)	
Financial derivatives		(3 544)	
Deferred tax assets		(1 127)	
Other assets		(6 166)	
Total liabilities	692 617	(14 817)	707 434
Due to credit institutions		58 811	
Financial derivatives		6 334	
Debt securities issued		(75 634)	
Other liabilities		(4 328)	

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 were down by net NOK 75.6 billion from end-December 2021, mainly due to lower issuance of covered bonds than in previous periods. The company issued covered bonds under existing programmes totalling NOK 90 billion in 2022. Total debt securities issued amounted to NOK 365.3 billion at end-December 2022.

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-December 2022, the company's equity totalled NOK 40.4 billion, of which NOK 34.8 billion represented Tier 1 capital. Own funds for capital adequacy purposes in the company was NOK 40.0 billion. The Tier 1 capital ratio was 18.7 per cent, while the capital adequacy ratio was 21.5 per cent.

New regulatory framework

The Norwegian Lending Regulations to be retained

The Ministry of Finance has adopted certain amendments to the Norwegian Lending Regulations which entail, among other things, that the requirement of an interest rate stress test must be adjusted to meet the requirements of the economic situation. Previously, banks needed to factor in an interest rate increase of at least 5 percentage points when assessing a customer's debt-servicing capacity. This requirement changed on 1 January 2023, so that banks can base their decision on an interest rate increase of at least 3 percentage points. Banks must nonetheless factor in an interest rate of at least 7 per cent when assessing debt-servicing capacity. As of 1 July 2023, loans secured by other collateral than property, such as car and boat loans, will also be covered by the general requirements in the Regulations regarding loan-to-income ratio and debt-servicing capacity.

The parameters for setting Pillar 2 requirements must be clarified

On 1 November 2022, Finanstilsynet published an evaluation of Norwegian and international practices for setting Pillar 2 requirements. Finanstilsynet also drafted a consultation paper with a proposal for implementation of the provisions in the Capital Requirements Directive (CRD V) regarding Pillar 2 in Norwegian rules and legislation. The proposal primarily entails a clarification and specification of Norway's EEA obligations pursuant to CRD V.

The draft Norwegian regulations are consistent with the provision in CRD V that requires that institutions meet the Pillar 2 requirement with Common Equity Tier 1 (CET1) capital of at least 56.25 per cent and Tier 1 capital of at least 75 per cent, and that any requirement of higher capital quality must be justified on the grounds of specific circumstances at the institution.

The Ministry of Finance has circulated the proposal for public consultation. The Ministry has previously pointed out that considerations relating to the rule of law may indicate that the parameters for the Pillar 2 process should to a greater extent than today be laid down in rules and legislation.

Macroeconomic developments

Activity in the Norwegian economy continued to increase in the fourth quarter, but at a somewhat slower rate. Figures in the national accounts up to November showed large fluctuations in activity in some sectors, but seen as a whole and over time, the figures showed a further increase in activity during the third quarter and into the fourth quarter. A pronounced increase in households' purchase of cars aided growth in consumption in the fourth quarter, while other private consumption also increased. In November, Norges Bank's regional network showed a clear weakening of activity in the previous months, and the contacts expected a decline in the next half-year. Business confidence surveys for both households and businesses clearly showed low expectations towards activity going forward. In its Monetary Policy Report for December 2022, Norges Bank forecast a 0.2 per cent decline in mainland GDP for 2023. At the same time, Statistics Norway

estimated that growth in 2023 would be 1.2 per cent. The differences in these projections reflect the considerable uncertainty surrounding the financial situation in 2023.

In December, consumer prices were up 5.9 per cent, compared with the same month a year earlier. Inflation peaked at 7.5 per cent in October. Calculated without including the electricity support scheme, the 12-month rate for the CPI All-item index would have been 7.1 per cent in December, according to Statistics Norway. Core inflation, as measured by the CPI-ATE All-item index rose to 5.8 per cent in December. For the year, consumer prices rose by a total of 5.8 per cent, while core inflation was 3.9 per cent.

In the fourth quarter, house prices, adjusted for seasonal variation, were 1.8 per cent lower than in the third quarter. There was a clear decline in prices in September, October and November, but a slight increase in December. Households' credit growth continued to decline in the third quarter and at the start of the fourth quarter, and was 4.1 per cent in November, year on year. At the end of 2021, household credit growth was 5.0 per cent.

High capacity utilisation and inflation indicate a tightening of monetary policy. In December, Norges Bank raised the key policy rate by 0.25 percentage point, to 2.75 per cent. The interest rate was raised by 0.25 percentage point in November as well, following 0.50 percentage point rises at each of the previous three meetings. In December, Norges Bank indicated that the key policy rate might be raised by 0.25 percentage point to 3.00 per cent in the first quarter. According to the interest rate path that was presented, Norges Bank indicated some probability of another increase in the summer. The interest rate path presented is a result of Norges Bank's attempts to strike a balance between curbing inflation, on the one hand, and avoiding an excessive rise in unemployment, on the other.

Future prospects

Housing prices were down in the fourth quarter of 2022, but up year-to-date.

In the period 2022 to 2023, the annual increase in lending volumes is expected to be around 2 to 3 per cent.

The common equity Tier 1 (CET1) capital ratio requirement for DNB Boligkreditt is 15.80 per cent, while the Tier 1 requirement is 17.30 per cent. Including a management buffer of 0.75 per cent the Tier 1 requirement is 18.05 per cent. The Norwegian Ministry of Finance has announced an increase in the counter-cyclical buffer requirement from 2.0 per cent to 2.5 per cent from March 2023. In its capital planning, DNB Boligkreditt has taken into account the full counter-cyclical buffer requirement of 2.5 per cent in Norway, which will increase the regulatory requirement for the Tier 1 ratio level to 18.55 per cent. As per 31 December 2022 the CET1 capital ratio was 18.7 per cent.

Covered bonds have gained 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 however expected to be lower than in the previous years, due to the DNB Group's reduced need for this funding instrument.

Oslo, 8 February 2023
The Board of Directors of DNB Boligkreditt AS



Henrik Lidman
(Chair of the Board)



Bjørn Hauge Spjeld



Karianne Kvernmo Wasenden



Sindre A. Espenes
Sindre Andreas Espenes
(Chief Executive Officer, CEO)

COMPREHENSIVE INCOME STATEMENT

<i>Amounts in NOK million</i>	Note	4th quarter 2022	4th quarter 2021	Full year 2022	Full year 2021
Interest income, amortised cost		6 012	3 055	17 433	11 605
Other interest income		252	242	969	1 027
Interest expenses, amortised cost		(4 801)	(781)	(10 468)	(2 134)
Other interest expenses		(1 110)	(1 206)	(4 963)	(4 510)
Net interest income		354	1 310	2 971	5 989
Commission and fee income		11	13	50	59
Commission and fee expenses		(1)	(1)	(4)	(4)
Net gains on financial instruments at fair value		(1 206)	365	1 328	(313)
Other income		(0)	1	(16)	1
Net other operating income		(1 196)	378	1 358	(257)
Total income		(842)	1 687	4 328	5 731
Salaries and other personnel expenses		(2)	(2)	(8)	(13)
Other expenses	7	755	(287)	1 353	(1 931)
Total operating expenses		753	(289)	1 345	(1 944)
Impairment of financial instruments	3	(7)	3	(25)	5
Pre-tax operating profit		(97)	1 402	5 649	3 792
Tax expense		24	(350)	(1 412)	(948)
Profit for the period		(72)	1 051	4 237	2 844
Other comprehensive income that will not be reclassified to profit or loss		(29)	24	63	28
Tax		7	(6)	(16)	(7)
Total comprehensive income for the period		(94)	1 069	4 284	2 865

BALANCE SHEET

<i>Amounts in NOK million</i>	Note	31 Dec. 2022	31 Dec. 2021
Assets			
Due from credit institutions	7	26 418	33 092
Loans to customers	3, 6	686 604	689 142
Financial derivatives	6	17 585	21 129
Deferred tax assets		1 822	2 949
Other assets		563	55
Total assets		732 992	746 367
Liabilities and equity			
Due to credit institutions	7	294 512	235 701
Financial derivatives	6	27 184	20 850
Debt securities issued	4, 6	365 316	440 950
Payable taxes		0	4 557
Other liabilities		360	136
Provisions		31	32
Subordinated loan capital	5	5 214	5 207
Total liabilities		692 617	707 434
Share capital		4 527	4 527
Share premium		25 149	25 149
Other equity		10 699	9 257
Total equity		40 375	38 933
Total liabilities and equity		732 992	746 367

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 2020	5 257	31 719	(44)	10 531	47 463
Profit for the period				2 844	2 844
Actuarial gains and losses				(1)	(1)
Financial liabilities designated at FVTPL, changes in credit risk			28		28
Tax on other comprehensive income			(7)	0	(7)
Comprehensive income for the period			21	2 844	2 865
Repaid capital	(730)	(6 570)			(7 300)
Group contribution paid				(4 095)	(4 095)
Balance sheet as at 31 Dec. 2021	4 527	25 149	(23)	9 280	38 933
Balance sheet as at 31 December 2021	4 527	25 149	(23)	9 280	38 933
Profit for the period				4 237	4 237
Actuarial gains and losses				(1)	(1)
Financial liabilities designated at FVTPL, changes in credit risk			63		63
Tax on other comprehensive income			(16)	0	(16)
Comprehensive income for the period			48	4 236	4 284
Group contribution paid				(2 842)	(2 842)
Balance sheet as at 31 December 2022	4 527	25 149	25	10 673	40 375

Share capital

All shares and voting rights of the company are held by DNB Bank ASA. Share capital at the beginning of 2022 was NOK 4 527 million (45 270 000 shares at NOK 100).

CASH FLOW STATEMENT

<i>Amounts in NOK million</i>	Full year 2022	Full year 2021
Operating activities		
Net receipts on loans to customers	12 378	12 376
Interest received from customers	17 578	12 566
Net receipts on loans from credit institutions	65 499	78 367
Interest received from credit institutions	183	20
Interest paid to credit institutions	(7 404)	(2 087)
Net receipts on commissions and fees	46	55
Net receipts/(payments) for operating expenses	1 102	(2 061)
Taxes paid	(3 911)	(4 100)
Net cash flow relating to operating activities	85 471	95 136
Investing activities		
Net purchase of loan portfolio	(10 712)	(26 034)
Net cash flow relating to investing activities	(10 712)	(26 034)
Financing activities		
Receipts on issued bonds and commercial paper	90 000	26 597
Payments on redeemed bonds and commercial paper	(154 180)	(78 571)
Interest payments on issued bonds and commercial paper	(6 622)	(4 265)
Interest payments on subordinated loan capital	(167)	(105)
Repaid capital		(7 300)
Group contribution payments	(3 790)	(5 460)
Net cash flow from financing activities	(74 759)	(69 103)
Net cash flow	0	(1)
Cash as at 1 January	0	2
Net payments of cash	0	(1)
Cash at end of period	0	0

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 2021. 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 Dec. 2022	31 Dec. 2021
Share capital	4 527	4 527
Other equity	35 848	34 406
Total equity	40 375	38 933
Regulatory adjustments		
IRB provisions shortfall (-)	(949)	(1 046)
Additional value adjustments (AVA)	(441)	(341)
(Gains) or losses on liabilities at fair value resulting from own credit risk	(25)	23
(Gains) or losses on derivative liabilities resulting from own credit risk (DVA)	(25)	(18)
Group contributions	(4 110)	(2 843)
Common equity Tier 1 capital	34 825	34 708
Tier 2 capital	5 200	5 200
Own funds	40 025	39 908
Total risk exposure amount	186 016	185 640
Minimum capital requirement	14 881	14 851
Common equity Tier 1 capital ratio (%)	18.7	18.7
Capital ratio (%)	21.5	21.5

Specification of exposures

<i>Amounts in NOK million</i>	Nominal exposure 31 Dec. 2022	Exposure at default EAD 31 Dec. 2022	Risk amount REA 31 Dec. 2022	Capital requirement 31 Dec. 2022	Capital requirement 31 Dec. 2021
IRB approach					
Corporate	429	429	133	11	9
Retail - secured by immovable property	768 061	768 061	163 783	13 103	12 887
Total credit risk, IRB approach	768 490	768 490	163 917	13 113	12 895
Standardised approach					
Institutions	5 856	5 856	1 171	94	153
Corporate	19 178	19 166	5 284	423	450
Retail	543	417	312	25	25
Retail - secured by immovable property	715	651	229	18	39
Other assets	2 048	2 034	4 873	390	590
Total credit risk, standardised approach	28 340	28 124	11 869	950	1 257
Total credit risk	796 830	796 614	175 786	14 063	14 152
Currency risk			1 892	151	
Operational risk			8 338	667	699
Total risk exposure amount			186 016	14 881	14 851

NOTE 3 DEVELOPMENT IN ACCUMULATED IMPAIRMENT OF FINANCIAL INSTRUMENTS

Loans to customers at amortised cost

<i>Amounts in NOK million</i>	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 Dec.	(8)	(9)	(23)	(40)	(14)	(13)	(40)	(66)
Transfer to stage 1	(14)	14			(11)	11		
Transfer to stage 2	2	(2)			1	(1)		
Transfer to stage 3						1	(1)	
Originated and purchased during the period	(6)	(1)		(6)	(6)	(1)		(7)
Increased expected credit loss	(15)	(37)	(45)	(97)	(6)	(19)	(45)	(70)
Decreased (reversed) expected credit loss	23	2	41	66	28	3	54	85
Write-offs			1	1			8	8
Derecognition		9		9		10		10
Accumulated impairment as at 31 Dec.	(19)	(22)	(25)	(67)	(8)	(9)	(23)	(40)

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 Dec. 2022	31 Dec. 2021
Listed covered bonds, nominal amount	329 953	371 612
Private placements under the bond programme, nominal amount	55 720	56 195
Total covered bonds, nominal amount	385 674	427 808
Accrued interest	1 800	2 160
Unrealised losses ¹⁾	(22 157)	10 982
Adjustments	(20 358)	13 142
Total debt securities issued	365 316	440 950

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).

Changes in debt securities issued

<i>Amounts in NOK million</i>	Balance sheet 31 Dec. 2022	Issued 2022	Matured/ redeemed 2022	Exchange rate movements 2022	Other changes 2022	Balance sheet 31 Dec. 2021
Covered bond debt, nominal	385 674	90 000	(145 624)	13 490		427 808
Adjustments	(20 358)				(33 500)	13 142
Total debt securities issued	365 316	90 000	(145 624)	13 490	(33 500)	440 950

Maturity of debt securities issued

<i>Amounts in NOK million</i>	NOK	Foreign currency	Total
2023	257	71 765	72 022
2024	58 000	36 064	94 064
2025	51 500	32 706	84 206
2026	2 500	38 356	40 856
2027 and later	1 100	93 424	94 524
Total covered bond debts, nominal amount	113 357	272 317	385 674

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 Dec. 2022	31 Dec. 2021
Private	EUR	1 498	Fixed	2010	2022	Matured		1 498
XS0737340538	USD	44	Fixed	2012	2022	Matured		44
Private	EUR	529	Fixed	2012	2022	Redeemed		529
XS0759310930	EUR	19 977	Fixed	2012	2022	Matured		19 977
NO 0010730799	NOK	3 500	Fixed	2015	2022	Matured		3 500
NO 0010730799	NOK	500	Fixed	2016	2022	Matured		500
XS1548410080	EUR	19 977	Fixed	2017	2022	Matured		19 977
NO 0010730799	NOK	1 500	Fixed	2017	2022	Matured		1 500
XS1587060085	USD	13 235	Fixed	2017	2022	Matured		13 235
NO0010877350	NOK	50 000	Floating	2020	2022	Matured		50 000
Private	EUR	1 164	Fixed	2008	2022	Matured		1 164
Private	EUR	97	Floating	2013	2022	Matured		97
XS1584002783	EUR	2 425	Fixed	2017	2022	Matured		2 425
NO0010840697	NOK	2 554	Floating	2019	2022	Redeemed		2 554
Private	EUR	258	Fixed	2010	2022	Matured		258
XS0817557795	SEK	222	Fixed	2012	2022	Matured		222
NO0010840697	NOK	7 446	Floating	2019	2022	Matured		7 446
XS0856976682	EUR	10 592	Fixed	2012	2022	Matured		10 592
XS0880299689	EUR	106	Floating	2013	2022	Matured		106
NO0010802960	NOK	7 413	Floating	2017	2022	Matured		7 413
NO0010802960	NOK	2 587	Floating	2017	2022	Redeemed		2 587
Total debt securities matured/ redeemed, nominal amount		145 624						145 624

Cover pool

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Pool of eligible loans	683 646	687 034
Market value of eligible derivatives		279
Total collateralised assets	683 646	687 313
Debt securities issued, carrying value	365 316	440 950
Valuation changes attributable to changes in credit risk on debt carried at fair value	33	(30)
Market value of eligible derivatives	9 599	
Debt securities issued, valued according to regulation ¹⁾	374 948	440 920
Collateralisation (per cent)	182.3	155.9

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 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 Dec. 2022	31 Dec. 2021
Term subordinated loan capital	NOK	1 900	3 month Nibor + 160 bp	2018	2023	2028	1 900	1 900
Term subordinated loan capital	NOK	3 300	3 month Nibor + 160 bp	2018	2023	2028	3 300	3 300
Accrued interest							14	7
Total subordinated loan capital							5 214	5 207

NOTE 6 FINANCIAL INSTRUMENTS AT FAIR VALUE

<i>Amounts in NOK million</i>	Level 1	Level 2	Level 3	Total
Assets as at 31 December 2022				
Loans to customers			34 499	34 499
Financial derivatives		17 585		17 585
Liabilities as at 31 December 2022				
Debt securities issued		6 191		6 191
Financial derivatives		27 184		27 184
Assets as at 31 December 2021				
Loans to customers			35 221	35 221
Financial derivatives		21 129		21 129
Liabilities as at 31 December 2021				
Debt securities issued		12 196		12 196
Financial derivatives		20 850		20 850

Financial instruments at fair value, level 3

<i>Amounts in NOK million</i>	Loans to customers
Carrying amount as at 31 December 2020	40 934
Net gains recognised in the income statement	(1 080)
Additions/purchases	6 419
Sales	(145)
Settled	(10 906)
Carrying amount as at 31 December 2021	35 221
Net gains recognised in the income statement	(1 472)
Additions/purchases	9 704
Sales	(1 366)
Settled	(7 589)
Carrying amount as at 31 December 2022	34 499

For a further description of the instruments and valuation techniques, see DNB Boligkredit's annual report for 2021.

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 103 million.

NOTE 7 INFORMATION ON RELATED PARTIES

DNB Bank ASA

In 2022, loan portfolios representing NOK 10.7 billion (NOK 26.0 billion in 2021) were transferred from the bank to DNB Boligkredit in accordance with the Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Boligkredit AS.

The servicing agreement between DNB Boligkredit and DNB Bank ensures DNB Boligkredit 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 Boligkredit). The management fee paid to the bank for purchased services is recognised as 'Other expenses' in the comprehensive income statement and amounted to a negative NOK 1 442 million in 2022 (a positive NOK 1 843 million in 2021).

At end-December 2022, the bank had invested NOK 91.7 billion in covered bonds issued by DNB Boligkredit.

In 2022, DNB Boligkredit entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 25.6 billion at end-December 2022.

DNB Boligkredit AS has a long-term overdraft facility in DNB Bank ASA with a limit of NOK 315 billion.

DNB Livsforsikring AS

At end-December 2022 DNB Livsforsikring's holding of DNB Boligkredit bonds was valued at NOK 250 million.

Contact information

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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.

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