

DNB Boligkreditt AS
A company in the DNB Group

Third quarter report 2023

Unaudited

Financial highlights

Income statement

<i>Amounts in NOK million</i>	3rd quarter 2023	3rd quarter 2022	Jan.-Sept. 2023	Jan.-Sept. 2022	Full year 2022
Net interest income	622	479	2 011	2 617	2 971
Net other operating income	(32)	1 375	(161)	2 554	1 358
Of which net gains on financial instruments at fair value	(42)	1 363	(192)	2 534	1 328
Total operating expenses	482	603	1 333	593	1 345
Impairment of financial instruments	(15)	(16)	(28)	(17)	(25)
Pre-tax operating profit	1 057	2 441	3 155	5 746	5 649
Tax expense	(263)	(610)	(788)	(1 436)	(1 412)
Profit for the period	794	1 831	2 367	4 309	4 237

Balance sheet

<i>Amounts in NOK million</i>	30 Sept. 2023	31 Dec. 2022	30 Sept. 2022
Total assets	756 643	732 992	718 385
Loans to customers	699 572	686 604	686 504
Debt securities issued	381 357	365 316	390 279
Total equity	41 245	40 375	40 469

Key figures and alternative performance measures

	3rd quarter 2023	3rd quarter 2022	Jan.-Sept. 2023	Jan.-Sept. 2022	Full year 2022
Return on equity, annualised (%) ¹	8.2	18.4	8.1	14.7	10.7
Total average spreads for lending (%) ¹	0.24	0.12	0.30	0.38	0.29
Impairment relative to average net loans to customers, annualised (per cent) ¹	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)
Net loans and financial commitments in stage 3, per cent of net loans ¹	0.31	0.24	0.31	0.24	0.25
Net loans and financial commitments in stage 3, (NOK million) ¹	2 158	1 648	2 158	1 648	1 709
Common equity Tier 1 capital ratio end of period (%)	19.1	18.6	19.1	18.6	18.7
Capital ratio end of period (%)	22.1	21.4	22.1	21.4	21.5
Common equity Tier 1 capital (NOK million)	37 303	34 725	37 303	34 725	34 825
Total risk exposure amount (NOK million)	195 104	186 415	195 104	186 415	186 016
Number of full-time positions at end of period	6	5	6	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 794 million in the third quarter of 2023, compared with a profit of NOK 1 831 million in the third quarter of 2022.

Total income

Income totalled NOK 590 million in the third quarter of 2023, up from NOK 1 854 million in the year-earlier period.

Amounts in NOK million	3rd quarter		3rd quarter
	2023	Change	2022
Total income	590	(1 264)	1 854
Net interest income		143	
Net commission and fee income			
Net gains/(losses) on financial instruments at fair value		(1 405)	
Other income		(2)	

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 has increased in the third quarter of 2023, because 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-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 518 million in the third quarter of 2023, compared to a negative NOK 625 million in the third quarter of 2022.

The company has generally recorded low impairment losses on loans. In the third quarter of 2023, the company reported a net impairment loss of NOK 15 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-September 2023, DNB Boligkreditt had total assets of NOK 756.6 billion, an increase of NOK 38.3 billion from end-September 2022.

Amounts in NOK million	30 Sept.	Change	30 Sept.
	2023		2022
Total assets	756 643	38 258	718 385
Loans to customers		13 068	
Financial derivatives		13 315	
Deferred tax assets		(2 949)	
Other assets		14 824	
Total liabilities	715 398	37 482	677 916
Due to credit institutions		40 711	
Financial derivatives		3 211	
Debt securities issued		(8 922)	
Deferred taxes		2 529	
Other liabilities		(47)	

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 8.9 billion from end-September 2022, due to lower issue volumes. The company issued covered bonds under existing programmes totalling NOK 11 billion in the third quarter of 2023. Total debt securities issued amounted to NOK 381.4 billion at end-September 2023.

Other events

Merger with Sbanken Boligkreditt

As of the 2 May, the merger of DNB Bank and Sbanken was completed. The merger of the subsidiaries DNB Boligkreditt AS and Sbanken Boligkreditt AS was completed on 4 September 2023. As a result of the merger, mortgages of NOK 25.3 billion and covered bonds of NOK 25.5 billion, were transferred to DNB Boligkreditt.

Sustainability

In the third quarter, DNB completed the update of its Sustainable Product Framework, which will be published during the fourth quarter. The update was carried out as a joint effort with DNB's business partner Sustainalytics, and the framework is closely aligned with the EU Taxonomy in terms of the activities and criteria listed.

During the third quarter, DNB's Group Sustainability Committee continued its work to ensure coherent implementation of sustainability measures across the Group. Important areas of discussion were DNB's transition plan, new regulatory developments within sustainable finance, and DNB's sustainability policies and sustainability governance.

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-September 2023, the company's equity totalled NOK 41.2 billion, including additional Tier 1 capital instruments of NOK 227 million. NOK 37.5 billion represented Tier 1 capital. Own funds for capital adequacy purposes in the company was NOK 43.0 billion. The Tier 1 capital ratio was 19.2 per cent, while the capital adequacy ratio was 22.1 per cent.

New regulatory framework

Decision on systemically important financial institutions

On 29 September 2023, the Norwegian Ministry of Finance decided that DNB Bank ASA (including DNB Boligkreditt AS), KBN (the Norwegian Agency for Local Governments), Nordea Eiendoms-kreditt AS and Sparebank 1 SR-Bank ASA are to be regarded as systemically important financial institutions in Norway, as recommended by Finanstilsynet (the Financial Supervisory Authority of Norway). The decision means that DNB Bank ASA must continue to meet a capital buffer requirement for systemically important financial institutions of 2 per cent, while KBN and Nordea Eiendoms-kreditt AS must continue to meet a requirement of 1 per cent. In addition, SpareBank 1 SR-Bank ASA is now also to be regarded as systemically important and must meet a requirement of 1 per cent by 30 September 2024.

Amendment of the Norwegian lending regulations

As of 1 July 2023, the Norwegian Lending Regulations were amended to also apply to loans to consumers secured with collateral other than real estate (such as car and boat loans).

Such loans have been included in the Lending Regulations with a flexibility quota of 10 per cent.

Macroeconomic developments

The growth in activity in the Norwegian economy has slowed. Preliminary figures show that mainland GDP remained virtually unchanged from the first to the second quarter of 2022. From June to July, however, mainland GDP rose by 0.2 per cent, and from the third quarter, Norges Bank's regional network indicated some growth in the economy in both the third and fourth quarters. The situation in the Norwegian economy is complex. Petroleum-related industries, which have been operating at full capacity, and the service sectors have been among the contributors to growth during the past year. However, there has been a pronounced decline in housing construction, and parts of the retail sector have experienced a fairly sharp fall from the high levels of the pandemic.

In August 2023, consumer prices rose by 4 per cent, compared with August 2022, a clear decline since the 6.7 per cent growth in May. Core inflation, as measured by the annual change in the CPI-ATE (consumer price index adjusted for tax changes and excluding energy products), was 6.3 per cent in August, down from 6.7 per cent in May. There are indications that the inflation drivers are about to shift from energy and import prices to wage growth and corporate margins. In this year's wage settlement, the Norwegian Confederation of Trade Unions (LO) and the Confederation of Norwegian Enterprise (NHO) agreed on a wage growth limit of 5.2 per cent, but both Norges Bank and DNB Markets estimate this year's wage growth at 5.5 per cent and next year's wage growth at 5.2 per cent.

Norges Bank raised its key policy rate by 25 basis points in both August and September to 4.25 per cent. At its September meeting, the central bank announced that the key policy rate will most likely be raised further in December, but it also acknowledged the possibility that the peak in interest rates has already been reached.

Future prospects

The annual increase in lending volumes is expected to be around 3 to 4 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 30 September 2023 the CET1 capital ratio was 19.1 per cent, while the T1 capital ratio was 19.2 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 however expected to be lower than in the previous years, due to the DNB Group's reduced need for this funding instrument.

Oslo, 18 October 2023
The Board of Directors of DNB Boligkreditt AS



Henrik Lidman
(Chair of the Board)



Bjørn Hauge Spjeld



Karianne Kvernmo Wasenden



Sindre A. Espenes
(Chief Executive Officer, CEO)

Accounts for DNB Boligkreditt

COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	Note	3rd quarter 2023	3rd quarter 2022	Jan.-Sept. 2023	Jan.-Sept. 2022	Full year 2022
Interest income, amortised cost		8 233	4 326	22 197	11 421	17 433
Other interest income		262	244	756	716	969
Interest expenses, amortised cost		(7 978)	(2 854)	(20 498)	(5 667)	(10 468)
Other interest expenses		105	(1 237)	(445)	(3 854)	(4 963)
Net interest income		622	479	2 011	2 617	2 971
Commission and fee income		10	13	33	39	50
Commission and fee expenses		(1)	(1)	(2)	(3)	(4)
Net gains on financial instruments at fair value		(42)	1 363	(192)	2 534	1 328
Other income					(16)	(16)
Net other operating income		(32)	1 375	(161)	2 554	1 358
Total income		590	1 854	1 850	5 170	4 328
Salaries and other personnel expenses		(3)	(2)	(7)	(5)	(8)
Other income (expenses) related to management fee	7	518	625	1 425	662	1 442
Other expenses exclusive management fee		(34)	(20)	(84)	(64)	(89)
Total operating expenses		482	603	1 333	593	1 345
Impairment of financial instruments	3	(15)	(16)	(28)	(17)	(25)
Pre-tax operating profit		1 057	2 441	3 155	5 746	5 649
Tax expense		(263)	(610)	(788)	(1 436)	(1 412)
Profit for the period		794	1 831	2 367	4 309	4 237
Other comprehensive income that will not be reclassified to profit or loss		(10)	15	(0)	92	63
Tax		3	(4)	0	(23)	(16)
Total comprehensive income for the period		787	1 842	2 367	4 378	4 284
Portion attributable to shareholders of DNB Boligkreditt		785	1 842	2 366	4 378	4 284
Portion attributable to additional TIER 1 capital holders		1		1		
Profit for the period		787	1 842	2 367	4 378	4 284

BALANCE SHEET

Amounts in NOK million	Note	30 Sept. 2023	31 Dec. 2022	30 Sept. 2022
Assets				
Due from credit institutions	7	11 439	26 418	7 558
Loans to customers	3, 6	699 572	686 604	686 504
Financial derivatives	6	34 326	17 585	21 011
Deferred tax assets			1 822	2 949
Other assets		11 306	563	363
Total assets		756 643	732 992	718 385
Liabilities and equity				
Due to credit institutions	7	296 227	294 512	255 516
Financial derivatives	6	28 876	27 184	25 665
Debt securities issued	4, 6	381 357	365 316	390 279
Payable taxes		792	0	1 158
Deferred taxes		2 529		
Other liabilities		38	360	55
Provisions		33	31	31
Subordinated loan capital	5	5 546	5 214	5 212
Total liabilities		715 398	692 617	677 916
Additional Tier 1 capital		227		
Share capital		4 527	4 527	4 527
Share premium		25 149	25 149	25 149
Other equity		11 342	10 699	10 793
Total equity		41 245	40 375	40 469
Total liabilities and equity		756 643	732 992	718 385

STATEMENT OF CHANGES IN EQUITY

<i>Amounts in NOK million</i>	Share capital	Share premium	Additional Tier 1 capital	Liability credit reserve	Other equity	Total equity
Balance sheet as at 31 December 2021	4 527	25 149		(23)	9 280	38 933
Profit for the period					4 309	4 309
Financial liabilities designated at FVTPL, changes in credit risk				92		92
Tax on other comprehensive income				(23)		(23)
Comprehensive income for the period				69	4 309	4 378
Group contribution paid					(2 842)	(2 842)
Balance sheet as at 30 Sept. 2022	4 527	25 149		46	10 747	40 469
Balance sheet as at 31 December 2022	4 527	25 149		25	10 673	40 375
Profit for the period			1		2 366	2 367
Financial liabilities designated at FVTPL, changes in credit risk				(0)		(0)
Tax on other comprehensive income				0		0
Comprehensive income for the period			1	(0)	2 366	2 367
Group contribution paid					(4 110)	(4 110)
Merger Sbanken Boligkreditt			226		2 388	2 614
Balance sheet as at 30 September 2023	4 527	25 149	227	25	11 318	41 245

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

	Jan.-Sept. 2023	Jan.-Sept. 2022	Full year 2022
<i>Amounts in NOK million</i>			
Operating activities			
Net receipts on loans to customers	14 140	7 476	12 378
Receipts on issued bonds and commercial paper	14 012	90 000	90 000
Payments on redeemed bonds and commercial paper	(49 600)	(131 856)	(154 180)
Net receipts on loans from credit institutions	20 134	45 345	65 499
Interest received	22 440	11 898	17 761
Interest paid	(20 383)	(8 855)	(14 193)
Net receipts on commissions and fees	30	36	46
Net receipts for operating activities	1 160	159	1 102
Taxes paid	4 356	(3 911)	(3 911)
Net cash flow relating to operating activities	6 289	10 293	14 502
Investing activities			
Purchase of loan portfolio	(1 600)	(6 952)	(11 332)
Sale of loan portfolio	459	449	620
Net cash flow relating to investing activities	(1 141)	(6 503)	(10 712)
Financing activities			
Group contribution payments	(4 110)	(3 790)	(3 790)
Net cash flow from financing activities	(4 110)	(3 790)	(3 790)
Net cash flow	1 037	0	0
Cash as at 1 January	0	0	0
Net payments of cash	1 037	0	0
Merger Sbanken Boligkreditt	2 420		
Cash at end of period	3 458	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 2022. 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.

Cash flow statement

As of 1 January 2023, DNB Boligkreditt AS presents the line items 'Receipts on issued bonds and commercial paper', 'Payments on redeemed bonds and commercial paper', 'Interest paid' and 'Interest received' as cash flow from operating activities in the cash flow statement. The changes are reflected in the comparative figures.

Intragroup merger

The merger of DNB Boligkreditt AS and Sbanken Boligkreditt AS was completed on 4 September 2023.

The merger was completed with accounting and tax continuity. No additional consideration has been paid. As part of the merger, Sbanken Boligkreditt's net assets were transferred to DNB Boligkreditt for the sake of company continuity in the company accounts, which means that the book values in Sbanken Boligkreditt's accounts at the date of completion formed the basis for the merger.

Comparative figures for DNB Boligkreditt AS have not been restated. As a result of the merger, DNB Boligkreditt's equity increased by NOK 2 614 million (including NOK 226 million in additional Tier 1 capital) at the date of completion.

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>	30 Sept. 2023	31 Dec. 2022	30 Sept. 2022
Share capital	4 527	4 527	4 527
Other equity	34 125	35 848	31 633
Total equity	38 652	40 375	36 160
Regulatory adjustments			
IRB provisions shortfall (-)	(997)	(949)	(992)
Additional value adjustments (AVA)	(314)	(441)	(368)
(Gains) or losses on liabilities at fair value resulting from own credit risk	(25)	(25)	(46)
(Gains) or losses on derivative liabilities resulting from own credit risk (DVA)	(13)	(25)	(29)
Group contributions		(4 110)	
Common equity Tier 1 capital	37 303	34 825	34 725
Additional Tier 1 capital instruments	227		
Tier 1 capital	37 531	34 825	34 725
Term subordinated loan capital	5 495	5 200	5 200
Tier 2 capital	5 495	5 200	5 200
Own funds	43 026	40 025	39 925
Total risk exposure amount	195 104	186 016	186 415
Minimum capital requirement	15 608	14 881	14 913
Common equity Tier 1 capital ratio (%)	19.1	18.7	18.6
Tier 1 ratio (%)	19.2	18.7	18.6
Capital ratio (%)	22.1	21.5	21.4

Specification of exposures

<i>Amounts in NOK million</i>	Nominal exposure 30 Sept. 2023	Exposure at default EAD 30 Sept. 2023	Risk amount REA 30 Sept. 2023	Capital requirement 30 Sept. 2023	Capital requirement 31 Dec. 2022
IRB approach					
Corporate	474	474	191	15	11
Retail - secured by immovable property	763 846	763 846	163 528	13 082	13 103
Total credit risk, IRB approach	764 321	764 321	163 719	13 098	13 113
Standardised approach					
Institutions	34 886	34 886	6 977	558	94
Corporate	17 892	17 886	4 889	391	423
Retail	526	368	276	22	25
Retail - secured by immovable property	26 037	25 939	9 102	728	18
Other assets	351	332	430	34	390
Total credit risk, standardised approach	79 692	79 411	21 673	1 734	950
Total credit risk	844 012	843 732	185 393	14 831	14 063
Currency risk			1 373	110	151
Operational risk			8 338	667	667
Total risk exposure amount			195 104	15 608	14 881

NOTE 3 DEVELOPMENT IN ACCUMULATED IMPAIRMENT OF FINANCIAL INSTRUMENTS

Loans to customers at amortised cost

Amounts in NOK million	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 1 Jan.	(19)	(22)	(25)	(67)	(8)	(9)	(23)	(40)
Transfer to stage 1	(15)	15		(0)	(7)	7		
Transfer to stage 2	2	(3)			1	(1)		
Transfer to stage 3								
Originated and purchased during the period	(14)			(15)	(4)			(4)
Increased expected credit loss	(14)	(37)	(62)	(114)	(10)	(27)	(33)	(70)
Decreased (reversed) expected credit loss	39	4	40	83	13	2	32	47
Write-offs			3	3			1	1
Merger Sbanken Boligkreditt	(0)	(1)	(2)	(3)				
Derecognition		9		9		7		7
Accumulated impairment as at 30 Sept.	(22)	(35)	(46)	(103)	(15)	(23)	(22)	(60)

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

NOTE 4 DEBT SECURITIES ISSUED

Debt securities issued

Amounts in NOK million	30 Sept. 2023	31 Dec. 2022	30 Sept. 2022
Listed covered bonds, nominal amount	348 598	329 953	353 606
Private placements under the bond programme, nominal amount	53 225	55 720	56 116
Total covered bonds, nominal amount	401 823	385 674	409 721
Accrued interest	2 345	1 800	1 993
Unrealised losses ¹	(22 810)	(22 157)	(21 436)
Adjustments	(20 465)	(20 358)	(19 442)
Total debt securities issued	381 357	365 316	390 279

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

Amounts in NOK million	Balance sheet 30 Sept. 2023	Issued 2023	Matured/ redeemed 2023	Exchange rate movements 2023	Other changes 2023	Merger with Sbanken Boligkreditt 2023	Balance sheet 31 Dec. 2022
Covered bond debt, nominal	401 823	24 000	(51 342)	17 991		25 500	385 674
Adjustments	(20 465)				(108)		(20 358)
Total debt securities issued	381 357	24 000	(51 342)	17 991	(108)	25 500	365 316

Maturity of debt securities issued

Amounts in NOK million	NOK	Foreign currency	Total
2023	257	22 237	22 494
2024	63 000	38 304	101 304
2025	56 500	34 817	91 317
2026	22 500	39 873	62 373
2027 and later	20 600	103 734	124 334
Total covered bond debts, nominal amount	162 857	238 966	401 823

NOTE 4 DEBT SECURITIES ISSUED (continued)

Debt securities issued - matured/redeemed during the period

Amounts in NOK million		Matured redeemed amount	Interest	Issued	Matured	Remaining nominal amount	
ISIN Code	Currency					30 Sept. 2023	31 Dec. 2022
Private	EUR	263	Fixed	2010	2023	Matured	263
Private	EUR	105	Fixed	2013	2023	Matured	105
XS0877622620	EUR	158	Fixed	2013	2023	Matured	158
Private	EUR	1 388	Fixed	2013	2023	Matured	1 388
Private	EUR	53	Fixed	2016	2023	Matured	53
XS1756428469	EUR	15 776	Fixed	2018	2023	Matured	15 776
Private	EUR	342	Fixed	2008	2023	Matured	342
Private	EUR	1 265	Fixed	2008	2023	Redeemed	1 265
Private	EUR	171	Fixed	2008	2023	Matured	171
LUX	EUR	968	Fixed	2011	2023	Matured	968
XS0922846620	EUR	228	Fixed	2013	2023	Matured	228
Private	EUR	171	Floating	2013	2023	Matured	171
XS1396253236	EUR	17 089	Fixed	2016	2023	Matured	17 089
XS182007382	EUR	570	Floating	2018	2023	Matured	570
XS1847812713	USD	10 459	Fixed	2018	2023	Matured	10 459
LUX	EUR	1 753	Fixed	2011	2023	Matured	1 753
XS1487679802	EUR	584	Fixed	2016	2023	Matured	584
Total debt securities matured/ redeemed, nominal amount		51 342					51 342

Cover pool

Amounts in NOK million	30 Sept. 2023	31 Dec. 2022	30 Sept. 2022
Pool of eligible loans	671 880	683 646	684 471
Market value of eligible derivatives	5 450		
Total collateralised assets	677 330	683 646	684 471
Debt securities issued, carrying value	381 357	365 316	390 279
Valuation changes attributable to changes in credit risk on debt carried at fair value	33	33	62
Market value of eligible derivatives		9 599	4 653
Debt securities issued, valued according to regulation¹	381 390	374 948	394 994
Collateralisation (per cent)	177.6	182.3	173.3

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	30 Sept. 2023	31 Dec. 2022	30 Sept. 2022
Term subordinated loan capital	NOK	1 900	3 month Nibor + 160 bp	2018	2023	2028	1 900	1 900	1 900
Term subordinated loan capital	NOK	3 300	3 month Nibor + 160 bp	2018	2023	2028	3 300	3 300	3 300
Term subordinated loan capital	NOK	150	3 month Nibor + 138 bp	2018	2023	2028	150		
Term subordinated loan capital	NOK	175	3 month Nibor + 95 bp	2021	2026	2031	175		
Accrued interest							21	14	12
Total subordinated loan capital							5 546	5 214	5 212

NOTE 6 FINANCIAL INSTRUMENTS AT FAIR VALUE

<i>Amounts in NOK million</i>	Level 1	Level 2	Level 3	Total
Assets as at 30 September 2023				
Loans to customers			32 391	32 391
Financial derivatives		34 326		34 326
Liabilities as at 30 September 2023				
Debt securities issued		6 069		6 069
Financial derivatives		28 876		28 876
Assets as at 30 September 2022				
Loans to customers			33 466	33 466
Financial derivatives		21 011		21 011
Liabilities as at 30 September 2022				
Debt securities issued		6 140		6 140
Financial derivatives		25 665		25 665

Financial instruments at fair value, level 3

<i>Amounts in NOK million</i>	Loans to customers
Carrying amount as at 31 December 2021	35 221
Net gains recognised in the income statement	(1 892)
Additions/purchases	5 905
Sales	(59)
Settled	(5 709)
Carrying amount as at 30 September 2022	33 466
Carrying amount as at 31 December 2022	34 499
Net gains recognised in the income statement	(566)
Additions/purchases	3 342
Sales	(38)
Settled	(4 846)
Carrying amount as at 30 September 2023	32 391

For a further description of the instruments and valuation techniques, see DNB Boligkreditt's annual report for 2022.

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 91 million.

NOTE 7 INFORMATION ON RELATED PARTIES

DNB Bank ASA

In the first three quarters of 2023, loan portfolios representing NOK 1.1 billion (NOK 6.5 billion in the first three quarters of 2022) 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 1 425 million in the first three quarters of 2023 (a negative NOK 662 million in the first three quarters of 2022).

At end-September 2023, DNB Bank had invested NOK 110.2 billion in covered bonds issued by DNB Boligkreditt.

In the first three quarters of 2023, DNB Boligkreditt entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 7.1 billion at end-September 2023.

As of end-September 2023, DNB Bank's ownership of subordinated loans issued by DNB Boligkreditt amounted to NOK 2.2 billion. At the same time, DNB Invest Denmark A/S' ownership of subordinated loans issued by DNB Boligkreditt amounted to NOK 3.3 billion.

DNB Bank's ownership of additional Tier 1 capital instruments issued by DNB Boligkreditt amounted to NOK 227 million at end-September 2023.

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

DNB Livsforsikring AS

At end-September 2023 DNB Livsforsikring AS's holding of DNB Boligkreditt bonds had a fair value of NOK 259 million.

Contact information

DNB Boligkreditt AS

Mailing address	P.O.Box 1600 Sentrum, NO-0021 Oslo
Visiting address	Dronning Eufemias gate 30, Oslo
Telephone	+47 91 50 48 00
Internet	dnb.no
Organisation number	NO 985 621 551 MVA

DNB

Mailing address	P.O.Box 1600 Sentrum, NO-0021 Oslo
Visiting address	Dronning Eufemias gate 30, Oslo
Telephone	+47 91 50 48 00
Internet	dnb.no
Organisation number	NO 984 851 006 MVA

Chief Executive Officer

Sindre Andreas Espenes
Tel: +47 41 23 60 45
sindre.espenes@dnb.no

Financial reporting

Roar Sørensen
Tel: +47 93 47 96 16
roar.sorensen@dnb.no

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

Mailing address:

P.O.Box 1600 Sentrum
N-0021 Oslo

Visiting address:

Dronning Eufemias gate 30
Bjørvika, Oslo

dnb.no