

Fourth quarter report 2023

Preliminary and unaudited

Financial highlights

Income statement

Amounts in NOK million	4th quarter 2023	4th quarter 2022	Full year 2023	Full year 2022
Net interest income	730	354	2 741	2 971
Net other operating income	(434)	(1 196)	(595)	1 358
Of which net gains on financial instruments at fair value	(438)	(1 206)	(629)	1 328
Total operating expenses	462	753	1 795	1 345
Impairment of financial instruments	(3)	(7)	(31)	(25)
Pre-tax operating profit	755	(97)	3 910	5 649
Tax expense	(200)	24	(987)	(1 412)
Profit for the period	555	(72)	2 923	4 237

Balance sheet

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Total assets	737 661	732 992
Loans to customers	690 654	686 604
Debt securities issued	383 695	365 316
Total equity	41 565	40 375

Key figures and alternative performance measures

	4th quarter 2023	4th quarter 2022	Full year 2023	Full year 2022
Return on equity, annualised (%) ¹	5.3	(0.7)	7.4	10.7
Total average spreads for lending (%) ¹	0.30	0.04	0.30	0.29
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	0.31	0.25	0.31	0.25
Net loans and financial commitments in stage 3, (NOK million) ¹	2 175	1 709	2 175	1 709
Common equity Tier 1 capital ratio end of period (%)	19.6	18.7	19.6	18.7
Capital ratio end of period (%)	22.0	21.5	22.0	21.5
Common equity Tier 1 capital (NOK million)	37 326	34 825	37 326	34 825
Total risk exposure amount (NOK million)	190 316	186 016	190 316	186 016
Number of full-time positions at end of period	5	5	5	5

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

Contents

Directors' report	4
--------------------------------	---

Accounts

Comprehensive income statement	7
Balance sheet	7
Statement of changes in equity.....	8
Cash flow statement.....	9
Note 1 Basis for preparation.....	10
Note 2 Capital adequacy.....	11
Note 3 Development in accumulated impairment of financial instruments.....	12
Note 4 Debt securities issued	12
Note 5 Subordinated loan capital	13
Note 6 Financial instruments at fair value.....	14
Note 7 Information on related parties.....	15

Contact information	16
----------------------------------	----

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

Directors' report

DNB Boligkredit 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 Boligkredit 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 Boligkredit 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 Boligkredit's covered bond programmes are rated AAA by Moody's and Standard & Poor's.

Financial accounts

DNB Boligkredit recorded a profit of NOK 555 million in the fourth quarter of 2023, compared with a loss of NOK 72 million in the fourth quarter of 2022.

Total income

Income totalled NOK 296 million in the fourth quarter of 2023, up from a negative NOK 842 million in the year-earlier period.

Amounts in NOK million	4th quarter		4th quarter 2022
	2023	Change	
Total income	296	1 138	(842)
Net interest income		376	
Net commission and fee income		(2)	
Net gains/(losses) on financial instruments at fair value		768	
Other income		(4)	

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 fourth quarter of 2023 is 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 Boligkredit 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 Boligkredit 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 Boligkredit). The fee amounted to a negative NOK 490 million in the fourth quarter of 2023, compared to a negative NOK 780 million in the fourth quarter of 2022.

The company has generally recorded low impairment losses on loans. In the fourth quarter of 2023, the company reported a net impairment loss of NOK 3 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 2023, DNB Boligkredit had total assets of NOK 737.7 billion, an increase of NOK 4.7 billion from end-December 2022.

Amounts in NOK million	31 Dec. 2023	Change	31 Dec. 2022
Total assets	737 661	4 669	732 992
Loans to customers		4 050	
Financial derivatives		16 129	
Deferred tax assets		(1 822)	
Other assets		(13 688)	
Total liabilities	696 096	3 479	692 617
Due to credit institutions		(13 591)	
Financial derivatives		(3 814)	
Debt securities issued		18 379	
Deferred taxes		3 514	
Other liabilities		(1 009)	

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 18.4 billion from end-December 2022, mainly due to the merger with Sbanken Boligkredit. The company issued covered bonds under existing programmes totalling NOK 65 billion in the fourth quarter of 2023. Total debt securities issued amounted to NOK 383.7 billion at end-December 2023.

Other events

Sustainability

DNB's transition plan was published on 17 October. The plan sets out DNB's 2030 interim targets, how DNB will drive the transition, the business implications of the net-zero commitment, and the tools DNB has for engaging with customers and the companies DNB invests in to reduce their greenhouse gas emissions. To secure implementation of the transition plan across the Group, a project group has started to carry out the activities described in the plan, in addition to updating the relevant governing documents.

DNB's updated Sustainable Product Framework, which was developed in collaboration with DNB's business partner Sustainalytics, and the updated Green Finance Framework, under which DNB can issue green bonds, were also published in the fourth quarter of 2023. Read more about DNB's sustainability strategy and targets in the Group's annual report which will be published on 14 March 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 Boligkredit with more substitute collateral. The Board of Directors considers the company's total risk exposure to be low.

At end-December 2023, the company's equity totalled NOK 41.6 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 19.6 per cent, while the capital adequacy ratio was 22.0 per cent.

New regulatory framework

Counter-cyclical capital buffer maintained at current level

At its meeting on 1 November 2023, the Monetary Policy and Financial Stability Committee of the Norwegian central bank, Norges Bank, decided to maintain the counter-cyclical capital buffer requirement at 2.5 per cent. According to Norges Bank, the purpose of the counter-cyclical capital buffer is to help make banks more resilient and to reduce the risk of them exacerbating a downturn in the economy.

Changes in the order of priority in the Financial Institutions Act

When the EU Banking Package was implemented in Norway on 1 June 2022, no specific legislative or regulatory amendments were proposed to ensure the implementation of Article 48 (7) of the Bank Recovery and Resolution Directive (BRRD II). In the view of the Ministry of Finance, the wording of Article 48 (7) does not impose any obligation on the member states to establish a separate statutory priority class for 'legacy instruments' in the order of priority set out in Section 20-32 of the Norwegian Financial Institutions Act. The term 'legacy instruments' refers to capital instruments that have previously been treated as own funds, but that do not fulfil the conditions for being considered own funds under the Capital Requirements Regulation, and furthermore, which do not qualify as own funds under the transitional rules in the Regulation.

Increased systemic risk buffer requirement for banks using the standardised approach

In 2019, the Norwegian Ministry of Finance decided to increase the systemic risk buffer requirement from 3 to 4.5 per cent. The requirement entered into force at year-end 2020 for banks using the advanced IRB approach (A-IRB) and was initially meant to apply from the end of 2022 to other banks. In December 2022, the transitional rule was extended by one year until year-end 2023, and the new requirement thus applied from 1 January 2024.

The Swedish, Danish and Finnish authorities have all made decisions concerning reciprocity for the Norwegian systemic risk buffer (SyRB) requirement. Both Sweden and Denmark have decided to fully reciprocate the Norwegian SyRB, while the Finnish authorities have only recognised partial reciprocity, with a systemic risk buffer of 3.5 per cent on Norwegian exposures as of 1 July 2024.

Agreement in the EU on the implementation of Basel III (CRR3/CRD6) – Basel IV and Norwegian implementation

On 6 December 2023, the EU countries approved the agreement reached in June on the implementation of the final parts of the Basel III recommendations in the EU. The regulatory changes include a new standardised approach for calculating capital requirements for credit risk and a new capital requirement floor for banks using internal models, as well as new requirements for ESG risk assessments and enhanced supervision.

The regulatory amendments for implementing Basel III are set out in the CRR3 and the CRD6. This legislation has EEA-relevance, and the Ministry's goal is that the new standardised approach and the other amendments in the CRR3 will enter into force in Norway on the same date as in the EU, that is from 1 January 2025 while the rules in the CRD6 will apply from mid-2025.

The Ministry of Finance gave Finanstilsynet (the Financial Supervisory Authority of Norway) the task of preparing a consultation paper on the implementation of expected EEA rules corresponding to those set out in the CRR3 and the CRD6. Finanstilsynet is also to assess the effects of the rules, and whether any options available to Norway, such as national regulatory measures, should be used, and if so, how.

In parallel with Finanstilsynet's consideration, the Ministry is working with the other EEA EFTA countries to ensure that the CRR3/CRD6 are quickly incorporated into the EEA Agreement.

Macroeconomic developments

In 2023, the economic landscape in many countries in the West was marked by high inflation and interest rate hikes. In the US, the upper interval of the key policy rate was increased from 4.50 per cent at the beginning of the year to 5.50 per cent at the meeting in August and kept unchanged after that. In the eurozone, the central bank's deposit rate was raised from 2.00 per cent at the beginning of 2023 to 4.00 per cent at the meeting in September, and then kept unchanged for the rest of the year. Sweden's Riksbanken increased the key policy rate from 3.00 per cent at the beginning of 2023 to 4.00 per cent at the meeting in September and kept the rate unchanged for the rest of the year. In the UK, the central bank increased the key policy rate by 1.75 percentage points to 5.25 per cent until August and kept the rate unchanged after that. Towards the end of the year, most of these central banks signalled that the key policy rates had peaked for the time being, even though they could not rule out further increases. The central banks did not provide much guidance as to when any key policy rate cuts might happen, but the markets have long factored in considerably lower central bank rates throughout 2024. An important reason for central banks' rates appearing to have peaked is that consumer price growth has shown a noticeable decline and underlying inflation has slowed. Despite the massive interest rate hikes in many countries, economic activity has remained at a high level in both the US and Europe, and the chances of a major international recession decreased greatly in the second half of 2023.

In 2023, the key policy rate also rose in Norway, from 2.75 per cent at the beginning of the year to 4.50 per cent at monetary policy meeting of the Norwegian central bank, Norges Bank, in December. The NOK weakened against EUR, from NOK 10.50 at the beginning of 2023 to NOK 12.00 at the end of May 2023. This weakening contributed to the Norwegian central bank, Norges Bank, raising the key policy rate by 0.5 percentage point at its meeting in June, rather than the warned increase of 0.25 percentage point. The NOK

strengthened somewhat after this, but weakened again in the fourth quarter, and until the monetary policy meeting in December, it was somewhat weaker than forecast by the central bank. Norges Bank therefore decided to raise the key policy rate again in December, even though other central banks did not change their key policy rates. At the end of the year the EUR/NOK exchange rate was recorded at 11.22. Against the USD, the NOK weakened from USD/NOK 9.80 at the end of 2022 to USD/NOK 10.17 at the end of 2023.

The growth in activity in the Norwegian economy slowed in 2023. Preliminary figures show that mainland GDP rose by 0.1 per cent in both the second and third quarters, compared with the previous quarter. Growth of about 1 per cent is expected for 2023, adjusted for changes in the number of business days. The situation in the Norwegian economy is complex. Petroleum-related industries have operated at close to full capacity, and parts of the service sector have made substantial contributions 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 in activity from the high levels during the pandemic.

In December 2023, consumer prices rose 4.8 per cent, compared with the same month a year earlier. Inflation showed a declining tendency throughout the year, but particularly low energy prices resulted in CPI growth of a mere 3.3 per cent year-on-year in September 2023. Core inflation, measured by annual growth in the CPI-ATE, was (5.5) per cent in December, while growth from 2022 to 2023 was (6.2) per cent. While inflation in 2022 and into 2023 was to a great extent linked to energy and import prices, wage growth and corporate margins became increasingly important for

inflation in 2023. In 2023, the rise in wages and prices appeared to be similar. There are indications that inflation will decline in 2024 and real wages will rise somewhat. In addition, the interest rates of households may decline slightly in the second half of the year. If so, these developments will, combined, contribute to strengthening demand from consumers and strengthening the demand for homes.

House prices, adjusted for seasonal variation, rose slightly through all the three last months of 2023, but ended down by 0.3 per cent for the year, compared with 2022. However, there were considerable differences in developments in prices in different parts of the country. Total sales of used homes declined but were at about the same level as in the years before the pandemic. Households' credit growth declined during 2023 and was 3.3 per cent year-on-year in November. By comparison, at the end of 2022, household credit growth was 4.1 per cent.

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 Boligkredit 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 December 2023 the CET1 and T1 capital ratio were 19.6 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, 30 January 2024
The Board of Directors of DNB Boligkredit AS



Henrik Lidman
(Chair of the Board)



Bjørn Hauge Spjeld



Karianne Kvernmo Wasenden



Hans Olav Rønning
(Chief Executive Officer, CEO)

Accounts for DNB Boligkreditt

COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	Note	4th quarter 2023	4th quarter 2022	Full year 2023	Full year 2022
Interest income, effective interest method		9 213	6 012	31 410	17 433
Other interest income		256	252	1 012	969
Interest expenses, effective interest method		(8 645)	(4 801)	(29 143)	(10 468)
Other interest expenses		(94)	(1 110)	(539)	(4 963)
Net interest income		730	354	2 741	2 971
Commission and fee income		9	11	42	50
Commission and fee expenses		(1)	(1)	(4)	(4)
Net gains on financial instruments at fair value		(438)	(1 206)	(629)	1 328
Other income		(4)	(0)	(4)	(16)
Net other operating income		(434)	(1 196)	(595)	1 358
Total income		296	(842)	2 146	4 328
Salaries and other personnel expenses		(2)	(2)	(10)	(8)
Other income (expenses) related to management fee	7	490	780	1 915	1 442
Other expenses exclusive management fee		(26)	(25)	(110)	(89)
Total operating expenses		462	753	1 795	1 345
Impairment of financial instruments	3	(3)	(7)	(31)	(25)
Pre-tax operating profit		755	(97)	3 910	5 649
Tax expense		(200)	24	(987)	(1 412)
Profit for the period		555	(72)	2 923	4 237
Other comprehensive income that will not be reclassified to profit or loss		(8)	(29)	(8)	63
Tax		2	7	2	(16)
Total comprehensive income for the period		549	(94)	2 916	4 284
Portion attributable to shareholders of DNB Boligkreditt		546	(94)	2 912	4 284
Portion attributable to additional Tier 1 capital holders		3		5	
Profit for the period		549	(94)	2 916	4 284

BALANCE SHEET

Amounts in NOK million	Note	31 Dec. 2023	31 Dec. 2022
Assets			
Due from credit institutions	7	13 168	26 418
Loans to customers	3, 6	690 654	686 604
Financial derivatives	6	33 714	17 585
Deferred tax assets			1 822
Other assets		126	563
Total assets		737 661	732 992
Liabilities and equity			
Due to credit institutions	7	280 921	294 512
Financial derivatives	6	23 370	27 184
Debt securities issued	4, 6	383 695	365 316
Deferred taxes		3 514	
Other liabilities		46	360
Provisions		33	31
Subordinated loan capital	5	4 518	5 214
Total liabilities		696 096	692 617
Share capital		4 527	4 527
Share premium		25 149	25 149
Other equity		11 889	10 699
Total equity		41 565	40 375
Total liabilities and equity		737 661	732 992

STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	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					4 237	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
Profit for the period			5		2 918	2 923
Actuarial gains and losses					(1)	(1)
Financial liabilities designated at FVTPL, changes in credit risk			(7)			(7)
Tax on other comprehensive income			2		0	2
Comprehensive income for the period			5	(6)	2 917	2 916
Group contribution paid					(4 110)	(4 110)
Merger Sbanken Boligkreditt			226		2 389	2 615
Interest payments AT1 capital			(4)			(4)
AT1 capital redeemed			(226)			(226)
Balance sheet as at 31 December 2023	4 527	25 149		19	11 870	41 565

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>	Full year 2023	Full year 2022
Operating activities		
Net receipts on loans to customers	23 988	12 378
Receipts on issued bonds and commercial paper	90 668	90 000
Payments on redeemed bonds and commercial paper	(119 107)	(154 180)
Net receipts on loans from credit institutions	4 974	65 499
Interest received	31 811	17 761
Interest paid	(29 106)	(14 193)
Net receipts on commissions and fees	38	46
Net receipts for operating activities	1 501	1 102
Taxes paid	(19)	(3 911)
Net cash flow relating to operating activities	4 747	14 502
Investing activities		
Purchase of loan portfolio	(1 685)	(11 332)
Sale of loan portfolio	535	620
Net cash flow relating to investing activities	(1 150)	(10 712)
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	(3 790)
Net cash flow from financing activities	(691)	(3 790)
Net cash flow	2 906	0
Cash as at 1 January	0	0
Net payments of cash	2 906	0
Merger Sbanken Boligkreditt	2 420	
Cash at end of period	5 327	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 Boligkredit 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 Boligkredit AS and Sbanken Boligkredit 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 Boligkredit's net assets were transferred to DNB Boligkredit for the sake of company continuity in the company accounts, which means that the book values in Sbanken Boligkredit's accounts at the date of completion formed the basis for the merger.

Comparative figures for DNB Boligkredit AS have not been restated. As a result of the merger, DNB Boligkredit'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

	31 Dec. 2023	31 Dec. 2022
<i>Amounts in NOK million</i>		
Share capital	4 527	4 527
Other equity	37 038	35 848
Total equity	41 565	40 375
Regulatory adjustments		
IRB provisions shortfall (-)	(1 005)	(949)
Additional value adjustments (AVA)	(305)	(441)
(Gains) or losses on liabilities at fair value resulting from own credit risk	(19)	(25)
(Gains) or losses on derivative liabilities resulting from own credit risk (DVA)	(11)	(25)
Group contributions	(2 900)	(4 110)
Common equity Tier 1 capital	37 326	34 825
Term subordinated loan capital	4 500	5 200
Tier 2 capital	4 500	5 200
Own funds	41 826	40 025
 Total risk exposure amount	190 316	186 016
Minimum capital requirement	15 225	14 881
Common equity Tier 1 capital ratio (%)	19.6	18.7
Capital ratio (%)	22.0	21.5

Specification of exposures

	Nominal exposure 31 Dec. 2023	Exposure at default EAD 31 Dec. 2023	Risk amount REA 31 Dec. 2023	Capital requirement 31 Dec. 2023	Capital requirement 31 Dec. 2022
<i>Amounts in NOK million</i>					
IRB approach					
Corporate	457	457	187	15	11
Retail - secured by immovable property	756 755	756 755	162 518	13 001	13 103
Total credit risk, IRB approach	757 212	757 212	162 704	13 016	13 113
Standardised approach					
Institutions	20 989	20 989	4 198	336	94
Corporate	17 190	17 184	4 707	377	423
Retail	490	355	266	21	25
Retail - secured by immovable property	24 543	24 430	8 582	687	18
Other assets	435	415	526	42	390
Total credit risk, standardised approach	63 646	63 373	18 280	1 462	950
Total credit risk	820 858	820 585	180 984	14 479	14 063
Currency risk			3 220	258	151
Operational risk			6 112	489	667
Total risk exposure amount			190 316	15 225	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	(26)	25	1		(14)	14		
Transfer to stage 2	3	(3)			2	(2)		
Transfer to stage 3		1	(1)					
Originated and purchased during the period	(16)	(1)		(17)	(6)	(1)		(6)
Increased expected credit loss	(18)	(48)	(93)	(159)	(15)	(37)	(45)	(97)
Decreased (reversed) expected credit loss	53	7	58	118	23	2	41	66
Write-offs			3	3			1	1
Merger Sbanken Boligkredit		(1)	(2)	(3)				
Derecognition		12	3	16		9		9
Accumulated impairment as at 31 Dec.	(23)	(31)	(56)	(109)	(19)	(22)	(25)	(67)

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			31 Dec.	31 Dec.
			2023	2022
Listed covered bonds, nominal amount			342 425	329 953
Private placements under the bond programme, nominal amount			52 646	55 720
Total covered bonds, nominal amount			395 072	385 674
Accrued interest			2 174	1 800
Unrealised losses ¹			(13 551)	(22 157)
Value adjustments ²			(11 377)	(20 358)
Total debt securities issued			383 695	365 316

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	Matured/	Exchange	Merger with	Balance	
	sheet					
	31 Dec.	Issued	2023	2023	2023	31 Dec.
Covered bond debt, nominal	395 072	88 017	(121 615)	17 496	25 500	385 674
Value adjustments ²	(11 377)				8 981	(20 358)
Total debt securities issued	383 695	88 017	(121 615)	17 496	8 981	365 316

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

Maturity of debt securities issued

Amounts in NOK million			Foreign	Total
			currency	
2024			13 000	51 447
2025			56 500	91 439
2026			72 500	112 150
2027			19 500	40 559
2028 and later			1 100	99 477
Total covered bond debts, nominal amount			162 600	232 472
				395 072

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. 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
XF0004258418	EUR	113	Fixed	2010	2023	Matured	113
Private	EUR	169	Fixed	2012	2023	Matured	169
NO0010694474	NOK	257	Fixed	2018	2023	Matured	257
XS1909061597	EUR	19 734	Fixed	2018	2023	Matured	19 734
NO0012427055	NOK	50 000	Floating	2022	2023	Redeemed	50 000
Total debt securities matured/		121 615					121 615

Cover pool

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Pool of eligible loans	662 690	683 646
Market value of eligible derivatives	10 343	
Total collateralised assets	673 033	683 646
Debt securities issued, carrying value	383 695	365 316
Valuation changes attributable to changes in credit risk on debt carried at fair value	26	33
Market value of eligible derivatives	9 599	
Debt securities issued, valued according to regulation¹	383 720	374 948
Collateralisation (per cent)	175.4	182.3

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	31 Dec. 2023	31 Dec. 2022
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	
Accrued interest						18	14	
Total subordinated loan capital							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 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
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
Financial instruments at fair value, level 3				
<i>Amounts in NOK million</i>				
Carrying amount as at 31 December 2021				
Net gains recognised in the income statement			35 221	
Additions/purchases	(1 472)			
Sales		9 704		
Settled		(1 366)		
		(7 589)		
Carrying amount as at 31 December 2022				
Net gains recognised in the income statement			34 499	
Additions/purchases	269			
Sales		3 509		
Settled		(48)		
		(6 193)		
Carrying amount as at 31 December 2023				
			32 035	
Loans to customers				

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 88 million.

NOTE 7 INFORMATION ON RELATED PARTIES

DNB Bank ASA

In 2023, loan portfolios representing NOK 1.2 billion (NOK 10.7 billion in 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 1 915 million in 2023 (a negative NOK 1 442 million in 2022).

At end-December 2023, DNB Bank had invested NOK 110.3 billion in covered bonds issued by DNB Boligkreditt.

In 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-December 2023.

As of end-December 2023, 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-December 2023, DNB Livsforsikring AS's holding of DNB Boligkreditt bonds had a fair value of NOK 250 million.

Contact information

DNB Boligkredit 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

Hans Olav Rønningen
Tel: +47 95 72 95 63
hansolav.ronningen@dnb.no

Financial reporting

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

Other sources of information

DNB Boligkredit AS is part of the DNB Group. Quarterly and annual reports for the DNB Group and DNB Boligkredit 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