

DNB Boligkreditt AS

A company in the DNB Group

First quarter report 2019
(Unaudited)

Q1

DNB

Financial highlights

Income statement

<i>Amounts in NOK million</i>	DNB Boligkreditt AS		
	1st quarter 2019	1st quarter 2018	Full year 2018
Net interest income	1 186	1 444	5 183
Net other operating income	(360)	(544)	(2 128)
Of which net gains on financial instruments at fair value	(373)	(557)	(2 190)
Total operating expenses	(212)	(359)	(771)
Impairment of financial instruments	(7)	8	15
Pre-tax operating profit	607	548	2 299
Tax expense	(152)	(137)	(575)
Profit for the period	455	411	1 724

Balance sheet

<i>Amounts in NOK million</i>	31 March 2019	31 Dec. 2018	31 March 2018
Total assets	682 832	695 819	687 943
Loans to customers	633 617	628 901	621 527
Debt securities issued	494 890	478 548	442 346
Total equity	43 999	43 608	44 441

Key figures and alternative performance measures

	1st quarter 2019	1st quarter 2018	Full year 2018
Return on equity, annualised (%) ¹⁾	4.2	3.8	4.0
Total average spread for lending (%) ¹⁾	0.62	0.87	0.73
Impairment relative to average net loans to customers, annualised (per cent) ¹⁾	(0.00)	0.01	0.00
Net loans and financial commitments in stage 3, per cent of net loans ^{1) 2)}	0.16	0.16	0.16
Net loans and financial commitments in stage 3, (NOK million) ²⁾	1 007	978	1 019
Common equity Tier 1 capital ratio, transitional rules, end of period (%)	16.8	16.6	16.9
Capital ratio, transitional rules, end of period (%)	18.9	18.6	18.9
Common equity Tier 1 capital (NOK million)	42 162	40 693	42 143
Risk-weighted assets, transitional rules (NOK million)	250 473	244 809	250 087
Number of full-time positions at end of period	6	6	6

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

2) Due to the implementation of IFRS 9, the calculation method for these key figures and alternative performance measures is changed as from the second quarter of 2018. The change primarily reflects that net non-performing and doubtful loans without impairments now are included in the calculation. In addition minor adjustments has been made to historical figures.

First quarter report 2019

Directors' report	2
--------------------------------	---

Accounts

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

Additional information

Contact information	12
---------------------------	----

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 offices are located in Oslo. DNB Boligkreditt is a wholly-owned subsidiary of DNB Bank ASA and is reported as part of the Personal Banking Norway 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 455 million in the first quarter of 2019, compared with a profit of NOK 411 million in the first quarter of 2018.

Total income

Income totalled NOK 826 million in the first quarter of 2019, down from NOK 899 million in the year-earlier period.

<i>Amounts in NOK million</i>	1st quarter		1st quarter
	2019	Change	2018
Total income	826	(73)	899
Net interest income		(258)	
Net commission and fee income		2	
Net gains/(losses) on financial instruments at fair value		183	

The decrease in net interest income was due to a narrowing of interest rate spreads.

The effect of financial instruments was negative in both the first quarter of 2019 and the first quarter of 2018, though it was more negative in the first quarter of 2018. The recorded loss on financial instruments reflects 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. The size of the management fee to the bank is related to net interest income. The fee amounted to NOK 195 million in the first quarter of 2019, down from NOK 340 million in the first quarter of 2018.

The company has generally recorded low impairment losses on loans. In the first quarter of 2019, the company reported impairment losses 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-March 2019, DNB Boligkreditt had total assets of NOK 682.8 billion, a decrease of NOK 5.1 billion or 0.7 per cent from end-March 2018.

<i>Amounts in NOK million</i>	31 March		31 March
	2019	Change	2018
Total assets	682 832	(5 111)	687 943
Loans to customers		12 090	
Financial derivatives		(15 022)	
Other assets		(2 179)	
Total liabilities	638 833	(4 669)	643 502
Due to credit institutions		(60 433)	
Financial derivatives		(1 780)	
Debt securities issued		52 544	
Deferred taxes		970	
Other liabilities		4 030	

The increase in loans to customers originates 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 increased by net NOK 52.5 billion from end-March 2018. The company issued covered bonds under existing programmes for a total of NOK 32.9 billion in the first quarter of 2019. Total debt securities issued amounted to NOK 494.9 billion at end-March 2019.

Risk and capital adequacy

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

Currency risk is eliminated through the use of 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 considered to be low.

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

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 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 to supply DNB Boligkreditt with more substitute collateral. The Board of Directors considers the company's total risk exposure to be low.

At end-March 2019, the company's equity totalled NOK 44.0 billion, of which NOK 42.2 billion represented Tier 1 capital. Total primary capital in the company was NOK 47.4 billion. The Tier 1 capital ratio was 16.8 per cent, while the capital adequacy ratio was 18.9 per cent.

New regulatory framework

The EU's rules on capital requirements incorporated into the EEA Agreement

On 29 March 2019, a decision was adopted by the EEA Joint Committee to incorporate the EU's capital requirement legislation CRD IV and CRR into the EEA Agreement. The decisions will take effect when all three EEA/EFTA States have lifted their constitutional reservations. Based on preliminary assumptions, the decisions and the implementing regulations and directives will most likely enter into force in the second half of 2019.

The substantive content of the CRD IV and CRR has essentially already been implemented in Norwegian law. Nevertheless, when the EEA Joint Committee Decisions take effect, there will be a need for several regulatory amendments. Among other things, the capital requirement for loans to small and medium-sized enterprises (the SME supporting factor) will be reduced, and the Basel I floor for banks using internal ratings-based (IRB) models will be removed. These adjustments will result in a more harmonised regulatory framework for market players in the EEA.

PSD2

On 1 April 2019, the EU's revised payment services directive, PSD2, entered into force in Norway, and the legislation that ensures third parties access to consenting customers' payment accounts will be applicable as of 14 September 2019. Thus, the autumn marks the start of an extensive liberalisation of the payment services market, with undreamt-of consequences. Experiences from countries such as the UK, where similar legislation has already been implemented, are that customers have started using third party services to a smaller degree than expected, but it is too early to conclude whether we will see the same development in the wake of PSD2. For DNB, the launch of the new mobile bank at the start of 2019 is a particularly important measure to position the bank for new competition.

Macroeconomic developments

DNB Markets expects a global GDP growth of 3.3 per cent each year from 2019 to 2021 and forecasts a global GDP growth of 3.1 per cent for 2022. Since the turn of the year, equity markets have been booming and high yield spreads have been falling back to their 2017 lows in the US. However, sovereign bond yields in Western economies have drifted down from already low levels. In the US, important parts of the yield curve have temporarily inverted, notably the 10-year yield dropping below the 3-month yield in mid-March. At the same time, markets are now pricing in a probability of roughly 80 per cent of the Federal Reserve (Fed) cutting interest rates by year-end, further illustrating the downside risks to economic growth in the near term.

The Norwegian economy has recovered from the setback after the drop in oil prices in 2014, as the oil and gas sector has adapted to lower oil prices and regained profitability. Petroleum investments

are expected to rise by 13 per cent in 2019, helping to boost the mainland activity. The weak NOK has enabled Norwegian manufacturers to win a high number of contracts. Households' consumption of goods is currently at a subdued level, while consumption of services has been increasing more steadily. A sharp rise in electricity prices last year offset most of the expected wage growth. This year, real wages will likely pick up, supporting private consumption. Overall, DNB Markets expects the mainland GDP to increase by 2.4 per cent in 2019, up from 2.2 per cent in 2018. For 2020 to 2022, growth is expected to slow towards potential growth.

Unemployment in Norway has been trending lower and is close to what is considered 'normal'. Wage growth has picked up, but remains moderate. The negotiations on this year's wage settlements finished on 1 April. The labor market parties expect the negotiations to result in a 3.2 per cent wage growth for the manufacturing sector in 2019. This forecast will serve as a benchmark for other wage settlements. Following this, DNB Markets has adjusted its forecast for total wage growth to 3.3 per cent from 3.1 per cent and expects the wage growth to stabilise at this rate. Core inflation picked up at the end of 2018, peaking in March 2019 at 2.7 per cent year-over-year (YOY). A major reason for the higher core inflation has been the impact of the weak NOK. This effect will likely abate in 2019. Norges Bank raised the policy rate in March and signaled yet another rate hike within the next six months. DNB Markets expects Norges Bank to aim for a rise at the meeting in September.

Future prospects

The increase in Norges Bank's key policy rate from 0.75 per cent to 1.00 per cent, followed by DNB's announcement of an increase in loan rates effective from 8 May, will have a positive effect on net interest income in the second quarter.

The annual increase in lending volumes is anticipated to be 3 to 4 per cent in 2019 and 2020.

The company has a target for its common equity Tier 1 capital ratio (CET 1) of about 17.2 per cent from year-end 2019, including the announced increase in the counter-cyclical buffer. We expect the Basel 1 floor to be removed during the course of the year. The removal of the Basel 1 floor will reduce risk-weighted assets.

The CET 1 ratio achieved at end-March was 16.8 per cent under Basel 1 and 24.7 per cent under Basel 3 (Basel 1 floor removed). DNB Boligkreditt is well positioned for new regulatory requirements, including Basel 4, which is expected to have minimal effects for the company.

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 in 2019 is expected to be at about the same level as in 2018. Overall, this provides a further solid basis for DNB Boligkreditt's funding activities.

Oslo, 2 May 2019

The Board of Directors of DNB Boligkreditt AS



Reidar Bolme
(chair of the board)



Jørn E. Pedersen



Toril Steinmo



Per Sagbakken
(chief executive officer)

Comprehensive income statement

		DNB Boligkreditt AS		
<i>Amounts in NOK million</i>	Note	1st quarter 2019	1st quarter 2018	Full year 2018
Interest income, amortised cost		3 601	3 382	13 843
Other interest income		282	268	1 107
Interest expenses, amortised cost		(2 069)	(2 179)	(8 704)
Other interest expenses		(628)	(28)	(1 063)
Net interest income		1 186	1 444	5 183
Commission and fee income		15	13	62
Commission and fee expenses		(1)	(1)	(3)
Net gains on financial instruments at fair value		(373)	(557)	(2 190)
Other income	7	0	1	3
Net other operating income		(360)	(544)	(2 128)
Total income		826	899	3 055
Salaries and other personnel expenses		(3)	(3)	(12)
Other expenses	7	(209)	(356)	(759)
Total operating expenses		(212)	(359)	(771)
Impairment of financial instruments		(7)	8	15
Pre-tax operating profit		607	548	2 299
Tax expense		(152)	(137)	(575)
Profit for the period		455	411	1 724
Other comprehensive income that will not be reclassified to profit or loss		(86)	(98)	107
Tax		21	24	(27)
Total comprehensive income for the period		391	337	1 804

Balance sheet

		DNB Boligkreditt AS		
<i>Amounts in NOK million</i>	Note	31 March 2019	31 Dec. 2018	31 March 2018
Assets				
Due from credit institutions	7	6 389	15 820	8 567
Loans to customers	3, 6	633 617	628 901	621 527
Financial derivatives	6	42 822	51 088	57 844
Other assets		3	10	5
Total assets		682 832	695 819	687 943
Liabilities and equity				
Due to credit institutions	7	117 589	147 204	178 022
Financial derivatives	6	11 377	11 606	13 157
Debt securities issued	4, 6	494 890	478 548	442 346
Payable taxes		3 962	3 832	109
Deferred taxes		5 693	5 693	4 723
Other liabilities		78	87	253
Provisions		34	33	33
Subordinated loan capital	5	5 209	5 209	4 857
Total liabilities		638 833	652 211	643 502
Share capital		4 157	4 157	4 157
Share premium		31 563	31 563	31 563
Other equity		8 279	7 888	8 721
Total equity		43 999	43 608	44 441
Total liabilities and equity		682 832	695 819	687 943

Statement of changes in equity

DNB Boligkreditt AS

<i>Amounts in NOK million</i>	Share capital	Share premium	Liability credit reserve	Other equity	Total equity
Balance sheet as at 1 Jan. 2018	4 157	31 563	(348)	8 732	44 104
Profit for the period				411	411
Financial liabilities designated at FVTPL, changes in credit risk			(98)		(98)
Tax on other comprehensive income			24		24
Comprehensive income for the period			(73)	411	338
Balance sheet as at 31 March 2018	4 157	31 563	(422)	9 144	44 441
Balance sheet as at 31 Dec. 2018	4 157	31 563	(269)	8 157	43 608
Profit for the period				455	455
Financial liabilities designated at FVTPL, changes in credit risk			(86)		(86)
Tax on other comprehensive income			21		21
Comprehensive income for the period			(64)	455	391
Balance sheet as at 31 March 2019	4 157	31 563	(333)	8 612	43 999

Share capital

All shares and voting rights of the company are held by DNB Bank ASA. Share capital at 31 March 2019 was NOK 4 157 million (41 570 000 shares at NOK 100).

Cash flow statement

<i>Amounts in NOK million</i>	January-March 2019	January-March 2018	Full year 2018
Operating activities			
Net payments on loans to customers	(3 636)	1 191	(3 565)
Interest received from customers	3 777	3 574	14 876
Net received/payments on loans from credit institutions	(20 184)	16 557	(21 530)
Interest received from credit institutions	19	22	64
Interest paid to credit institutions	(629)	(727)	(2 989)
Net receipts on the sale of financial assets for investment or trading	1 892		
Net receipts on commissions and fees	14	12	59
Payments for operating expenses	(212)	(311)	(704)
Taxes paid			
Net cash flow relating to operating activities	(18 961)	20 317	(13 790)
Investing activities			
Net purchase of loan portfolio	(999)	(753)	(3 453)
Net cash flow relating to investing activities	(999)	(753)	(3 453)
Financing activities			
Receipts on issued bonds and commercial paper	32 893	21 036	90 935
Payments on redeemed bonds and commercial paper	(10 991)	(39 107)	(69 393)
Interest payments on issued bonds and commercial paper	(1 903)	(1 472)	(6 447)
Receipts on subordinated loan capital			350
Interest payments on subordinated loan capital	(37)	(29)	(128)
Share issue			1 900
Group contribution receipts/payments			
Net cash flow from financing activities	19 961	(19 573)	17 217
Net cash flow	2	(9)	(26)
Cash as at 1 January	60	86	86
Net receipts/payments of cash	2	(9)	(26)
Cash at end of period	62	77	60

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, management makes estimates, judgments and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. 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 judgment is applied can be found in note 1 Accounting principles in the annual report for 2018.

DNB Boligkreditt applied the hedge accounting requirements of IFRS 9 Financial Instruments as of 1 January 2019. Hedging relationships in DNB Boligkreditt that qualified for hedge accounting in accordance with IAS 39 Financial Instruments: Recognition and Measurement also qualify for hedge accounting under IFRS 9.

Note 2 Capital adequacy

Primary capital	DNB Boligkreditt AS	
	31 March 2019	31 Dec. 2018
<i>Amounts in NOK million</i>		
Share capital	4 157	4 157
Other equity	39 387	39 451
Total equity	43 544	43 608
Deductions		
Expected losses exceeding actual losses, IRB-portfolios	(840)	(842)
Value adjustments due to the requirements for prudent valuation (AVA)	(385)	(405)
Adjustments for unrealised losses/(gains) on liabilities measured at fair value	332	269
Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	(21)	(20)
Allocated group contributions for payment	(468)	(468)
Common equity Tier 1 capital	42 162	42 143
Term subordinated loan capital	5 200	5 200
Tier 2 capital	5 200	5 200
Total eligible primary capital	47 362	47 343
Risk-weighted assets, transitional rules	250 472	250 087
Minimum capital requirement, transitional rules	20 038	20 007
Common equity Tier 1 capital ratio, transitional rules (%)	16.8	16.9
Capital ratio, transitional rules (%)	18.9	18.9

Due to transitional rules, the minimum capital adequacy requirement cannot be reduced below 80 per cent of the corresponding figure calculated according to the Basel I regulations.

Note 2 Capital adequacy (continued)

Specification of risk-weighted assets and capital requirements

DNB Boligkreditt AS

<i>Amounts in NOK million</i>	Nominal exposure	EAD ¹⁾	Risk-weighted assets	Capital requirement	Capital requirement
	31 March 2019	31 March 2019	31 March 2019	31 March 2019	31 Dec. 2018
IRB approach					
Corporate	5 137	5 137	2 522	202	203
Retail - residential property	660 189	660 189	142 733	11 419	11 330
Total credit risk, IRB approach	665 326	665 326	145 255	11 620	11 533
Standardised approach					
Institutions	31 818	26 242	5 248	420	569
Corporate	20 514	20 471	7 336	587	557
Retail - residential property	22 143	20 077	7 047	564	539
Retail - other exposures	348	222	166	13	21
Other assets	107	91	115	9	
Total credit risk, standardised approach	74 930	67 104	19 913	1 593	1 686
Total credit risk	740 256	732 430	165 168	13 213	13 220
Credit value adjustment (CVA)					
Operational risk			5 463	437	437
Total risk-weighted assets and capital requirements before transitional rules					
			170 631	13 650	13 657
Additional capital requirements according to transitional rules					
			79 841	6 387	6 350
Total risk-weighted assets and capital requirements			250 472	20 038	20 007

1) EAD, exposure at default

Note 3 Development in accumulated impairment of financial instruments

The quality of DNB Boligkredit's loan portfolio is high with a large share of loans in stage 1. The following tables reconcile the opening and closing balances for accumulated impairment of loans to customers at amortised cost. Reconciling items include the following:

- Transfers between stages due to significant changes in credit risk. The transfers are presumed to occur before the subsequent remeasurement of the allowance
- Changes due to transfers between 12-month expected credit loss in stage 1 and lifetime expected credit loss in stages 2 and 3
- Increases and decreases in expected credit loss resulting from changes in input parameters and assumptions, including macro forecasts, as well as the effect of partial repayments on existing facilities and the unwinding of the time value of discounts due to the passage of time
- Changes in allowance due to the origination of new financial instruments during the period
- Changes in allowance due to the derecognition of financial instruments during the period
- Write-offs, exchange rate movements and other changes affecting the expected credit loss

Loans to customers at amortised cost (quarterly figures)

<i>Amounts in NOK million</i>	1st quarter 2019				1st quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 December 2018 / 1 January 2018	(35)	(39)	(48)	(122)	(43)	(37)	(74)	(154)
Transfer to stage 1	(12)	10	2		(12)	9	3	
Transfer to stage 2	1	(5)	4		1	(4)	3	
Transfer to stage 3	0	0	(0)		0	1	(1)	0
Originated and purchased during the period	(5)	(0)		(5)	(2)	(0)		(2)
Increased expected credit loss	(9)	(16)	(20)	(45)	(6)	(15)	(15)	(36)
Decreased (reversed) expected credit loss	18	5	15	38	28	5	5	38
Derecognition	0	4		4			(0)	(0)
Write-offs		0	1	1	0		1	1
Other					0	4	4	8
Accumulated impairment as at 31 March	(41)	(40)	(48)	(129)	(35)	(37)	(74)	(146)

Note 4 Debt securities issued

Debt securities issued	DNB Boligkreditt AS		
	31 March 2019	31 Dec. 2018	31 March 2018
<i>Amounts in NOK million</i>			
Listed covered bonds, nominal amount	406 811	391 085	355 074
Private placements under the bond programme, nominal amount	67 547	70 409	71 514
Total bonds, nominal amount	474 358	461 495	426 588
Accrued interest	2 855	2 985	2 730
Unrealised losses ¹⁾	17 677	14 068	13 028
Adjustments	20 532	17 053	15 758
Total debt securities issued	494 890	478 548	442 346

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	DNB Boligkreditt AS					
	Balance sheet 31 March 2019	Issued 2019	Matured/ redeemed 2019	Exchange rate movements 2019	Other changes 2019	Balance sheet 31 Dec. 2018
<i>Amounts in NOK million</i>						
Bond debt, nominal amount	474 358	32 893	(10 991)	(9 038)		461 495
Value adjustments	20 532				3 479	17 053
Total debt securities issued	494 890	32 893	(10 991)	(9 038)	3 479	478 548

Maturity of debt securities issued	DNB Boligkreditt AS		
	NOK	Foreign currency	Total
<i>Amounts in NOK million</i>			
2019	16 600	30 079	46 679
2020	19 000	35 547	54 547
2021	26 500	49 933	76 433
2022	25 500	67 568	93 068
2023 and later	2 877	200 753	203 630
Total bond debt	90 477	383 881	474 358

Debt securities issued - matured/redeemed during the period	DNB Boligkreditt AS							
	ISIN Code	Currency	Matured redeemed amount	Interest	Issued	Matured	Remaining nominal amount 31 March 2019	31 Dec. 2018
<i>Amounts in NOK million</i>								
Private		EUR	119	Fixed	2009	2019	Matured	119
Private		EUR	50	Fixed	2009	2019	Matured	50
XS0446707803		CHF	882	Fixed	2009	2019	Matured	882
XS1023622175		EUR	9 940	Floating	2014	2019	Matured	9 940
Total debt securities issued, nominal value			10 991					10 991

Cover pool	DNB Boligkreditt AS		
	31 March 2019	31 Dec. 2018	31 March 2018
<i>Amounts in NOK million</i>			
Pool of eligible loans	628 548	623 859	615 814
Market value of eligible derivatives	31 445	39 482	44 687
Total collateralised assets	659 993	663 342	660 501

Debt securities issued, carrying value	494 890	478 548	442 346
Less valuation changes attributable to changes in credit risk on debt carried at fair value	(472)	(358)	(563)
Debt securities issued, valued according to regulation ¹⁾	494 418	478 189	441 784

Collateralisation (per cent)	133.5	138.7	149.5
------------------------------	-------	-------	-------

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

<i>Amounts in NOK million</i>	Currency	Nominal amount	Interest rate	Issue date	Call date	Maturity date	DNB Boligkreditt AS		
							31 March 2019	31 Dec. 2018	31 March 2018
Term subordinated loan capital	NOK	850	3 month Nibor + 400 bp	2009	2018	2024			850
Term subordinated loan capital	NOK	4 000	3 month Nibor + 170 bp	2013	2018	2023			4 000
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							9	9	7
Total subordinated loan capital							5 209	5 209	4 857

Note 6 Financial instruments at fair value

<i>Amounts in NOK million</i>	DNB Boligkreditt AS			
	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Total
Assets as at 31 March 2019				
Loans to customers			40 357	40 357
Financial derivatives		42 822		42 822
Liabilities as at 31 March 2019				
Debt securities issued		91 956		91 956
Financial derivatives		11 377		11 377

<i>Amounts in NOK million</i>	DNB Boligkreditt AS			
	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Total
Assets as at 31 March 2018				
Loans to customers			39 188	39 188
Financial derivatives		57 844		57 844
Liabilities as at 31 March 2018				
Debt securities issued		81 399		81 399
Financial derivatives		13 157		13 157

Financial instruments at fair value, level 3

<i>Amounts in NOK million</i>	DNB Boligkreditt AS	
	Loans to customers	
Carrying amount as at 31 December 2018	41 275	
Net gains recognised in the income statement		2
Additions/purchases		977
Sales		(21)
Settled		(1 877)
Carrying amount as at 31 March 2019	40 357	

Note 7 Information on related parties

DNB Bank ASA

In the first quarter of 2019, loan portfolios representing NOK 1.0 billion (NOK 0.8 billion in the first quarter of 2018) 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 management fee paid to the bank for purchased services is recognised as "Other expenses" in the statement of comprehensive income and amounted to NOK 195 million at end-March 2019 (NOK 340 million at end-March 2018).

At end-March the bank had invested NOK 11.9 billion in covered bonds issued by DNB Boligkreditt.

In the first quarter of 2019 DNB Boligkreditt entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 5.6 billion at end-March 2019.

The company has a long-term overdraft facility in DNB Bank ASA with a limit of NOK 140 billion.

DNB Livsforsikring AS

At end-March 2019 DNB Livsforsikring's holding of DNB Boligkreditt bonds was valued at NOK 1.9 billion.

Contact information

DNB Boligkreditt AS

Mailing address P.O.Box 1600 Sentrum, NO-0021 Oslo
Visiting address Dronning Eufemias gate 30, Oslo
Telephone +47 915 04800
Internet dnb.no
Organisation number NO 985 621 551 MVA

Chief executive officer

Per Sagbakken
Tel: +47 906 61 159
per.sagbakken@dnb.no

Financial reporting

Inger Anne Djupvik Husby
Tel: +47 481 32 321
inger.anne.husby@dnb.no

DNB ASA

Mailing address P.O.Box 1600 Sentrum, NO-0021 Oslo
Visiting address Dronning Eufemias gate 30, Oslo
Telephone +47 915 04800
Internet dnb.no
Organisation number NO 981 276 957 MVA

DNB Bank ASA

Mailing address P.O.Box 1600 Sentrum, NO-0021 Oslo
Visiting address Dronning Eufemias gate 30, Oslo
Telephone +47 915 04800
Internet dnb.no
Organisation number NO 984 851 006 MVA

Other sources of information

Annual and quarterly reports

DNB Boligkreditt AS is part of the DNB Bank Group and the DNB Group. Annual and quarterly reports for DNB Boligkreditt AS, the DNB Bank Group and the DNB Group are available on dnb.no.

**We are here.
So you can
stay ahead.**

DNB Boligkreditt AS

Mailing address:
P.O.Box 1600 Sentrum
N-0021 Oslo

Visiting address:
Dronning Eufemias gate 30
Bjørvika, Oslo

dnb.no