

DNB Boligkreditt AS

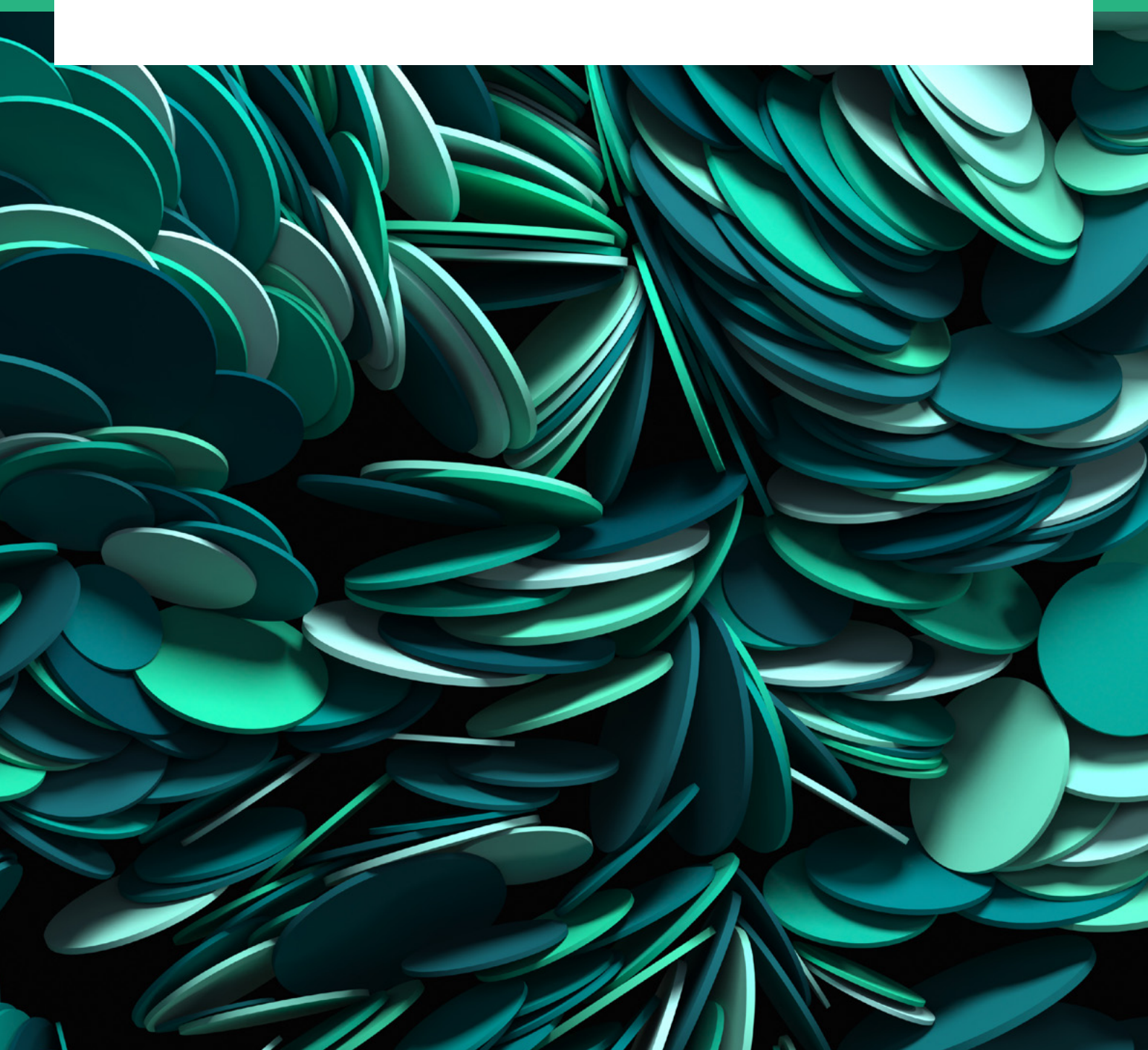
A company in the DNB Group

First quarter report 2021

(Unaudited)

DNB

Q1



Financial highlights

Income statement

<i>Amounts in NOK million</i>	DNB Boligkreditt AS		
	1st quarter 2021	1st quarter 2020	Full year 2020
Net interest income	1 431	1 279	5 495
Net other operating income	(704)	(319)	1 103
Of which net gains on financial instruments at fair value	(716)	(331)	1 047
Total operating expenses	(420)	(185)	(1 158)
Impairment of financial instruments	12	(12)	27
Pre-tax operating profit	320	763	5 467
Tax expense	(80)	(191)	(1 368)
Profit for the period	240	572	4 100

Balance sheet

<i>Amounts in NOK million</i>	31 March 2021	31 Dec. 2020	31 March 2020
Total assets	724 035	740 132	748 037
Loans to customers	688 487	676 511	657 839
Debt securities issued	495 974	521 195	584 338
Total equity	47 699	47 463	47 270

Key figures and alternative performance measures

	1st quarter 2021	1st quarter 2020	Full year 2020
Return on equity, annualised (%) ¹⁾	2.0	4.9	8.8
Total average spread for lending (%) ¹⁾	0.75	0.71	0.75
Impairment relative to average net loans to customers, annualised (per cent) ¹⁾	0.01	(0.01)	0.00
Net loans and financial commitments in stage 3, per cent of net loans ¹⁾	0.31	0.15	0.13
Net loans and financial commitments in stage 3, (NOK million) ¹⁾	2 104	989	851
Common equity Tier 1 capital ratio end of period (%)	23.4	23.2	23.6
Capital ratio end of period (%)	26.3	26.1	26.6
Common equity Tier 1 capital (NOK million)	42 025	41 908	42 036
Risk-weighted assets (NOK million)	179 448	180 338	177 880
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](#).

First quarter report 2021

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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 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 240 million in the first quarter of 2021, compared with a profit of NOK 572 million in the first quarter of 2020.

Total income

Income totalled NOK 728 million in the first quarter of 2021, down from NOK 960 million in the year-earlier period.

Amounts in NOK million	1st quarter		1st quarter
	2021	Change	2020
Total income	728	(232)	960
Net interest income		152	
Net commission and fee income		1	
Net gains/(losses) on financial instruments at fair value		(385)	

Compared to the same period in the previous year, the net interest income has increased, due to a combination of increased lending volume and an increase in interest rate margins. The recorded gains/losses on financial instruments reflect the effects of unrealised changes in the market value of covered bonds, derivatives and loans measured at fair value. Gains and losses from such instruments tend to vary considerably from quarter to quarter and will typically be reversed in subsequent periods due to stabilising markets or because the maturity dates of the instruments are approaching.

Operating expenses and impairment of loans

Operating expenses are volatile due to the management fee paid to DNB Bank. The cooperation with DNB Bank is formalised through an extensive servicing agreement that ensures DNB Boligkreditt sound competence in key areas and cost-effective operations. The management fee calculation is based primarily on lending volume and the spreads achieved, thus the fee will fluctuate with the net interest income. The servicing agreement also ensures DNB Boligkreditt a minimum fee based on the net interest rate margin achieved on loans to customers. The fee amounted to NOK 387 million in the first quarter of 2021, up from NOK 164 million in the first quarter of 2020.

The company has generally recorded low impairment losses on loans. In the first quarter of 2021, the company reported net recoveries on impairment of financial instruments of NOK 12 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 2021, DNB Boligkreditt had total assets of NOK 724.0 billion, a decrease of NOK 24.0 billion from end-March 2020.

Amounts in NOK million	31 March		31 March
	2021	Change	2020
Total assets	724 035	(24 002)	748 037
Loans to customers		30 648	
Financial derivatives		(67 324)	
Other assets		12 674	
Total liabilities	676 336	(24 431)	700 767
Due to credit institutions		68 728	
Financial derivatives		(3 364)	
Debt securities issued		(88 364)	
Deferred taxes		(4 162)	
Other liabilities		2 731	

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 were down by net NOK 88.4 billion from end-March 2020. The company issued covered bonds under existing programmes totalling NOK 16.6 billion in the first quarter of 2021. Total debt securities issued amounted to NOK 496.0 billion at end-March 2021.

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 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 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 2021, the company's equity totalled NOK 47.7 billion, of which NOK 42.0 billion represented Tier 1 capital. Total primary capital in the company was NOK 47.2 billion. The Tier 1 capital ratio was 23.4 per cent, while the capital adequacy ratio was 26.3 per cent.

New regulatory framework

Norwegian implementation of the EU Banking Package

On 9 April 2021, the Norwegian Ministry of Finance presented draft legislation on the implementation of the EU Banking Package. The package was adopted in the EU in 2019 and consists of amendments to the Capital Requirements Regulation (CRR II), to the Capital Requirements Directive (CRD V) and to the Bank Recovery and Resolution Directive (BRRD II). As a result of the COVID-19 pandemic, the EU in June 2020 decided to accelerate the implementation of some of the provisions of the CRR II that involve less stringent requirements (the CRR 'quick fix').

The CRR II will enter into force in the EU on 28 June 2021. The Ministry of Finance has announced that the CRR II will not take effect in Norway from the same date. The entry into force will be dependent on the incorporation of the Regulation into the EEA Agreement, and the Ministry of Finance is working to ensure that this is done soon as possible.

Implementing the CRR II will in particular involve making significant amendments to the banking rules and legislation. Among other things, there will be a requirement concerning a net stable funding ratio (NSFR), new calculation methods for counterparty risk, a tightening of the rules on consolidation and large exposures, and new rules on reporting and the disclosure of information. The CRR II also involves an extension of the current reduction of banks' capital requirements for lending to small and medium-sized enterprises (the SME supporting factor). In addition, a new reduction of the capital requirements for lending to certain infrastructure projects will be introduced. Moreover, changes will be made to the banks' minimum leverage ratio requirement. Most of the rules in the Banking Package will be laid down in a set of regulations.

Circular about IRB models

Finanstilsynet (the Financial Supervisory Authority of Norway) is working on a circular that is intended to guide banks on the Authority's practice for the approval and supervision of IRB models. Due to the COVID-19 situation, the work on the circular was put on hold during the winter of 2020. On 15 March 2021, Finanstilsynet announced that the work has now been resumed, and that a draft has been submitted to Finance Norway for comment. If the circular becomes applicable in its current form, it may entail a tightening of the capital requirements for IRB banks that are subject to Norwegian rules and legislation.

Counter-cyclical capital buffer currently unchanged

On 18 March 2021, the Ministry of Finance decided to keep the counter-cyclical capital buffer requirement unchanged at 1 per cent. The decision was based on the advice of the Norwegian central bank, Norges Bank. Norges Bank's current assessment of economic developments, projected losses and banks' expected lending capacity indicates that advice will be given on stepping up the buffer requirement in the course of 2021. In a somewhat longer perspective, Norges Bank envisages that the buffer requirement will once again be back at the 2.5 per cent level. Decisions to increase the requirement normally take effect 12 months after they have been made.

New rules on securitization

On 23 March 2021, the Storting (Norwegian parliament) adopted new statutory provisions on securitisation. These provisions implement the EU's securitisation regulation and are, among other things, intended to give banks more flexibility in their risk management and financing of lending activities. The regulation has been effective in the EU since 1 January 2019, but has not yet been incorporated into the EEA Agreement. The Ministry of Finance will ask the Storting to approve the incorporation of the regulation into the EEA Agreement. This is expected to happen sometime during

the spring, after which it will be possible to implement the regulation in Norway.

New rules on market abuse

The Market Abuse Regulation (MAR) was introduced in the EU in 2016 and contains key rules on market behavior in the securities market. This includes, among other things, prohibitions on insider dealing and market manipulation as well as rules on the management of inside information. The main purpose of the MAR is to contribute to ensuring well-functioning and safe markets with a higher level of investor protection. The Regulation was incorporated into the EEA Agreement in the autumn of 2019, and entered into force in Norway on 1 March 2021. The implementation in Norway is based on the proposals in Official Norwegian Report 2017:14 from the Securities Law Committee (Verdipapirlovutvalget).

New Norwegian Financial Contracts Act probably in force from 2022

The new Financial Contracts Act was adopted by the Storting in December 2020. The Act is expected to enter into force on 1 January 2022. The new Act is based on the current one, with comprehensive amendments. Due to the scope and complexity of the Act, DNB had already established a fast-working Group project in the summer of 2020, to identify the need for adjustments to systems, products and services.

Macroeconomic developments

The stringent infection control measures introduced in March last year contributed to a severe weakening of the Norwegian economy last spring. A decline in infection rates and an easing of the infection control measures led to a marked recovery during the course of the summer. During the autumn, infection control measures were made more stringent again, and economic activity levelled off. At the start of 2021, activity declined again. In January, local and national infection control measures were tightened, which particularly affected the service industries in the transport sector with the exception of foreign shipping, as well as accommodation and catering businesses, culture and entertainment activities, and other service provision. The decline continued into February, although not with the same strength as in January. Activity in these industries has fallen as a result of increasing infection control measures during the winter, and is approaching the levels seen last spring. According to Statistics Norway, mainland GDP fell by 0.8 per cent from December to January, and a further 0.5 per cent in February. In March, the infection control measures were made stricter still, and weak activity levels are thus also expected for March.

The downturn in the economy at the beginning of 2021 has also resulted in higher rates of unemployment, but the increase in unemployment has nevertheless been significantly less marked than a year ago. In the middle of April, the number of registered fully unemployed corresponded to 4.3 per cent of the workforce, which is on a level with the average so far this year. In the fourth quarter of 2020, unemployment had fallen to 3.7 per cent, which was 0.9 per cent lower than a year earlier, according to AKU (a Norwegian labor force survey).

In addition to strict infection control measures, a marked decline in oil prices also contributed to the weakening of the Norwegian economy last year, and, to a large extent, of the Norwegian krone last spring. This weakening was in turn an important reason for a marked rise in core inflation, which peaked at 3.7 per cent in August last year. Since then, oil prices have risen, the Norwegian krone has strengthened and inflation has fallen. In the first quarter of this year, core inflation was 2.7 per cent. It is expected to decline markedly in April as a result of last year's base effects. On the other hand, total inflation has risen and was 3.1 per cent in March, calculated as growth in the consumer price index since March last year. The rise in total inflation is linked with a sharp rise in electricity

prices. Here, too, a certain decrease is expected in the time ahead. This year's wage negotiations between the Norwegian Confederation of Trade Unions (LO)/the Confederation of Vocational Unions (YS) and the Confederation of Norwegian Enterprise (NHO), ended in a mediated solution in which the parties estimated a wage growth for the manufacturing industry of 2.7 per cent in 2021. This will help to keep domestic inflation close to the inflation target.

The housing market is an area of the economy where activity has been high. Average monthly housing price growth was 1.2 per cent in the first quarter, and housing prices were 12.5 per cent higher in March this year than a year earlier. There has also been a record turnover of existing homes, and the number of unsold homes has fallen to a very low level. The upturn in the housing market has resulted in a moderate increase in household credit growth.

Going forward, developments in activity in the Norwegian economy will largely depend on changes in the infection control measures. In April, the Government presented a plan for a gradual reopening of society based on developments in infection rates and vaccination rates. In its March Monetary Policy Report, Norges Bank assumed that the strict infection control measures would be largely continued in April. Further, it was assumed that some industries would be without restrictions from August, whereas others would still be subject to restrictions, albeit at a low level, as the end of the year approaches. Such a scenario could provide the basis for a new economic recovery during the summer and a clear decline in unemployment. Norges Bank signaled that the key policy rate may be raised during the second half of this year.

Future prospects

DNB Boligkreditt's activity level was less impacted by the COVID-19 pandemic than expected in the first quarter. Housing prices were up and operating income was strong with very low impairment losses.

In the period 2021 to 2023, the annual increase in lending volumes is expected to be around 3 to 4 per cent.

The common equity Tier 1 (CET1) capital ratio was 23.4 per cent as at 31 March 2021. The very high ratio is due to the removal of the Basel I floor as from year-end 2019. The CET1 capital ratio requirement for DNB Boligkreditt is 15.55 per cent, while the Tier 1 requirement is 17.05 per cent. At its Annual General Meeting on 16th April 2021, DNB Boligkreditt decided to undertake a reduction in capital totalling NOK 7.3 billion. The payment is to be made to the company's shareholder DNB Bank ASA. The reduction in capital is subject to the approval of Finanstilsynet.

Covered bonds have gained a leading position as a funding vehicle for Norwegian banks. Norwegian covered bonds still seem attractive, with relatively low credit and market risk. The volume of covered bond issues the next couple of years is however expected to be lower than in the previous years due to the Group's issuing of non-preferred senior debt to meet the Minimum Requirement for own funds and Eligible Liabilities (MREL).

Oslo, 28 April 2021

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 2021	1st quarter 2020	Full year 2020
Interest income, amortised cost		2 821	4 495	13 440
Other interest income		267	290	1 130
Interest expenses, amortised cost		(509)	(1 468)	(3 485)
Other interest expenses		(1 148)	(2 038)	(5 590)
Net interest income		1 431	1 279	5 495
Commission and fee income		14	13	61
Commission and fee expenses		(1)	(1)	(3)
Net gains on financial instruments at fair value		(716)	(331)	1 047
Other income				(2)
Net other operating income		(704)	(319)	1 103
Total income		728	960	6 598
Salaries and other personnel expenses		(4)	(1)	(11)
Other expenses	7	(416)	(184)	(1 146)
Total operating expenses		(420)	(185)	(1 158)
Impairment of financial instruments	3	12	(12)	27
Pre-tax operating profit		320	763	5 467
Tax expense		(80)	(191)	(1 368)
Profit for the period		240	572	4 100
Other comprehensive income that will not be reclassified to profit or loss		(5)	103	18
Tax		1	(26)	(4)
Total comprehensive income for the period		236	650	4 113

Balance sheet

DNB Boligkreditt AS

<i>Amounts in NOK million</i>	Note	31 March 2021	31 Dec. 2020	31 March 2020
Assets				
Due from credit institutions	7	19 688	26 175	7 018
Loans to customers	3, 6	688 487	676 511	657 839
Financial derivatives	6	15 854	37 442	83 178
Other assets		7	5	2
Total assets		724 035	740 132	748 037
Liabilities and equity				
Due to credit institutions	7	159 903	150 423	91 175
Financial derivatives	6	9 417	9 580	12 781
Debt securities issued	4, 6	495 974	521 195	584 338
Payable taxes		4 529	5 464	2 245
Deferred taxes		655	655	4 817
Other liabilities		619	114	173
Provisions		32	32	29
Subordinated loan capital	5	5 206	5 206	5 210
Total liabilities		676 336	692 669	700 767
Share capital		5 257	5 257	5 257
Share premium		31 719	31 719	31 719
Other equity		10 723	10 487	10 294
Total equity		47 699	47 463	47 270
Total liabilities and equity		724 035	740 132	748 037

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 31 December 2019	5 257	31 719	(59)	9 704	46 621
Profit for the period				572	572
Financial liabilities designated at FVTPL, changes in credit risk			103		103
Tax on other comprehensive income			(26)		(26)
Comprehensive income for the period			78	572	650
Balance sheet as at 31 March 2020	5 257	31 719	19	10 276	47 270
Balance sheet as at 31 December 2020	5 257	31 719	(44)	10 531	47 463
Profit for the period				240	240
Financial liabilities designated at FVTPL, changes in credit risk			(5)		(5)
Tax on other comprehensive income			1		1
Comprehensive income for the period			(4)	240	236
Balance sheet as at 31 March 2021	5 257	31 719	(48)	10 771	47 699

Share capital

All shares and voting rights of the company are held by DNB Bank ASA. Share capital at the beginning of 2021 was NOK 5 257 million (52 570 000 shares at NOK 100).

At its Annual General Meeting on 16 April 2021, DNB Boligkreditt decided to undertake a reduction in capital totalling NOK 7.3 billion. The payment is to be made to the company's shareholder DNB Bank ASA. The reduction in capital is subject to the approval of Finanstilsynet (the Financial Supervisory Authority of Norway).

Cash flow statement

<i>Amounts in NOK million</i>	January-March 2021	2020	Full year 2020
Operating activities			
Net payments on loans to customers	3 075	798	10 083
Interest received from customers	3 069	4 720	14 870
Net received/paid on loans from credit institutions	15 966	(63 719)	(23 662)
Interest received from credit institutions	(0)	28	35
Interest paid to credit institutions	(469)	(893)	(2 144)
Net receipts on commissions and fees	13	12	58
Payments for operating expenses	58	1	(1 111)
Taxes paid	(1 013)	(5)	(2 104)
Net cash flow relating to operating activities	20 698	(59 058)	(3 975)
Investing activities			
Net purchase of loan portfolio	(15 520)	(21 069)	(49 166)
Net cash flow relating to investing activities	(15 520)	(21 069)	(49 166)
Financing activities			
Receipts on issued bonds and commercial paper	16 565	88 950	123 295
Payments on redeemed bonds and commercial paper	(20 552)	(6 269)	(59 243)
Interest payments on issued bonds and commercial paper	(1 167)	(2 520)	(7 546)
Interest payments on subordinated loan capital	(25)	(45)	(138)
Share issue			
Group contribution payments			(3 270)
Net cash flow from financing activities	(5 179)	80 117	53 099
Net cash flow	(1)	(10)	(43)
Cash as at 1 January	2	45	45
Net receipts/payments of cash	(1)	(10)	(43)
Cash at end of period	0	34	2

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, 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 2020.

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 IV).

	DNB Boligkreditt AS	
	31 March 2021	31 Dec. 2020
<i>Amounts in NOK million</i>		
Share capital	5 257	5 257
Other equity	42 203	42 206
Total equity	47 460	47 463
Regulatory adjustments		
IRB provisions shortfall (-)	(975)	(960)
Additional value adjustments (AVA)	(392)	(406)
(Gains) or losses on liabilities at fair value resulting from own credit risk	48	44
(Gains) or losses on derivative liabilities resulting from own credit risk (DVA)	(20)	(10)
Proposed group contributions for payment	(4 095)	(4 095)
Common equity Tier 1 capital	42 025	42 036
Term subordinated loan capital	5 200	5 200
Tier 2 capital	5 200	5 200
Own funds	47 225	47 236
Total risk exposure amount	179 448	177 880
Minimum capital requirement	14 356	14 230
Common equity Tier 1 capital ratio (%)	23.4	23.6
Capital ratio (%)	26.3	26.6

	DNB Boligkreditt AS				
	Nominal exposure	Exposure at default EAD	Risk amount REA	Capital requirement	Capital requirement
	31 March 2021	31 March 2021	31 March 2021	31 March 2021	31 Dec. 2020
<i>Amounts in NOK million</i>					
IRB approach					
Corporate	167	167	47	4	14
Retail - secured by immovable property	752 913	752 913	160 583	12 847	12 431
Total credit risk, IRB approach	753 080	753 080	160 630	12 850	12 446
Standardised approach					
Institutions	19 970	19 970	3 994	320	711
Corporate	20 735	20 722	5 687	455	427
Retail	631	477	357	29	26
Retail - secured by immovable property	1 542	1 432	1 378	110	23
Other assets					6
Total credit risk, standardised approach	42 878	42 601	11 415	913	1 193
Total credit risk	795 958	795 681	172 045	13 764	13 638
Credit value adjustment (CVA)					
Operational risk			7 403	592	592
Total risk exposure amount and capital requirements			179 448	14 356	14 230

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 effect from consolidation and other changes affecting the expected credit loss.

Loans to customers at amortised cost (quarterly figures)

Amounts in NOK million	1st quarter 2021				1st quarter 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 Dec.	(14)	(13)	(40)	(66)	(12)	(28)	(63)	(103)
Transfer to stage 1	(4)	4			(5)	4	2	
Transfer to stage 2					1	(6)	5	
Transfer to stage 3	0	0	(1)					
Originated and purchased during the period	(2)			(2)	(2)	(1)		(3)
Increased expected credit loss	(2)	(6)	(11)	(19)	(6)	(11)	(17)	(34)
Decreased (reversed) expected credit loss	9	1	18	28	9	6	11	26
Derecognition		3		3		3		3
Write-offs							2	2
Accumulated impairment as at 31 March ¹⁾	(11)	(11)	(32)	(54)	(17)	(33)	(60)	(110)

1) On 1 January 2021, DNB introduced a new definition of default. According to the new definition for customers in probation after default, the effect on expected credit loss was not significant as at 31 March 2021.

Note 4 Debt securities issued

Debt securities issued	DNB Boligkreditt AS		
	31 March 2021	31 Dec. 2020	31 March 2020
<i>Amounts in NOK million</i>			
Listed covered bonds, nominal amount	417 419	430 280	477 770
Private placements under the bond programme, nominal amount	59 085	64 832	76 731
Total bonds, nominal amount	476 504	495 112	554 501
Accrued interest	2 188	2 836	3 191
Unrealised losses ¹⁾	17 282	23 247	26 646
Adjustments	19 470	26 083	29 837
Total debt securities issued	495 974	521 195	584 338

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 2021	Issued 2021	Matured/ redeemed 2021	Exchange rate movements 2021	Other changes 2021	Balance sheet 31 Dec. 2020
<i>Amounts in NOK million</i>						
Bond debt, nominal amount	476 504	16 129	(20 612)	(14 124)		495 112
Value adjustments	19 470				(6 613)	26 083
Total debt securities issued	495 974	16 129	(20 612)	(14 124)	(6 613)	521 195

Maturity of debt securities issued	DNB Boligkreditt AS		
	NOK	Foreign currency	Total
<i>Amounts in NOK million</i>			
2021	26 500	31 985	58 485
2022	75 500	69 361	144 861
2023	257	67 530	67 787
2024	8 000	35 131	43 131
2025 and later	15 220	147 021	162 241
Total bond debt	125 477	351 027	476 504

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 2021	31 Dec. 2020
<i>Amounts in NOK million</i>								
Private	EUR	471	Fixed	2011	2021	Redeemed		471
LUX	EUR	167	Fixed	2011	2021	Matured		167
LUX	EUR	105	Fixed	2011	2021	Redeemed		105
LUX	EUR	1 056	Fixed	2011	2021	Matured		1 056
CH0122955377	CHF	967	Fixed	2011	2021	Matured		967
Private	EUR	993	Fixed	2011	2021	Matured		993
XS0586938630	EUR	105	Floating	2011	2021	Matured		105
Private	EUR	376	Fixed	2011	2021	Redeemed		376
CH0122955377	CHF	580	Fixed	2011	2021	Matured		580
XS1344745481	EUR	15 687	Fixed	2016	2021	Matured		15 687
XS1363750321	EUR	105	Floating	2016	2021	Matured		105
Total debt securities issued, nominal value		20 612						20 612

Cover pool	DNB Boligkreditt AS		
	31 March 2021	31 Dec. 2020	31 March 2020
<i>Amounts in NOK million</i>			
Pool of eligible loans	685 542	673 513	653 098
Market value of eligible derivatives	6 436	27 862	70 397
Total collateralised assets	691 978	701 375	723 495
Debt securities issued, carrying value	495 974	521 195	584 338
Less valuation changes attributable to changes in credit risk on debt carried at fair value	(64)	(59)	25
Debt securities issued, valued according to regulation ¹⁾	495 910	521 137	584 363
Collateralisation (per cent)	139.5	134.6	123.8

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 2021	31 Dec. 2020	31 March 2020
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
Accrued interest							6	6	10
Total subordinated loan capital							5 206	5 206	5 210

Note 6 Financial instruments at fair value

<i>Amounts in NOK million</i>	Valuation			Total
	based on quoted prices in an active market Level 1	based on observable market data Level 2	based on other than observable market data Level 3	
Assets as at 31 March 2021				
Loans to customers			39 932	39 932
Financial derivatives		15 854		15 854
Liabilities as at 31 March 2021				
Debt securities issued		18 092		18 092
Financial derivatives		9 417		9 417

<i>Amounts in NOK million</i>	Valuation			Total
	based on quoted prices in an active market Level 1	based on observable market data Level 2	based on other than observable market data Level 3	
Assets as at 31 March 2020				
Loans to customers			41 912	41 912
Financial derivatives		83 178		83 178
Liabilities as at 31 March 2020				
Debt securities issued		17 362		17 362
Financial derivatives		12 781		12 781

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 2019	41 489	
Net gains recognised in the income statement	756	
Additions/purchases	3 098	
Sales	(59)	
Settled	(3 371)	
Carrying amount as at 31 March 2020	41 912	
Carrying amount as at 31 December 2020	40 934	
Net gains recognised in the income statement	(501)	
Additions/purchases	2 171	
Sales	(34)	
Settled	(2 637)	
Carrying amount as at 31 March 2021	39 932	

Note 7 Information on related parties

DNB Bank ASA

In the first quarter of 2021, loan portfolios representing NOK 15.5 billion (NOK 21.1 billion in the first quarter of 2020) 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 387 million in the first quarter of 2021 (NOK 164 million in the first quarter of 2020).

At end-March 2021, the bank had invested NOK 59.0 billion in covered bonds issued by DNB Boligkreditt.

In the first quarter of 2021 DNB Boligkreditt entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 18.9 billion at end-March 2021.

DNB Boligkreditt AS has a long-term overdraft facility in DNB Bank ASA with a limit of NOK 180 billion.

DNB Livsforsikring AS

At end-March 2021 DNB Livsforsikring's holding of DNB Boligkreditt bonds was valued at NOK 1.5 billion.

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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 ir.dnb.no.

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

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