

Third quarter report 2009

Unaudited



Report for the third quarter of 2009

Introduction

DnB NOR Boligkreditt recorded pre-tax operating profits before write-downs of NOK 715.7 million in the third quarter of 2009, compared with NOK 252.0 million in the year-earlier period. Profit for the period came to NOK 534.5 million, up from NOK 181.4 million in the third quarter of 2008. Net gains on financial instruments totalled NOK 120.1 million, a decline from NOK 159.0 million in the year-earlier period.

Return on equity was 21.9 per cent in the third quarter of 2009, as against 15.4 per cent in the year-earlier period. Earnings per share were NOK 38, up from NOK 17.58 in the third quarter of 2008.

DnB NOR Boligkreditt's pre-tax operating profits before write-downs for the first nine months of 2009 were NOK 728.6 million, compared with NOK 444.7 million in the year-earlier period. There was a profit of NOK 502.3 million for the period, including a net loss on financial instruments of NOK 1 042.8 million. Profits for the period came to NOK 306.5 million in the January through September period in 2008.

The core capital ratio of DnB NOR Boligkreditt was 7.6 per cent at end-September 2009.

During the third quarter of 2009, DnB NOR Boligkreditt acquired residential mortgages from DnB NOR Bank for a total of NOK 20.8 billion.

The company issued new covered bonds for NOK 39.3 billion during the third quarter of 2009, while new bonds issued in the first nine months of the year totalled NOK 106.8 billion.

In DnB NOR's consolidated accounts, DnB NOR Boligkreditt is reported along with the Retail Banking business area.

Income

Income totalled NOK 927.7 million in the third quarter of 2009, up from NOK 343.8 million in the year-earlier period. Income for the January through September period in 2009 came to NOK 1 299.6 million, an increase from NOK 686.6 million in the corresponding period in 2008.

Net interest income

Net interest income came to NOK 795.1 million in the third quarter of 2009, an increase of NOK 616.6 million from the third quarter of 2008. Net interest income for the January through September period in 2009 totalled NOK 2 314.0 million, up from NOK 430.5 million in the year-earlier period.

Net other operating income

Net other operating income totalled NOK 132.6 million in the third quarter of 2009, compared with NOK 165.4 million in the third quarter of 2008. Net other operating income for the January through September period in 2009 was negative at NOK 1 014.4 million. In the first nine months of 2008, net other operating income totalled NOK 256.1 million. The decline mainly reflected the effect of changes in the value of financial instruments in the financial statement.

Operating expenses

The company's operating expenses totalled NOK 212.0 million in the third quarter of 2009, an increase of NOK 120.2 million from the year-earlier period. The management fee to DnB NOR Bank was NOK 197.1 million, up from NOK 83.3 million in the third quarter of 2008. Operating expenses for the January through September period in 2009 were NOK 571 million, compared with NOK 242.0 million in the corresponding period in 2008. The management fee to the bank was NOK 541.4 million for the first nine months of 2009, up from NOK 225.3 million in the year-earlier period. The increase is due to the fact that the fee is calculated on the basis of portfolio volume.

Write-downs on commitments

Net reversals on previous write-downs on the company's loans totalled NOK 26.6 million in the third quarter of 2009, of which reversals on group write-downs represented NOK 6 million and reversals on individual write-downs NOK 20.6 million. DnB NOR Boligkreditt recorded write-downs on loans of NOK 30.9 million for the January through September period in 2009, comprising group write-downs of NOK 27 million and individual write-downs of NOK 3.9 million. The Board of Directors considers the total level of write-downs to be satisfactory relative to the quality of the loan portfolio. Non-performing and impaired commitments represented 0.09 per cent of total lending volume at end-September 2009, compared with 0.06 per cent at end-December 2008.

Taxes

DnB NOR Boligkreditt's tax charge for the January through September period of 2009 was NOK 195.4 million. Taxes for the third quarter of the year came to NOK 207.9 million. The tax charge is based on an anticipated average tax rate of 28 per cent of the company's pre-tax operating profits.

Balance sheet and assets under management

At end-September 2009, DnB NOR Boligkreditt had a total of NOK 330.9 billion under management, an increase of NOK 162.1 billion or 96.1 per cent from a year earlier.

Net lending to customers rose by NOK 154.8 billion or 97.5 per cent over the 12-month period. The increase stems from the sale of new loans and the acquisition of mortgage portfolios from DnB NOR Bank.

Since year-end 2008, recorded securities issued increased by NOK 96.3 billion, from NOK 133.2 billion to NOK 229.5 billion.

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.

A management agreement has been entered into with DnB NOR Bank comprising administration, bank production, IT operations and financial and liquidity management. Operational risk is assessed to be low.

Assets are primarily mortgages within 75 per cent of appraised value. In the opinion of the Board of Directors, the loan portfolio is of high quality.

The Board of Directors considers the company's total risk exposure to be low.

At end-September 2009, the company's equity totalled NOK 11 279.5 million, of which NOK 10 350.0 million represented core capital.

Total primary capital in the company was NOK 13 198.8 million. The core capital ratio was 7.6 per cent, while the capital adequacy ratio was 9.7 per cent. The company's share capital was increased by NOK 275.0 million in August 2009. The Board of Directors considers the company to be adequately capitalised relative to the risk level in the loan portfolios and other operations.

Market situation

The positive trend in the market for covered bonds in the second quarter of 2009 was reinforced during the third quarter. A number of European market players, including three Scandinavian institutions, have completed large bond issues. In September 2009, covered bonds for the second largest amount ever were issued. Parallel to this, funding margins have been significantly reduced in both the primary and secondary markets.

Prospects for the rest of the year

Economic developments remain uncertain, but there were clearer positive signs during the third quarter of 2009. Housing prices in Norway rose throughout the quarter and were 16 per cent higher at end-September than at end-December 2008, matching prices in the peak month of August 2008. Over the coming months, low interest rates will contribute to increasing housing prices, while expectations of higher interest rates could have a dampening effect. Rising unemployment could also depress housing prices, while greater optimism will pull in the opposite direction. The net effect of these factors remains uncertain.

The covered bonds purchase programme initiated by the European Central Bank (ECB) in July 2009 has considerably improved the market situation for these bonds. The programme will apply until end-June 2010. Though there will probably be periods characterised by an imbalance between supply and demand for covered bonds, the programme will have a stabilising effect.

Norwegian banks once again have reasonable access to both senior funding and funding by means of covered bonds. Thus, the swap scheme with Norges Bank was of less significance to the largest bond issuers towards the end of the third quarter of 2009. The swap scheme is expected to be wound up during the current year on condition that Norwegian banks will still have satisfactory access to long-term funding in traditional markets.

Oslo, 23 October 2009

The Board of Directors of DnB NOR Boligkreditt AS

Bjørn Erik Næss
(chairman)

Jarle Mortensen

Stein Ove Steffensen

Kristin Normann

Rein Øsebak

Øyvind Birkeland
(chief executive officer)

There has been no full or partial audit of the quarterly figures.

The third quarter report has been approved by the Board of Directors in the original Norwegian version. This is an English translation.

Contents quarterly accounts

Income statement.....	5
Comprehensive income statement according to IAS 1.....	5
Balance sheet.....	6
Statement of changes in equity.....	7
Cash flow statement.....	8

Notes to the accounts

Note 1	Accounting principles etc.....	9
Note 2	Important accounting estimates and discretionary assessments.....	9
Note 3	Net interest income.....	9
Note 4	Net other operating income.....	10
Note 5	Net gains on financial instruments at fair value.....	10
Note 6	Operating expenses.....	11
Note 7	Number of employees/full-time positions.....	11
Note 8	Write-downs on loans.....	12
Note 9	Lending to customers.....	12
Note 10	Securities issued.....	13
Note 11	Subordinated loan capital.....	15
Note 12	Capital adequacy.....	16
Note 13	Liquidity risk.....	17
Note 14	Information on related parties.....	18
Note 15	Contingencies.....	18
Key figures.....		19
Profit and balance sheet trends.....		20

Income statement

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	Note	3rd quarter	3rd quarter	January-September		Full year
		2009	2008	2009	2008	2008
Total interest income	3	2 454 809	2 385 614	7 761 796	5 748 829	9 006 742
Total interest expenses	3	1 659 721	2 207 214	5 447 795	5 318 345	8 048 419
Net interest income	3	795 088	178 400	2 314 002	430 484	958 323
Commissions and fees receivable etc.	4	12 311	6 400	33 616	19 309	28 054
Commissions and fees payable etc.	4	(203)	41	5 273	254	265
Net gains/(losses) on financial instruments at fair value	4,5	120 127	158 970	(1 042 758)	237 085	885 601
Net other operating income		132 641	165 411	(1 014 415)	256 140	913 390
Total income		927 729	343 811	1 299 587	686 625	1 871 713
Salaries and other ordinary personnel expenses	6	2 460	3 034	10 235	9 207	15 705
Other expenses	6	209 521	88 781	560 798	232 761	355 343
Total operating expenses		211 981	91 816	571 032	241 968	371 048
Write-downs on loans and guarantees	8	(26 583)	-	30 884	19 000	71 296
Pre-tax operating profit		742 331	251 995	697 671	425 657	1 429 369
Taxes		207 853	70 559	195 348	119 184	398 167
Profit for the period		534 478	181 436	502 323	306 473	1 031 202
Earnings per share (NOK)		38.00	17.58	39.94	31.06	100.73
Diluted earnings per share (NOK)		38.00	17.58	39.94	31.06	100.73

Comprehensive income statement according to IAS 1 ¹⁾

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1000</i>	3rd quarter	3rd quarter	January-September		Full year
	2009	2008	2009	2008	2008
Profit for the period	534 478	181 436	502 323	306 473	1 031 202
Exchange differences arising from the translation of foreign operations	-	-	-	-	-
Comprehensive income for the period	534 478	181 436	502 323	306 473	1 031 202

1) The table is adjusted in accordance with the revised IAS as from 1 January 2009. See note 1 Accounting principles.

Balance sheet

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	Note	30 Sep. 2009	31 Dec. 2008	30 Sep. 2008
Assets				
Lending to and deposits with credit institutions		3 625 618	2 180 441	2 821 535
Lending to customers	9	313 666 637	198 482 392	158 819 443
Financial derivatives		13 557 088	25 631 917	7 073 781
Other assets		24 578	52 710	35 277
Total assets		330 873 922	226 347 460	168 750 036
Liabilities and equity				
Loans and deposits from credit institutions		84 545 096	81 827 833	74 519 972
Financial derivatives		1 633 955	1 874 823	2 179 936
Securities issued	10	229 454 254	133 203 742	84 767 937
Payable taxes		195 348	-	119 184
Deferred taxes		501 783	455 032	84 289
Other liabilities		146 885	191 291	48 552
Provisions		28 890	28 890	8 414
Subordinated loan capital	11	3 088 215	2 238 676	2 239 308
Total liabilities		319 594 427	219 820 287	163 967 592
Share capital		1 577 000	1 152 000	1 032 000
Other reserves and retained earnings		9 702 496	5 375 173	3 750 444
Total equity		11 279 496	6 527 173	4 782 444
Total liabilities and equity		330 873 922	226 347 460	168 750 036

Statement of changes in equity

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	Share capital	Share premium reserve	Other equity	Total other reserves and retained earnings	Total equity
Balance sheet as at 1 January 2008	902 000	2 268 000	5 971	2 273 971	3 175 971
Profit for the period			306 473	306 473	306 473
Share issue 4 April 2008	130 000	1 170 000	-	1 170 000	1 300 000
Balance sheet as at 30 June 2008	1 032 000	3 438 000	312 444	3 750 444	4 782 444
Profit for the period			724 730	724 730	724 730
Group contribution			(180 000)	(180 000)	(180 000)
Net income for the period			851 203	851 203	851 203
Share issue 14 October 2008	120 000	1 080 000	-	1 080 000	1 200 000
Balance sheet as at 31 December 2008	1 152 000	4 518 000	857 174	5 375 173	6 527 173
Profit for the period			502 323	502 323	502 323
Share issue 25 May 2009	150 000	1 350 000	-	1 350 000	1 500 000
Share issue 26 August 2009	275 000	2 475 000	-	2 475 000	2 750 000
Balance sheet as at 30 September 2009	1 577 000	5 868 000	1 359 496	7 227 496	11 279 496

Cash flow statement

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	January - September		Full year
	2009	2008	2008
OPERATIONS			
Net payments on loans to customers	41 026 187	8 602 767	14 271 714
Interest received from customers	7 903 519	5 376 378	8 409 515
Net receipts on commissions and fees	79 095	51 210	53 624
Payments to operations	507 212	241 968	371 048
Taxes paid	-	-	25 967
Net cash flow relating to operations	(33 550 785)	(3 417 147)	(6 205 590)
INVESTMENT ACTIVITY			
Net purchase of loan portfolio	74 263 171	59 960 341	93 628 687
Net cash flow relating to investment activity	(74 263 171)	(59 960 341)	(93 628 687)
FUNDING ACTIVITY			
Net receipts/payments on loans from credit institutions	2 717 263	19 207 726	26 533 186
Net receipts/payments on other short-term liabilities	21 312	(46 362)	(30 387)
Net issue of bonds and commercial paper	106 994 070	47 196 909	77 166 955
Issue of subordinated loan capital	850 000	1 200 000	1 200 000
Repurchase of own shares/share issue	4 250 000	1 300 000	2 500 000
Dividend payments	180 000	-	66 775
Net interest payments on funding activity	5 393 512	4 902 975	7 531 988
Net cash flow from funding activity	109 259 133	63 955 298	99 770 992
Net cash flow	1 445 177	577 810	(63 285)
Cash as at 1 January	2 180 441	2 243 726	2 243 726
Net receipts/payments on cash	1 445 177	577 810	(63 285)
Cash at end of period	3 625 618	2 821 536	2 180 441

The cash flow statement shows receipts and payments of cash and cash equivalents during the period. The statement has been prepared in accordance with the direct method and has been adjusted for items that do not generate cash flows, such as accruals, depreciation and write-downs on loans and guarantees. Cash flows are classified as operating activities, investment activities or funding activities. Balance sheet items are adjusted for the effects of exchange rate movements. Cash is defined as cash and deposits with central banks, and deposits with credit institutions with no agreed period of notice.

Note 1 – Accounting principles etc.

Accounting principles

The accounts for the third quarter 2009 have been prepared according to Norwegian accounting legislation and accounting regulations prepared by the Ministry of Finance. A description of the accounting principles is found in the company's annual report for 2008. With effect from 1 January 2007, DnB NOR Boligkreditt AS has prepared the accounts according to Norwegian IFRS regulations. The accounts for the third quarter 2009 have been prepared according to IAS 34 Interim Financial Reporting.

IAS 1 – Presentation of Financial Statements (revised)

DnB NOR Boligkreditt AS has applied the revised IAS 1 from 1 January 2009. According to the revised standard, the statement of changes in equity should only show details on transactions with owners. Other transactions recognised in equity should be presented on a separate line in the statement of changes in equity. In the income statement, these transactions are shown in a statement of comprehensive income under the income statement. DnB NOR Boligkreditt has no equity transactions which do not involve its owners.

Note 2 – Important accounting estimates and discretionary assessments

When preparing the accounts of DnB NOR Boligkreditt AS, management makes estimates and discretionary assessments and prepares assumptions that influence the effect of the accounting principles applied and thus the recorded values of assets and liabilities, income and expenses. A more detailed account of important estimates and assumptions is presented in note 2 Important accounting estimates and discretionary assessments in the annual report for 2008.

Fair value of financial derivatives and other financial instruments

The valuation method for bonds issued in connection with the swap scheme with Norges Bank was changed during the first quarter of 2009. These bonds are now valued with reference to issue prices for corresponding bonds. Other bond debt is valued in the same way as earlier, with reference to international prices of covered bonds. This market remains illiquid with a very limited level of activity. The new valuation rules have resulted in a reversal of previously recorded unrealised gains on financial instruments.

Note 3 – Net interest income

	DnB NOR Boligkreditt AS				
	3rd quarter	3rd quarter	January-September	Full year	
<i>Amounts in NOK 1 000</i>	2009	2008	2009	2008	2008
Interest on loans to and deposits with credit institutions	10 243	15 117	62 789	66 254	189 558
Interest on loans to customers	2 410 844	2 355 185	7 610 037	5 642 576	8 758 023
Front-end fees etc.	(7)	92	3 088	334	494
Other interest income	33 727	15 219	85 881	39 665	58 667
Total interest income	2 454 809	2 385 614	7 761 796	5 748 829	9 006 742
Interest on loans and deposits from credit institutions	520 844	915 455	1 867 953	2 316 620	3 530 113
Interest on securities issued	1 369 161	1 246 412	4 431 434	2 867 459	4 478 842
Interest on subordinated loan capital	28 368	27 362	80 785	60 995	104 915
Other interest expenses ¹⁾	(258 652)	17 985	(932 377)	73 272	(65 451)
Total interest expenses	1 659 721	2 207 214	5 447 795	5 318 345	8 048 419
Net interest income	795 088	178 400	2 314 002	430 484	958 323

1) Other interest expenses include interest rate adjustments resulting from interest rate swaps entered into. Derivatives are recorded at fair value.

Note 4 – Net other operating income

DnB NOR Boligkreditt AS					
<i>Amounts in NOK 1 000</i>	3rd quarter 2009	3rd quarter 2008	January-September 2009	2008	Full year 2008
Money transfer fees receivable	571	337	1 686	857	1 234
Sundry commissions and fees receivable on banking services	11 740	6 063	31 930	18 452	26 820
Total commissions and fees receivable etc.	12 311	6 401	33 616	19 309	28 054
Fees on custodial services payable	405	41	889	103	194
Credit broking commissions	(608)	-	(1 710)	-	(83)
Sundry commissions and fees payable on banking services	1	0	6 094	151	154
Total commissions and fees payable etc.	(203)	41	5 273	254	265
Net gains on financial instruments at fair value	120 127	158 970	(1 042 758)	237 085	885 601
Net other operating income	132 641	165 411	(1 014 415)	256 141	913 390

Note 5 – Net gains on financial instruments at fair value

DnB NOR Boligkreditt AS					
<i>Amounts in NOK 1 000</i>	3rd quarter 2009	3rd quarter 2008	January-September 2009	2008	Full year 2008
Net gains on foreign exchange and financial derivatives	120 587	290 470	(535 597)	575	619 499
Net gains on financial derivatives, hedging ¹⁾	283 790	1 498 165	1 013 759	(322 778)	3 918 527
Net gains on fixed rate loans	16 052	17 521	61 075	200	248 153
Net gains on financial liabilities, hedged items ¹⁾	(293 306)	(1 528 352)	(1 025 997)	304 284	(3 906 487)
Net gains on financial liabilities, other	(6 995)	(118 835)	(555 998)	254 805	5 909
Net gains on financial instruments at fair value	120 127	158 970	(1 042 758)	237 085	885 601

1) DnB NOR Boligkreditt AS uses hedge accounting for long-term borrowings in foreign currency. Loans are hedged 1:1 through external contracts where there is a correlation between currencies, interest rate flows and the hedging instrument. For the bank, the NOK leg of a hedging transaction will be exposed to 3-month interest rates, while for DnB NOR Boligkreditt AS, hedging transactions are entered into to further reduce the interest rate risk on the NOK leg of the hedging transaction. In the table, the interest rate exposure of the NOK leg of the interest rate swaps are included in changes in value of the hedging instrument.

Note 6 – Operating expenses

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	3rd quarter 2009	3rd quarter 2008	Januar-September 2009	Januar-September 2008	Full year 2008
Ordinary salaries	1.641	2.422	6.380	6.322	9.258
Employer's national insurance contributions	127	483	1.101	1.052	1.541
Pension expenses	455	-	1.905	1.181	3.874
Social expenses	237	130	848	652	1.032
Total salaries and other personnel expenses	2.460	3.034	10.234	9.207	15.705
Fees	208.625	87.975	559.500	231.574	353.282
EDP expenses	4	-	6	16	24
Postage and telecommunications	12	18	30	31	27
Office supplies	4	2	13	9	11
Marketing and public relations	14	5	26	19	24
Travel expenses	59	46	248	238	363
Other operating expenses	803	736	975	875	1.612
Other expenses	209.521	88.782	560.798	232.761	355.343
Total operating expenses	211.981	91.816	571.032	241.968	371.048

Last five quarters

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	3rd quarter 2009	2nd quarter 2009	1st quarter 2009	4th quarter 2008	3rd quarter 2008
Ordinary salaries	1 641	2 347	2 392	2 936	2 422
Employer's national insurance contributions	127	608	366	489	483
Pension expenses	455	234	1 216	2 693	-
Social expenses	237	312	299	380	130
Total salaries and other personnel expenses	2 460	3 501	4 273	6 498	3 034
Fees	208 625	183 184	167 691	121 708	87 975
EDP expenses	4	2	-	8	-
Postage and telecommunications	12	9	9	(4)	18
Office supplies	4	6	3	2	2
Marketing and public relations	14	6	6	5	5
Travel expenses	59	103	86	125	46
Other operating expenses	803	66	106	737	736
Other expenses	209 521	183 376	167 901	122 582	88 782
Total operating expenses	211 981	186 877	172 174	129 080	91 816

Note 7 – Number of employees/full-time positions

DnB NOR Boligkreditt AS

	3rd quarter 2009	3rd quarter 2008	January-September 2009	January-September 2008	Full year 2008
Number of employees at end of period ¹⁾	12	9	12	9	11
Number of employees calculated on a full-time basis at end of period ¹⁾	9	9	9	9	11

1) All employees in the DnB NOR Group's two mortgage institutions are employed in both companies, whereby position fractions are divided between the two companies. There will thus be unusually large differences between the number of employees and the number of full-time positions.

Note 8 – Write-downs on loans

DnB NOR Boligkreditt AS					
<i>Amounts in NOK 1 000</i>	3rd quarter	3rd quarter	January-September		Full year
	2009	2008	2009	2008	2008
Write-offs	-	-	-	-	-
New individual write-downs	(20 582)	-	3 884	-	17 296
Total new individual write-downs	(20 582)	-	3 884	-	17 296
Reassessed individual write-downs	-	-	-	-	-
Total individual write-downs	(20 582)	-	3 884	-	17 296
Change in group write-downs ¹⁾	(6 000)	-	27 000	19 000	54 000
Write-downs on loans	(26 582)	0	30 884	19 000	71 296

1) Based on the DnB NOR Group's calculation model and statistics.

A more detailed account of write-downs on loans is presented in note 2 Important accounting estimates and discretionary assessments in the annual report for 2008.

Note 9 – Lending to customers

DnB NOR Boligkreditt AS			
<i>Amounts in NOK 1 000</i>	30 Sep.	31 Dec.	30 Sep.
	2009	2008	2008
Lending to customers, nominal amount	293 804 167	191 771 104	156 173 158
Individual write-downs	11 023	17 429	-
Lending to customers, after individual write-downs	293 793 144	191 753 675	156 173 158
+ Accrued interest and amortisation	727 337	661 496	545 715
- Individual write-downs of accrued interest and amortisation	11 654	6	-
Lending to customers, at amortised cost	294 508 826	192 415 165	156 718 873
Lending to customers, nominal amount	18 921 568	5 893 577	2 156 566
Individual write-downs	-	28	-
Lending to customers, after individual write-downs	18 921 568	5 893 549	-
+ Accrued interest	45 824	17 333	6 354
+ Adjustment to fair value	285 420	224 345	(29 350)
Lending to customers, classified at fair value	19 252 812	6 135 227	2 133 570
- Group write-downs	95 000	68 000	33 000
Lending to customers	313 666 637	198 482 392	158 819 443

Note 10 – Securities issued

Covered bonds - listed

DnB NOR Boligkreditt AS

Amounts in NOK 1 000

ISIN Code	Nominal value	Currency	Interest	Issued	Matured	30 Sep. 2009	31 Dec. 2008	30 Sep. 2008
XSO308736023	1 500 000	EUR	Fixed 4.625 %	2007	2012	12 731 135	14 687 453	12 504 966
NO0010378730	6 000 000	NOK	Fixed 5.550 %	2007	2014	6 000 000	6 000 000	7 000 000
XSO330848622	1 500 000	EUR	Fixed 4.375 %	2007	2010	12 731 135	14 687 453	12 504 966
CH0034696242	250 000	CHF	Fixed 3.000 %	2007	2012	1 397 620	1 640 731	1 327 136
CH0034696259	250 000	CHF	Fixed 3.375 %	2007	2016	1 397 620	1 640 731	1 327 136
NO0010398431	1 500 000	NOK	Floating 3M Nibor - 0,03%	2007	2010	1 500 000	1 500 000	1 500 000
XSO345378524	50 000	EUR	Floating 3M Euribor + 0,10%	2008	2013	424 371	489 582	416 832
XSO345291081	2 000 000	EUR	Fixed 4.125 %	2008	2013	16 974 846	19 583 270	16 673 288
XSO343679220	50 000	EUR	Floating 3M Euribor + 0,08%	2008	2011	424 371	489 582	416 832
XSO342241295	100 000	EUR	Floating 3M Euribor + 0,05%	2008	2011	848 742	979 164	833 664
XSO343839790	8 000 000	JPY	Floating 3M JPY Libor + 0,00%	2008	2011	518 824	617 400	447 624
CH0039334104	200 000	CHF	Fixed 3.385 %	2008	2016	1 118 096	1 312 585	1 061 708
NO0010430143	1 400 000	NOK	Fixed 5.500 %	2008	2019	1 600 000	1 400 000	1 600 000
XSO363732701	2 000 000	EUR	Fixed 4.500 %	2008	2011	16 974 846	19 583 270	16 673 288
XSO377361471	15 000	EUR	Fixed 4.900 %	2008	2013	127 311	146 875	125 050
XSO378505514	5 000 000	JPY	Fixed 2.045 %	2008	2018	324 265	385 875	279 765
XSO383827135	50 000	EUR	Fixed 4.814 %	2008	2015	424 371	489 582	416 832
XSO384439978	50 000	EUR	Floating 6M Euribor + 0,106%	2008	2011	424 371	489 582	416 833
NO0010526817	10 000 000	NOK	Floating 3M Nibor + 0,30%	2009	2018	10 000 000	-	-
NO0010526809	10 000 000	NOK	Floating 3M Nibor + 0,30%	2009	2017	10 000 000	-	-
NO0010534100	15 000 000	NOK	Floating 3M Nibor + 0,30%	2009	2019	15 000 000	-	-
NO0010534688	1 250 000	NOK	Floating 3M Nibor + 0,40%	2009	2014	1 250 000	-	-
Adjustments						5 511 055	4 945 697	1 040 606
Total securities issued						117 702 980	91 068 829	76 566 526

Note 10 – Securities issued (continued)

Private placements under the bond programme

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>						30 Sep.	31 Dec.	30 Sep.
ISIN Code	Nominal value	Currency	Interest	Issued	Matured	2009	2008	2008
-	35 000	EUR	Fixed 4.540 %	2008	2018	297 060	342 707	291 783
-	5 000	EUR	Fixed 4.586 %	2008	2018	42 437	48 958	41 683
-	45 500	EUR	Fixed 4.693 %	2008	2020	386 178	445 519	379 317
-	15 000	EUR	Fixed 4.600 %	2008	2018	127 311	146 875	125 050
-	150 000	EUR	Fixed 5.023 %	2008	2024	1 273 113	1 468 745	1 250 497
-	99 000	EUR	Fixed 6.550 %	2008	2026	840 255	969 372	825 328
-	20 000	EUR	Fixed 5.200 %	2008	2018	169 748	195 833	166 733
-	30 000	EUR	Fixed 4.928 %	2008	2023	254 623	293 749	250 099
-	111 000	EUR	Fixed 6.100 %	2008	2026	942 104	1 086 871	925 367
-	10 000	EUR	Fixed 5.360 %	2008	2018	84 874	97 916	83 366
-	120 000	EUR	Fixed 4.948 %	2008	2022	1 018 491	1 174 996	1 000 397
-	40 000	EUR	Fixed 5.070 %	2008	2013	339 497	391 665	333 466
-	15 000	EUR	Fixed 5.075 %	2008	2023	127 311	146 875	125 050
-	20 000	EUR	Fixed 5.510 %	2008	2018	169 748	195 833	166 733
-	20 000	EUR	Fixed 5.910 %	2008	2018	169 748	195 833	166 733
-	15 000	EUR	Fixed 5.170 %	2008	2018	127 311	146 875	125 050
-	20 000	EUR	Fixed 5.065 %	2008	2016	169 748	195 833	166 733
-	20 000	EUR	Fixed 5.575 %	2008	2018	169 748	195 833	166 733
-	15 000	EUR	Fixed 4.985 %	2008	2021	127 311	146 875	125 050
-	10 000	EUR	Fixed 5.450 %	2008	2013	84 874	97 916	83 366
-	15 000	EUR	Fixed 5.415 %	2008	2018	127 311	146 875	125 050
-	120 000	EUR	Fixed 4.903 %	2008	2019	1 018 491	1 174 996	1 000 397
-	20 000	EUR	Fixed 5.430 %	2008	2018	169 748	195 833	166 733
-	250 000	NOK	Fixed 5.850 %	2008	2015	250 000	250 000	-
-	14 000 000	NOK	Floating 3M Nibor + 0,40%	2008	2015	14 000 000	14 000 000	-
-	16 900 000	NOK	Floating 3M Nibor + 0,40%	2008	2015	16 900 000	16 900 000	-
-	15 000 000	NOK	Floating 3M Nibor + 0,30%	2009	2014	15 000 000	-	-
-	13 734 000	NOK	Floating 3M Nibor + 0,30%	2009	2013	13 734 000	-	-
-	12 000	EUR	Fixed 4.300 %	2009	2019	101 849	-	-
-	5 000	EUR	Fixed 4.370 %	2009	2019	42 437	-	-
-	5 000 000	NOK	Floating 3M Nibor + 0,30%	2009	2016	5 000 000	-	-
-	10 000 000	NOK	Floating 3M Nibor + 0,30%	2009	2017	10 000 000	-	-
-	10 000 000	NOK	Floating 3M Nibor + 0,30%	2009	2017	10 000 000	-	-
-	75 000	EUR	Fixed 4,415%	2009	2021	636 557	-	-
-	15 000	EUR	Fixed 4.520 %	2009	2019	127 311	-	-
-	30 000	EUR	Fixed 4.500 %	2009	2018	254 623	-	-
-	10 000 000	NOK	Floating 3M Nibor + 0,30%	2009	2016	10 000 000	-	-
-	160 000	EUR	Fixed 4.440 %	2009	2019	1 357 988	-	-
-	125 000	EUR	Fixed 4.700 %	2009	2024	1 060 928	-	-
-	125 000	EUR	Fixed 4.580 %	2009	2024	1 060 928	-	-
-	12 000	EUR	Fixed 4.230 %	2009	2019	101 849	-	-
-	30 000	EUR	Fixed 4.485 %	2009	2024	254 623	-	-
-	25 000	EUR	Fixed 4.370 %	2009	2024	212 186	-	-
-	21 000	EUR	Fixed 4.760 %	2009	2029	178 236	-	-
-	10 000	EUR	Fixed 4.070 %	2009	2020	84 874	-	-
-	100 000	CHF	Fixed 2.540 %	2009	2019	559 048	-	-
-	10 000	EUR	Fixed 4.600 %	2009	2029	84 874	-	-
-	25 000	EUR	Floating 6M Euribor + 0,38%	2009	2019	212 186	-	-
-	20 000	EUR	Fixed 4.640 %	2009	2034	169 748	-	-
Adjustments						2 129 982	1 482 132	110 698
Total securities issued						111 751 270	42 134 913	8 201 411

Note 10 – Securities issued (continued)

Covered bonds

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	30 Sep. 2009	31 Dec. 2008	30 Sep. 2008
Total listed covered bonds	112 191 929	86 123 132	75 525 920
Total private placements under the bond programme	109 621 288	40 652 782	8 090 713
Adjustment	7 641 037	6 427 828	1 151 304
Total securities issued	229 454 254	133 203 742	84 767 937

Cover pool

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	30 Sep. 2009	31 Dec. 2008	30 Sep. 2008
Pool of eligible loans	279 071 366	156 044 020	118 538 714
Market value of derivatives	12 308 868	23 710 645	4 946 039
Supplementary assets	124 924	2 132 186	2 732 679
Total collateralised assets	291 505 158	181 886 851	126 217 432
Over-collateralisation	127 %	137 %	149 %

Note 11 – Subordinated loan capital

Subordinated loan capital

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	Nominal	Currency	Interest rate	Issue date	Maturity date	30 Sep. 2009	31 Dec. 2008	30 Sep. 2008
Term subordinated loan capital	350 000	NOK	3 month Nibor + 35 bp	2006	2016	350 000	350 000	350 000
Term subordinated loan capital	150 000	NOK	3 month Nibor + 20 bp	2007	2017	150 000	150 000	150 000
Term subordinated loan capital	230 000	NOK	3 month Nibor + 20 bp	2007	2017	230 000	230 000	230 000
Term subordinated loan capital	300 000	NOK	3 month Nibor + 75 bp	2007	2017	300 000	300 000	300 000
Term subordinated loan capital	1 200 000	NOK	3 month Nibor + 152 bp	2008	2018	1 200 000	1 200 000	1 200 000
Term subordinated loan capital	850 000	NOK	4 month Nibor + 400 bp	2009	2019	850 000	-	-
Adjustments						8 215	8 676	9 308
Total	3 080 000					3 088 215	2 238 676	2 239 308

Note 12 - Capital adequacy

New capital adequacy regulations, Basel II, entered into force on 1 January 2007. See the annual report for 2007 for further description of DnB NOR Boligkreditt and the DnB NOR Group's implementation of the Basel II regulations.

Primary capital

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	30 Sep. 2009	31 Dec. 2008
Share capital	1 577 000	1 152 000
Other equity	9 200 172	5 375 173
Total equity	10 777 172	6 527 173
Deductions		
Portion of unrecognised actuarial (gains)/losses	(427 135)	(427 135)
Core capital ¹⁾	10 350 037	6 100 038
Term subordinated loan capital	3 080 000	2 230 000
Supplementary capital	3 080 000	2 230 000
Deductions	231 243	79 461
Total eligible primary capital	13 198 794	8 250 577
Risk-weighted volume	135 701 750	97 023 137
Minimum capital requirement	10 856 140	7 761 851
Core capital ratio (%)	7.6	6.3
Capital ratio (%)	9.7	8.5

Due to transitional rules, the minimum capital requirement for 2008 and 2009 cannot be reduced below 90 and 80 per cent respectively in relation to the requirements according to Basel I rules.

Capital adequacy for the third quarter is reported according to the transitional rules.

The Schedule below shows capital adequacy according to Basel II without regard to the rules of transition.

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	30 Sep. 2009	31 Dec. 2008
Risk-weighted volume, Basel II	39 021 631	21 660 232
Minimum capital requirement, Basel II	3 121 730	1 732 819
Core capital ratio (%)	26.2	28.0
Capital ratio (%)	33.8	38.1

1) The loss for the period has not been deducted from core capital.

Note 13 – Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its payment obligations.

The Board of Directors sets annual limits for the company's liquidity risk, which means preparing liquidity risk limits, contingency plans, organisational aspects and responsibilities, forecasts, stress tests, routines for monitoring limit utilisation and compliance with guidelines, management reporting and independent monitoring of management and control systems.

According to Section 2-32 of the Financial Institutions Act: "the mortgage institution shall ensure that payment flows from the cover assets at all times enable the mortgage institution to meet its payment obligations to the owners of bonds with preferential rights and counter-parties in derivative agreements". The company's Board of Directors has decided that the company shall, at all times, have positive cash flows within the next 12 months.

According to Section 6 in the regulations on sound liquidity management, "the institution shall analyse the liquidity situation by means of stress tests, which must be adapted to the scope, complexity and risk of operations. Experience from the stress tests shall be used when the Board of Directors considers the liquidity strategy and approves liquidity risk limits".

As part of liquidity risk management, the company prepares liquidity stress tests with quarterly reporting to the Board of Directors. Important parameters in the stress tests are developments in non-performing volume and reductions in housing prices.

The rating agencies have recently announced that they will place more importance on liquidity risk in connection with ratings.

DnB NOR Boligkreditt AS's liquidity situation at end-September 2009 can be characterised as sound.

Note 14 - Information on related parties

Major transactions with related parties:

DnB NOR Bank ASA

DnB NOR Boligkreditt AS is 100 per cent owned by DnB NOR Bank ASA. As part of ordinary business transactions, a large number of banking transactions are entered into between DnB NOR Boligkreditt AS (Boligkreditt) and DnB NOR Bank ASA (the bank), including loans, deposits and financial derivatives used in currency and interest rate risk management. Transactions are carried out on market terms and are regulated in the "Agreement relating to transfer of loan portfolio between DnB NOR Bank ASA and DnB NOR Boligkreditt AS" (the transfer agreement) and the "Contract concerning purchase of management services" (the management agreement).

The transfer agreement regulates the transfer of loan portfolios qualifying as collateral for the issue of covered bonds. During the January through September period in 2009, portfolios totalling NOK 73.3 billion were transferred from the bank to Boligkreditt, of which NOK 20.8 billion referred to the third quarter. The transfers are based on market terms. Excess values in portfolios transferred during the third quarter of 2009 are estimated at NOK 96.7 million. Calculations are based on the net present value of future net income from the acquired portfolio less the required rate of return on tied-up risk-adjusted capital.

Pursuant to the management agreement, Boligkreditt purchases services from the bank, including administration, bank production, distribution, customer contact, IT operations, financial and liquidity management. Boligkreditt pays an annual management fee for these services based on the lending volume under management. For new loans approved through the bank's channels, a sales commission for each loan is also paid. The fee paid for the period January through September 2009 totalled NOK 541.3 million.

At end-September 2009, DnB NOR Bank ASA had subscribed for covered bonds issued by DnB NOR Boligkreditt for a total of NOK 99,2 billion. The bank uses bonds issued by Boligkreditt as security for Treasury bills purchased from Norges Bank as part of the stimulus package for the Norwegian financial services industry.

Vital Forsikring ASA

As part of the company's ordinary investment activity, Vital Forsikring ASA (Vital) has subscribed for covered bonds issued by Boligkreditt. Vital's investments in Boligkreditt are limited to listed covered bonds. Vital's holding of Boligkreditt bonds was valued at NOK 7,2 billion at end-September 2009.

Group contributions

During the second quarter of 2009, DnB NOR Boligkreditt AS transferred group contributions to DnB NOR Bank ASA in the amount of NOK 180 million. DnB NOR Boligkreditt AS is a wholly-owned subsidiary of DnB NOR Bank ASA. The group contributions represent settlement of ordinary year-end adjustments for the 2008 accounting year.

Note 15 - Contingencies

DnB NOR Boligkreditt AS is party to no legal actions.

Key figures

DnB NOR Boligkreditt AS

	3rd quarter 2009	3rd quarter 2008	January - September 2009	January - September 2008	Full year 2008
Rate of return/profitability					
1. Return on equity, annualised (%) ¹⁾	21.9	15.4	8.3	10.0	22.4
Financial strength					
2. Core (Tier 1) capital ratio at end of period (%) ²⁾	7.6	5.7	7.6	5.7	6.3
3. Capital adequacy ratio at end of period (%) ²⁾	9.7	8.6	9.7	8.6	8.5
4. Core capital at end of period (NOK million)	10 350 037	4 475 971	10 350 037	4 475 971	6 100 038
5. Risk-weighted volume at end of period (NOK million)	135 701 750	78 168 952	135 701 750	78 168 952	97 023 137
Loan portfolio and write-downs					
6. Write-downs relative to net lending to customers, annualised	0.00	0.00	0.00	0.00	0.01
7. Net non-performing and impaired commitments, per cent of net lend	0.09	0.00	0.09	0.00	0.06
8. Net non-performing and impaired commitments at end of period (NOK 1 000) ³⁾	293 980	54 231	293 980	54 231	113 317
Staff					
9. Number of full-time positions at end of period	9	9	9	9	11

Definitions

1) Average equity is calculated on the basis of recorded equity.

2) Figures for previous periods have been prepared in accordance with rules prevailing on the reporting dates.

Profit and balance sheet trends

Income statement

DnB NOR Boligkreditt AS

	3rd quarter 2009	2nd quarter 2009	1st quarter 2009	4th quarter 2008	3rd quarter 2008
<i>Amounts in NOK 1 000</i>					
Total interest income	2 454 809	2 553 013	2 753 974	3 257 913	2 385 614
Total interest expenses	1 659 721	1 755 492	2 032 581	2 730 074	2 207 214
Net interest income	795 088	797 521	721 393	527 839	178 400
Commissions and fees receivable etc.	12 311	11 396	9 908	8 745	6 400
Commissions and fees payable etc.	(203)	(339)	5 814	11	41
Net gains on financial instruments at fair value	120 127	(545 549)	(617 336)	648 516	158 970
Net other operating income	132 641	(533 815)	(613 243)	657 250	165 411
Total income	927 729	263 707	108 150	1 185 089	343 811
Salaries and other ordinary personnel expenses	2 460	3 501	4 273	6 498	3 034
Other expenses	209 521	183 376	167 901	122 582	88 781
Total operating expenses	211 981	186 877	172 174	129 080	91 816
Write-downs on loans and guarantees	(26 583)	37 001	20 465	52 296	-
Pre-tax operating profit	742 331	39 828	(84 490)	1 003 713	251 995
Taxes	207 853	11 152	(23 657)	278 983	70 559
Profit for the period	534 478	28 676	(60 833)	724 730	181 436
Earnings per share (NOK)	38.00	2.32	(5.28)	62.91	17.58
Diluted earnings per share (NOK)	38.00	2.32	(5.28)	62.91	17.58

	30 Sep. 2009	30 June 2009	31 March 2009	31 Dec. 2008	30 Sep. 2008
<i>Amounts in NOK 1 000</i>					
Assets					
Lending to and deposits with credit institutions	3 625 618	528 363	544 163	2 180 441	2 821 535
Lending to customers	313 666 637	281 798 525	239 259 739	198 482 392	158 819 443
Financial derivatives	13 557 088	18 898 009	18 791 016	25 631 917	7 073 781
Deferred tax assets	-	-	-	-	-
Other assets	24 578	15 270	44 795	52 710	35 277
Total assets	330 873 922	301 240 167	258 639 713	226 347 460	168 750 036
Liabilities and equity					
Loans and deposits from credit institutions	84 545 096	93 245 020	66 495 205	81 827 833	74 519 972
Financial derivatives	1 633 955	1 815 054	1 505 790	1 874 823	2 179 936
Securities issued	229 454 254	195 394 196	181 277 338	133 203 742	84 767 937
Payable taxes	195 348	-	-	-	119 184
Deferred taxes	501 783	462 212	436 180	455 032	84 289
Other liabilities	146 885	65 552	223 464	220 181	56 966
Provisions	28 890	28 890	-	-	-
Subordinated loan capital	3 088 215	2 234 228	2 235 396	2 238 676	2 239 308
Total liabilities	319 594 427	293 245 151	252 173 373	219 820 287	163 967 592
Share capital	1 577 000	1 302 000	1 152 000	1 152 000	1 032 000
Other reserves and retained earnings	9 702 496	6 693 016	5 314 340	5 375 173	3 750 444
Total equity	11 279 496	7 995 016	6 466 340	6 527 173	4 782 444
Total liabilities and equity	330 873 922	301 240 167	258 639 713	226 347 460	168 750 036

Contact information

DnB NOR ASA

Organisation number: 981 276 957
www.dnbnor.com

DnB NOR Bank ASA

Organisation number: 984 851 006
Mailing address: NO-0021 Oslo
Visiting address: Stranden 21, 0250 Oslo
www.dnbnor.no
Tel: 03000 (from abroad: +47 915 03000)

Investor Relations

Thor Tellefsen
Tel: +47 22 94 93 88
thor.tellefsen@dnbnor.no

Per Sagbakken
Tel: +47 22 48 20 72
per.sagbakken@dnbnor.no

DnB NOR Boligkreditt AS

Organisation number: 985 621 551
Mailing address: Kirkegaten 21, 0021 Oslo
Visiting address: Kirkegaten 21, 0021 Oslo

Chief executive officer

Øyvind Birkeland
Tel: +47 950 59 700
oyvind.birkeland@dnbnor.no

Financial reporting

Sverre Ellingsæther
Tel: +47 970 41 538
sverre.ellingsather@dnbnor.no

Rating/Funding

Helge Stray
Tel: +47 22 94 93 76
helge.stray@dnbnor.no

Other sources of information

Annual reports

DnB NOR Boligkreditt AS is part of the DnB NOR Bank Group and the DnB NOR Group. Annual reports for DnB NOR Boligkreditt AS, the DnB NOR Bank Group and the DnB NOR Group are available on www.dnbnor.com.

Quarterly publications

Quarterly reports are available on www.dnbnor.com

www.dnbnor.com