

Report for the second quarter and first half of 2009



DnB NOR Boligkreditt AS

DnB NOR
Boligkreditt

Report for the second quarter and first half of 2009

Introduction

DnB NOR Boligkreditt recorded pre-tax operating profits before write-downs of NOK 76.8 million in the second quarter of 2009, compared with NOK 87.6 million in the year-earlier period. Profit for the period came to NOK 28.7 million, down from NOK 55.1 million in the second quarter of 2008. Return on equity was 1.6 per cent in the April through June period of 2009, as against 5.0 per cent in the year-earlier period. Earnings per share were NOK 2.32 in the second quarter of 2009, declining from NOK 5.37 in the second quarter of 2008.

DnB NOR Boligkreditt's pre-tax operating profits before write-downs for the first half of the year were NOK 12.8 million, compared with NOK 192.7 million in the year-earlier period. There was a loss of NOK 32.2 million for the period, as against a profit of NOK 125.1 million in 2008.

The core capital ratio of DnB NOR Boligkreditt was 6.5 per cent at end-June 2009, compared with 6.3 per cent at end-December 2008.

During the second quarter of 2009, DnB NOR Boligkreditt acquired residential mortgages from DnB NOR Bank and the Postbanken brand for a total of NOK 31.1 billion. Mortgages for a total of NOK 52.5 billion were taken over in the first half of 2009. Other balance sheet growth was mainly due to new loans established directly in the company.

The company issued new covered bonds for NOK 13.6 billion during the second quarter of 2009, while new bonds issued in the first six months of the year totalled NOK 67.5 billion.

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

Income

Income totalled NOK 263.7 million in the second quarter of 2009, up from NOK 171.6 million in the year-earlier period. Income for the first half of 2009 came to NOK 371.9 million, an increase from NOK 342.9 million in the first half of 2008.

Net interest income

Net interest income came to NOK 797.5 million for the April through June period in 2009, an increase of NOK 684.1 million from the second quarter of 2008. Net interest income for the first half of 2009 totalled NOK 1 518.9 million, up from NOK 252.1 million in the year-earlier period.

Net other operating income

Net other operating income was negative at NOK 533.8 million in the second quarter of 2009, compared with income of NOK 58.1 million in the second quarter of 2008. Net other operating income

was negative at NOK 1 147.1 million in the first half of the year. In the first half of 2008, net other operating income totalled NOK 90.8 million. The decline in the first quarter of 2009 reflected changes in the valuation of issued bonds, which were implemented in the first quarter, as well as the effect of changes in the value of financial derivatives and liabilities recorded in the accounts.

Operating expenses

The company's operating expenses totalled NOK 186.9 million in the second quarter of 2009, an increase of NOK 102.9 million from the year-earlier period. The management fee to DnB NOR Bank was NOK 178.5 million, up from NOK 80.1 million in the second quarter of 2008. Operating expenses for the first half of the year were NOK 359.1 million, compared with NOK 150.2 million in the first half of 2008. The management fee to the bank was NOK 337.0 million for the January through June period. The increase is due to the fact that the fee is calculated on the basis of portfolio volume.

Write-downs on commitments

DnB NOR Boligkreditt recorded write-downs on loans of NOK 37.0 million in the second quarter of 2009, comprising group write-downs according to the DnB NOR Group's calculation model of NOK 22.0 million and individual write-downs of NOK 15.0 million. Write-downs on loans totalling NOK 57.5 million were made in the first half of 2009, comprising group write-downs NOK 33.0 million and individual write-downs of NOK 24.5 million. The Board of Directors consider the total level of write-downs to be satisfactory relative to the quality of the loan portfolio. Non-performing and impaired commitments represented 0.10 per cent of total lending volume at end-June 2009, compared with 0.06 per cent at end-December 2008.

Taxes

DnB NOR Boligkreditt reported a loss for the first half of 2009. 28 per cent (income) tax is calculated on the company's profits.

Balance sheet and assets under management

At end-June 2009, DnB NOR Boligkreditt had a total of NOK 301.2 billion under management, an increase of NOK 171.0 billion or 131.3 per cent from a year earlier.

Net lending to customers rose by NOK 157.6 billion or 126.9 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 and under the Postbanken brand.

Since year-end 2008, recorded securities issued increased by NOK 62.2 billion, from NOK 133.2 billion to NOK 195.4 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-June 2009, the company's equity totalled NOK 7 995.0 million, of which NOK 7 908.8 million represented core capital.

Total primary capital in the company was NOK 9 987.9 million. The core capital ratio was 6.5 per cent, while the capital adequacy ratio was 8.2 per cent. The company's capital increased by NOK 1.5 billion in the second quarter due to growth in lending. In the course of the third quarter of 2009, the company will receive additional primary capital to ensure ongoing operations. 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

After a demanding first quarter, there was a clear improvement in most financial market segments in the April through June

period. Though the gradual rise in issues primarily took place in the market for senior bonds without government guarantees, the market for covered bonds also recovered significantly during the second quarter of 2009. Several large European market players have completed bond issues with relatively long maturities with residential mortgages as underlying collateral.

Prospects for 2009

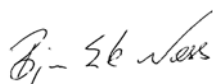
Economic developments remain uncertain, but the positive signs in the first quarter manifested themselves during the spring and summer. Housing prices in Norway have risen for six consecutive months and were 12 per cent higher at end-June than at end-December 2008. Household credit growth showed a moderate upward trend, coupled with a strong upturn in private consumption in April and May. There was a continued rise in unemployment through the second quarter, but the rate of growth slowed relative to the first quarter. These factors support expectations that the economy is in the process of bottoming out and that there will be a moderate upturn in the second half of the year.

There is reason to hope that the various long-term measures implemented by the authorities in key countries will normalise the situation in financial markets. A factor of special significance to the issue of covered bonds is the European Central Bank's announcement in May of its plan to purchase covered bonds for a total of up to EUR 60 billion in the primary and secondary markets. Further details about the scheme were presented in June, and the markets have reacted positively. The bank's purchase of covered bonds will take place between July 2009 and end-June 2010.

In spite of signs of more stable access to capital and narrowing interest spreads upon the issue of covered bonds, the swap scheme with Norges Bank will remain an important element in the long-term funding of Norwegian banks and mortgage institutions through 2009.

Oslo, 13 July 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 and half-yearly figures.

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

Statement pursuant to Section 5-6 of the Securities Trading Act

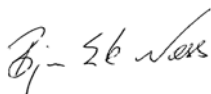
We hereby confirm that the company's half-yearly financial statements for the period 1 January through 30 June 2009 to the best of our knowledge have been prepared in accordance with IAS 34 – Interim Financial Reporting, and give a true and fair view of company's assets, liabilities, financial position and profit or loss taken as a whole.

To the best of our knowledge, the half-yearly report gives a true and fair:

- overview of important events that occurred during the accounting period and their impact on the half-yearly financial statements
- description of the principal risks and uncertainties facing the company over the next accounting period

Oslo, 13 July 2009

The Board of Directors of DnB NOR Boligkreditt AS



Bjørn Erik Næss
(chairman)



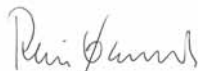
Jarle Mortensen



Stein Ove Steffensen



Kristin Normann



Rein Øsebak



Øyvind Birkeland
(chief executive officer)

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Income statement

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	Note	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
Total interest income	3	2 553 013	1 904 842	5 306 987	3 363 216	9 006 742
Total interest expenses	3	1 755 492	1 791 422	3 788 073	3 111 131	8 048 419
Net interest income	3	797 521	113 420	1 518 914	252 085	958 323
Commissions and fees receivable etc.	4	11 396	7 350	21 303	12 909	28 054
Commissions and fees payable etc.	4	(339)	185	5 476	213	265
Net gains/(losses) on financial instruments at fair value	4,5	(545 549)	50 975	(1 162 885)	78 115	885 601
Net other operating income		(533 815)	58 140	(1 147 057)	90 811	913 390
Total income		263 707	171 560	371 856	342 896	1 871 713
Salaries and other ordinary personnel expenses	6	3 501	3 008	7 775	6 173	15 705
Other expenses	6	183 376	80 986	351 276	143 980	355 343
Total operating expenses		186 877	83 994	359 051	150 153	371 048
Write-downs on loans and guarantees	8	37 001	11 000	57 466	19 000	71 296
Pre-tax operating profit		39 828	76 566	(44 661)	173 743	1 429 369
Taxes		11 152	21 438	(12 505)	48 648	398 167
Profit for the period		28 676	55 128	(32 156)	125 095	1 031 202
Earnings per share (NOK)		2.32	5.37	(2.61)	12.94	100.13
Diluted earnings per share (NOK)		2.32	5.37	(2.61)	12.94	100.13

Comprehensive income statement according to IAS 1 ¹⁾

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1000</i>	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
Profit for the period	28 676	55 128	(32 156)	125 095	1 031 202
Exchange differences arising from the translation of foreign operations	-	-	-	-	-
Comprehensive income for the period	28 676	55 128	(32 156)	125 095	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 June 2009	31 Dec. 2008	30 June 2008
Assets				
Lending to and deposits with credit institutions		528 363	2 180 441	3 086 609
Lending to customers	9	281 798 525	198 482 392	124 226 707
Financial derivatives		18 898 009	25 631 917	2 885 905
Other assets		15 270	52 710	37 752
Total assets		301 240 167	226 347 460	130 236 973
Liabilities and equity				
Loans and deposits from credit institutions		93 245 020	81 827 833	44 490 170
Financial derivatives		1 815 054	1 874 823	2 708 624
Securities issued	10	195 394 196	133 203 742	77 251 123
Payable taxes		-	-	48 648
Deferred taxes		462 212	455 032	71 689
Other liabilities		65 552	191 291	27 038
Provisions		28 890	28 890	8 414
Subordinated loan capital	11	2 234 228	2 238 676	1 030 201
Total liabilities		293 245 151	219 820 287	125 635 907
Share capital		1 302 000	1 152 000	1 032 000
Other reserves and retained earnings		6 693 016	5 375 173	3 569 066
Total equity		7 995 016	6 527 173	4 601 066
Total liabilities and equity		301 240 167	226 347 460	130 236 973

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			125 095	125 095	125 095
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	131 066	3 569 066	4 601 066
Profit for the period			906 107	906 107	906 107
Group contribution			(180 000)	(180 000)	(180 000)
Net income for the period			851 202	851 202	851 202
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	857 173	5 375 173	6 527 173
Profit for the period			(32 156)	(32 156)	(32 156)
Share issue 25 May 2009	150 000	1 350 000	-	1 350 000	1 500 000
Balance sheet as at 30 June 2009	1 302 000	5 868 000	825 016	6 693 016	7 995 016

Cash flow statement

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	1st half 2009	1st half 2008	Full year 2008
OPERATIONS			
Net payments on loans to customers	30 891 545	6 300 296	14 271 714
Interest received from customers	5 254 772	3 197 486	8 409 515
Net receipts on commissions and fees	40 916	12 909	53 624
Payments to operations	295 333	144 947	371 048
Taxes paid	-	-	25 967
Net cash flow relating to operations	(25 891 190)	(3 234 848)	(6 205 590)
INVESTMENT ACTIVITY			
Net purchase of loan portfolio	52 566 169	27 782 741	93 628 687
Net cash flow relating to investment activity	(52 566 169)	(27 782 741)	(93 628 687)
FUNDING ACTIVITY			
Net receipts/payments on loans from credit institutions	11 417 187	(10 610 665)	26 533 186
Net receipts/payments on other short-term liabilities	(19 274)	(10 545)	(30 387)
Net issue of bonds and commercial paper	67 710 466	43 934 566	77 166 955
Issue of subordinated loan capital	-	-	1 200 000
Repurchase of own shares/share issue	1 500 000	1 300 000	2 500 000
Dividend payments	-	-	66 775
Net interest payments on funding activity	3 803 098	2 752 884	7 531 988
Net cash flow from funding activity	76 805 281	31 860 472	99 770 992
Net cash flow	(1 652 078)	842 883	(63 285)
Cash as at 1 January	2 180 441	2 243 726	2 243 726
Net receipts/payments on cash	(1 652 078)	842 883	(63 285)
Cash at end of period	528 363	3 086 609	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 second quarter and first half of 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 second quarter and first half of 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				
	2nd quarter	2nd quarter	1st half	1st half	Full year
<i>Amounts in NOK 1 000</i>	2009	2008	2009	2008	2008
Interest on loans to and deposits with credit institutions	5 075	10 064	52 546	51 137	189 558
Interest on loans to customers	2 517 758	1 881 015	5 199 193	3 287 391	8 758 023
Front-end fees etc.	780	97	3 095	242	494
Other interest income	29 401	13 666	52 154	24 446	58 667
Total interest income	2 553 013	1 904 842	5 306 987	3 363 216	9 006 742
Interest on loans and deposits from credit institutions	622 870	763 928	1 347 109	1 401 165	3 530 113
Interest on securities issued	1 447 365	985 781	3 062 272	1 621 046	4 478 842
Interest on subordinated loan capital	21 957	17 224	52 417	33 633	104 915
Other interest expenses ¹⁾	(336 700)	24 489	(673 725)	55 287	(65 451)
Total interest expenses	1 755 492	1 791 422	3 788 073	3 111 131	8 048 419
Net interest income	797 521	113 420	1 518 914	252 085	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>	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
Money transfer fees receivable	583	313	1 115	520	1 234
Sundry commissions and fees receivable on banking services	10 813	7 037	20 189	12 389	26 820
Total commissions and fees receivable etc.	11 396	7 350	21 303	12 909	28 054
Fees on custodial services payable	287	34	484	62	194
Credit broking commissions	(626)	-	(1 102)	-	(83)
Sundry commissions and fees payable on banking services	-	151	6 093	151	154
Total commissions and fees payable etc.	(339)	185	5 476	213	265
Net gains on financial instruments at fair value	(545 549)	50 975	(1 162 885)	78 115	885 601
Net other operating income	(533 815)	58 140	(1 147 057)	90 811	913 390

Note 5 – Net gains on financial instruments at fair value

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
Net gains on foreign exchange and financial derivatives	(559 405)	(342 058)	(656 184)	(289 895)	619 499
Net gains on financial derivatives, hedging ¹⁾	(438 823)	(2 084 569)	729 969	(1 820 944)	3 918 527
Net gains on fixed rate loans	(8 060)	(24 370)	45 023	(17 321)	248 153
Net gains on financial liabilities, hedged items ¹⁾	416 002	2 074 677	(732 690)	1 832 635	(3 906 487)
Net gains on financial liabilities, other	44 736	427 295	(549 003)	373 640	5 909
Net gains on financial instruments at fair value ²⁾	(545 549)	50 975	(1 162 885)	78 115	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.
- 2) The decline in the second quarter of 2009 reflected changes in the valuation of bonds issued in connection with the swap scheme with Norges Bank. See also note 2 Important accounting estimates and discretionary assessments.

Note 6 – Operating expenses

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
Ordinary salaries	2 347	1 821	4 739	3 900	9 258
Employer's national insurance contributions	608	253	974	570	1 541
Pension expenses	234	803	1 450	1 181	3 874
Social expenses	312	131	612	522	1 032
Total salaries and other personnel expenses	3 501	3 008	7 775	6 173	15 705
Fees	183 184	80 788	350 875	143 599	353 282
EDP expenses	2	7	2	16	24
Postage and telecommunications	9	-	18	12	27
Office supplies	6	2	10	6	11
Marketing and public relations	6	-	11	14	24
Travel expenses	103	130	189	193	363
Other operating expenses	66	59	171	140	1 612
Other expenses	183 376	80 986	351 276	143 980	355 343
Total operating expenses	186 877	83 994	359 051	150 153	371 048

Last five quarters

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	2nd quarter 2009	1st quarter 2009	4th quarter 2008	3rd quarter 2008	2nd quarter 2008
Ordinary salaries	2 347	2 392	2 936	2 422	1 821
Employer's national insurance contributions	608	366	489	483	253
Pension expenses	234	1 216	2 693	-	803
Social expenses	312	299	380	130	131
Total salaries and other personnel expenses	3 501	4 273	6 498	3 034	3 008
Fees	183 184	167 691	121 708	87 975	80 788
EDP expenses	2	-	8	-	7
Postage and telecommunications	9	9	(4)	18	-
Office supplies	6	3	2	2	2
Marketing and public relations	6	6	5	5	-
Travel expenses	103	86	125	46	130
Other operating expenses	66	106	737	736	59
Other expenses	183 376	167 901	122 582	88 782	80 986
Total operating expenses	186 877	172 174	129 080	91 816	83 994

Note 7 – Number of employees/full-time positions

DnB NOR Boligkreditt AS

	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
Number of employees at end of period	11	9	11	9	11
Number of employees calculated on a full-time basis at end of period	11	9	11	9	11

Note 8 – Write-downs on loans

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
Write-offs	-	-	-	-	-
New individual write-downs	15 001	-	24 466	-	17 296
Total new individual write-downs	15 001	-	24 466	-	17 296
Reassessed individual write-downs	-	-	-	-	-
Total individual write-downs	15 001	-	24 466	-	17 296
Change in group write-downs ¹⁾	22 000	11 000	33 000	19 000	54 000
Write-downs on loans	37 001	11 000	57 466	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 June 2009	31 Dec. 2008	30 June 2008
Lending to customers, nominal amount	264 754 830	191 771 104	122 330 033
Individual write-downs	32 100	17 429	-
Lending to customers, after individual write-downs	264 722 730	191 753 675	122 330 033
+ Accrued interest and amortisation	471 233	661 496	390 099
- Individual write-downs of accrued interest and amortisation	10 962	6	-
Lending to customers, at amortised cost	265 183 001	192 415 165	122 720 132
Lending to customers, nominal amount	16 408 351	5 893 577	1 576 217
Individual write-downs	-	28	-
Lending to customers, after individual write-downs	16 408 351	5 893 549	1 576 217
+ Accrued interest	38 806	17 333	4 487
+ Adjustment to fair value	269 368	224 345	(41 129)
Lending to customers, classified at fair value	16 716 525	6 135 227	1 539 575
- Group write-downs	101 000	68 000	33 000
Lending to customers	281 798 525	198 482 392	124 226 707

Note 10 – Securities issued

Covered bonds - listed

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>						30 June	31 Dec.	30 June
ISIN Code	Nominal value	Currency	Interest	Issued	Matured	2009	2008	2008
XSO308736023	1 500 000	EUR	Fixed 4.625 %	2007	2012	13 571 360	14 687 453	12 037 916
NO0010378730	6 000 000	NOK	Fixed 5.550 %	2007	2014	6 000 000	6 000 000	7 000 000
XS0330848622	1 500 000	EUR	Fixed 4.375 %	2007	2010	13 571 360	14 687 453	12 037 916
CH0034696242	250 000	CHF	Fixed 3.000 %	2007	2012	1 483 710	1 640 731	1 249 448
CH0034696259	250 000	CHF	Fixed 3.375 %	2007	2016	1 483 710	1 640 731	1 249 448
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	452 379	489 582	401 264
XSO345291081	2 000 000	EUR	Fixed 4.125 %	2008	2013	18 095 146	19 583 270	16 050 554
XSO343679220	50 000	EUR	Floating 3M Euribor + 0,08%	2008	2011	452 379	489 582	401 264
XSO342241295	100 000	EUR	Floating 3M Euribor + 0,05%	2008	2011	904 757	979 164	802 528
XSO343839790	8 000 000	JPY	Floating 3M JPY Libor + 0,00%	2008	2011	534 256	617 400	384 904
CH0039334104	200 000	CHF	Fixed 3.385 %	2008	2016	1 186 968	1 312 585	999 558
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	18 095 146	19 583 270	16 050 554
XSO377361471	15 000	EUR	Fixed 4.900 %	2008	2013	135 714	146 875	-
XSO378505514	5 000 000	JPY	Fixed 2.045 %	2008	2018	333 904	385 875	-
XSO383827135	50 000	EUR	Fixed 4.814 %	2008	2015	452 379	489 582	-
XSO384439978	50 000	EUR	Floating 6M Euribor + 0,106%	2008	2011	452 379	489 582	-
Adjustments						5 518 565	4 945 697	(395 366)
Total securities issued						85 824 110	91 068 829	71 369 985

Note 10 – Securities issued (continued)

Private placements under the bond programme

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>							30 June	31 Dec.	30 June
ISIN Code	Nominal value	Currency	Interest	Issued	Matured	2009	2008	2008	
-	35 000	EUR	Fixed 4.540 %	2008	2018	316 665	342 707	280 885	
-	5 000	EUR	Fixed 4.586 %	2008	2018	45 238	48 958	40 126	
-	45 500	EUR	Fixed 4.693 %	2008	2020	411 665	445 519	365 150	
-	15 000	EUR	Fixed 4.600 %	2008	2018	135 714	146 875	120 379	
-	150 000	EUR	Fixed 5.023 %	2008	2024	1 357 136	1 468 745	1 203 792	
-	99 000	EUR	Fixed 6.550 %	2008	2026	895 710	969 372	794 502	
-	20 000	EUR	Fixed 5.200 %	2008	2018	180 951	195 833	160 506	
-	30 000	EUR	Fixed 4.928 %	2008	2023	271 427	293 749	240 758	
-	111 000	EUR	Fixed 6.100 %	2008	2026	1 004 281	1 086 871	890 806	
-	10 000	EUR	Fixed 5.360 %	2008	2018	90 476	97 916	80 253	
-	120 000	EUR	Fixed 4.948 %	2008	2022	1 085 709	1 174 996	963 033	
-	40 000	EUR	Fixed 5.070 %	2008	2013	361 903	391 665	321 011	
-	15 000	EUR	Fixed 5.075 %	2008	2023	135 714	146 875	120 379	
-	20 000	EUR	Fixed 5.510 %	2008	2018	180 951	195 833	160 506	
-	20 000	EUR	Fixed 5.910 %	2008	2018	180 951	195 833	160 506	
-	15 000	EUR	Fixed 5.170 %	2008	2018	135 714	146 875	120 379	
-	20 000	EUR	Fixed 5.065 %	2008	2016	180 951	195 833	-	
-	20 000	EUR	Fixed 5.575 %	2008	2018	180 951	195 833	-	
-	15 000	EUR	Fixed 4.985 %	2008	2021	135 714	146 875	-	
-	10 000	EUR	Fixed 5.450 %	2008	2013	90 476	97 916	-	
-	15 000	EUR	Fixed 5.415 %	2008	2018	135 714	146 875	-	
-	120 000	EUR	Fixed 4.903 %	2008	2019	1 085 709	1 174 996	-	
-	20 000	EUR	Fixed 5.430 %	2008	2018	180 951	195 833	-	
-	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	108 571	-	-	
-	5 000	EUR	Fixed 4.370 %	2009	2019	45 238	-	-	
-	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	678 568	-	-	
-	15 000	EUR	Fixed 4.520 %	2009	2019	135 714	-	-	
-	30 000	EUR	Fixed 4.500 %	2009	2018	271 427	-	-	
-	10 000 000	NOK	Floating 3M Nibor + 0,30%	2009	2016	10 000 000	-	-	
-	160 000	EUR	Fixed 4.440 %	2009	2019	1 447 612	-	-	
-	125 000	EUR	Fixed 4.700 %	2009	2024	1 130 947	-	-	
Adjustments						2 087 340	1 482 132	(141 833)	
Total securities issued						109 570 086	42 134 913	5 881 138	

Covered bonds

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>				30 June	31 Dec.	30 June
				2009	2008	2008
Total listed covered bonds				80 305 545	86 123 132	71 765 352
Total private placements under the bond programme				107 482 745	40 652 782	6 022 971
Adjustment				7 605 906	6 427 828	(537 199)
Total securities issued				195 394 196	133 203 742	77 251 123

Note 10 – Securities issued (continued)

Cover pool

DnB NOR Boligkreditt AS

<i>Amounts in NOK 1 000</i>	30 June 2009	31 Dec. 2008	30 June 2008
Pool of eligible loans	243 760 904	156 044 020	85 075 118
Market value of derivatives	17 709 067	23 710 645	(654 811)
Supplementary assets	-	2 132 186	2 782 894
Total collateralised assets	261 469 971	181 886 851	87 203 202
Over-collateralisation	134 %	137 %	113 %

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 June 2009	31 Dec. 2008	30 June 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	-
Adjustments						4 228	8 676	201
Total	2 230 000					2 234 228	2 238 676	1 030 201

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 June 2009	31 Dec. 2008
Share capital	1 302 000	1 152 000
Other equity	6 725 172	5 375 173
Total equity	8 027 172	6 527 173
Deductions		
Portion of unrecognised actuarial (gains)/losses	(86 230)	(427 135)
Loss for the period	(32 156)	-
Core capital ¹⁾	7 908 786	6 100 038
Term subordinated loan capital	2 230 000	2 230 000
Supplementary capital	2 230 000	2 230 000
Deductions	150 919	79 461
Total eligible primary capital	9 987 867	8 250 577
Risk-weighted volume	121 297 811	97 023 137
Minimum capital requirement	9 703 825	7 761 851
Core capital ratio (%)	6.5	6.3
Capital ratio (%)	8.2	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 second quarter is reported according to the transitional rules.

Note 12 - Capital adequacy (continued)

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 June	31 Dec.
	2009	2008
Risk-weighted volume, Basel II	32 581 264	21 660 232
Minimum capital requirement, Basel II	2 606 501	1 732 819
Core capital ratio (%)	24.0	28.0
Capital ratio (%)	30.7	38.1

1) The loss for the period has 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 counterparties 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.

The Norwegian authorities' measures aimed at the financial services industry have a stabilising effect on DnB NOR Boligkreditt's liquidity situation. Among other things, the measures implemented in the fourth quarter of 2008 give Norwegian banks the opportunity to exchange covered bonds for Treasury bills. The Treasury bills are tradeable in the ordinary financial markets, and the scheme is instrumental in ensuring DnB NOR Boligkreditt AS long-term funding.

DnB NOR Boligkreditt AS's liquidity situation at end-June 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. In 2008 portfolios representing NOK 93.6 billion were transferred from the bank to Boligkreditt, while a total of NOK 21.4 billion was transferred in the first quarter of 2009, and in second quarter it was transferred further NOK 31.1 billion. The transfers are based on market terms. Excess values in portfolios transferred the second quarter of 2009 are estimated at NOK 53.7 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 June 2009 totalled NOK 337 million.

DnB NOR Bank ASA invested NOK 54.1 billion in covered bonds issued by DnB NOR Boligkreditt in the first quarter of 2009 and NOK 10.1 billion in the second quarter, bringing the total invested amount to NOK 94.8 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 7.5 billion at end-June 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.

Stimulus packages

On 24 October 2008, the Norwegian parliament authorised the Ministry of Finance to launch a scheme whereby the government and the banks exchange Treasury bills for covered bonds for an agreed period. Norges Bank administers the scheme on commission from the Ministry of Finance.

Under the swap scheme, the government sells Treasury bills to the banks in a time-limited swap for covered bonds. The banks have free disposal over the Treasury bills they acquire and may sell them in the market if they so wish. Treasury bill maturities will be between three and six months. The swap agreements lasts for periods of up to five years, and the banks undertake to purchase new Treasury bills with six-month maturities when the agreement period expires. The Treasury bills are priced at NIBOR plus a premium corresponding to the margin at the time the agreement was concluded. Upon expiry of the agreements, the banks are under an obligation to repurchase the covered bonds from the government at the original selling price. Payments related to the covered bonds are credited to the banks on the same day as the payments are made, unless default occurs during the duration of the swap agreement.

DnB NOR Bank ASA has purchased bonds from DnB NOR Boligkreditt which have been used as collateral for swap agreements with Norges Bank. The bank is required to repurchase the covered bonds at the original selling price. The Group receives yield from the covered bonds as if they never had been sold. The accounting treatment of sales of financial instruments where the seller retains substantially all the risks and returns associated with the instrument, is described in IAS 39 Financial Instruments – Recognition and Measurement, Section 20. DnB NOR is of the opinion that the requirement for transfer of risk and returns associated with the bonds in accordance with this standard have not been fulfilled, and that the bonds thus cannot be derecognised from the balance sheet of the bank. On a consolidated basis, the bonds will be treated as own bonds and netted against issued bonds in DnB NOR Boligkreditt.

Note 15 - Contingencies

DnB NOR Boligkreditt AS is party to no legal actions.

Key figures

DnB NOR Boligkreditt AS

	2nd quarter 2009	2nd quarter 2008	1st half 2009	1st half 2008	Full year 2008
Rate of return/profitability					
1. Return on equity, annualised (%) ¹⁾	1.6	5.0	(0.9)	6.6	22.4
Financial strength					
2. Core (Tier 1) capital ratio at end of period (%) ²⁾	6.5	7.3	6.5	7.3	6.3
3. Capital adequacy ratio at end of period (%) ²⁾	8.2	8.9	8.2	8.9	8.5
4. Core capital at end of period (NOK million)	7 908 786	4 475 971	7 908 786	4 475 971	6 100 038
5. Risk-weighted volume at end of period (NOK million)	121 297 811	61 568 321	121 297 811	61 568 321	97 023 137
Loan portfolio and write-downs					
6. Write-downs relative to net lending to customers, annualised	0.05	0.04	0.04	0.03	0.01
7. Net non-performing and impaired commitments, per cent of net lend	0.10	0.05	0.10	0.05	0.06
8. Net non-performing and impaired commitments at end of period (NOK 1 000) ³⁾	272 822	58 127	272 822	58 127	113 317
Staff					
9. Number of full-time positions at end of period	11	9	11	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

	2nd quarter 2009	1st quarter 2009	4th quarter 2008	3rd quarter 2008	2nd quarter 2008
<i>Amounts in NOK 1 000</i>					
Total interest income	2 553 013	2 753 974	3 257 913	2 385 614	1 904 842
Total interest expenses	1 755 492	2 032 581	2 730 074	2 207 214	1 791 422
Net interest income	797 521	721 393	527 839	178 400	113 420
Commissions and fees receivable etc.	11 396	9 908	8 745	6 400	7 350
Commissions and fees payable etc.	(339)	5 814	11	41	185
Net gains on financial instruments at fair value	(545 549)	(617 336)	648 516	158 970	50 975
Net other operating income	(533 815)	(613 243)	657 250	165 411	58 140
Total income	263 707	108 150	1 185 089	343 811	171 560
Salaries and other ordinary personnel expenses	3 501	4 273	6 498	3 034	3 008
Other expenses	183 376	167 901	122 582	88 781	80 986
Total operating expenses	186 877	172 174	129 080	91 816	83 994
Write-downs on loans and guarantees	37 001	20 465	52 296	-	11 000
Pre-tax operating profit	39 828	(84 490)	1 003 713	251 995	76 566
Taxes	11 152	(23 657)	278 983	70 559	21 438
Profit for the period	28 676	(60 833)	724 730	181 436	55 128
Earnings per share (NOK)	2.32	(5.28)	62.91	17.58	5.37
Diluted earnings per share (NOK)	2.32	(5.28)	62.91	17.58	5.37

Balance sheets

DnB NOR Boligkreditt AS

	30 June 2009	31 March 2009	31 Dec. 2008	30 Sep. 2008	30 June 2008
<i>Amounts in NOK 1 000</i>					
Assets					
Lending to and deposits with credit institutions	528 363	544 163	2 180 441	2 821 535	3 086 609
Lending to customers	281 798 525	239 259 739	198 482 392	158 819 443	124 226 707
Financial derivatives	18 898 009	18 791 016	25 631 917	7 073 781	2 885 905
Deferred tax assets	-	-	-	-	-
Other assets	15 270	44 795	52 710	35 277	37 752
Total assets	301 240 167	258 639 713	226 347 460	168 750 036	130 236 973
Liabilities and equity					
Loans and deposits from credit institutions	93 245 020	66 495 205	81 827 833	74 519 972	44 490 170
Financial derivatives	1 815 054	1 505 790	1 874 823	2 179 936	2 708 624
Securities issued	195 394 196	181 277 338	133 203 742	84 767 937	77 251 123
Payable taxes	-	-	-	119 184	48 648
Deferred taxes	462 212	436 180	455 032	84 289	71 689
Other liabilities	94 442	223 464	220 181	56 966	35 452
Subordinated loan capital	2 234 228	2 235 396	2 238 676	2 239 308	1 030 201
Total liabilities	293 245 151	252 173 373	219 820 287	163 967 592	125 635 907
Share capital	1 302 000	1 152 000	1 152 000	1 032 000	1 032 000
Other reserves and retained earnings	6 693 016	5 314 340	5 375 173	3 750 444	3 569 066
Total equity	7 995 016	6 466 340	6 527 173	4 782 444	4 601 066
Total liabilities and equity	301 240 167	258 639 713	226 347 460	168 750 036	130 236 973

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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

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