3

DNB NÆRINGSKREDITT AS

– a company in the DNB Group

Third quarter report 2013

(UNAUDITED)

DNB

Key figures

DNB Næringskreditt AS

Statement of comprehensive income *Amounts in NOK 1000*	3rd quarter 2013	3rd quarter 2012	January - September 2013	January - September 2012	Full year 2012
Net interest income	80 358	82 303	233 694	256 764	335 262
Net other operating income	21	39	146	355	1 000
Operating expenses	24 045	19 098	63 882	58 209	77 307
Impairments on loans and commitments	(1 998)	(1 146)	(1 077)	(3 325)	(3 222)
Pre-tax operating profit	54 336	64 391	168 881	202 235	262 177
Taxes	15 375	18 030	47 420	56 626	73 409
Profit for the period	38 963	46 362	121 461	145 609	188 767

Balance sheet *Amounts in NOK million*	30 Sept. 2013	31 Dec. 2012	30 Sept. 2012
Total assets	22 134	21 452	22 677
Loans to customers	22 122	21 294	22 656
Debt securities issued	2 413	2 415	2 417
Total equity	5 488	5 555	5 512

Key figures *Per cent*	3rd quarter 2013	3rd quarter 2012	January - September 2013	January - September 2012	Full year 2012
Average lending spread [1)]	0.77	0.68	0.73	0.56	0.59
Return on equity, annualised [2)]	2.9	3.6	2.8	3.4	3.2
Tier 1 capital ratio at end of period	30.3	23.1	30.3	23.1	31.5
Capital ratio at end of period	30.3	23.1	30.3	23.1	31.5
Net non-performing and impaired loans, per cent of net loans	0.01	(0.01)	0.00	(0.01)	(0.02)

1) Based on nominal values excluding impaired loans, measured against actual funding cost.

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

Third quarter report 2013

Third quarter report 2013

Introduction

DNB Næringskreditt AS is the DNB Group’s vehicle for the issue of covered bonds based on commercial mortgages. The company's offices are located in Oslo.

In 2009, the company was granted a concession pursuant to the Financial Institutions Act, which governs the issue of covered bonds, and initiated operations in the third quarter of the same year. At end-September 2013, the company’s loan portfolio totalled NOK 22.1 billion.

DNB Næringskreditt has completed one bond issue totalling NOK 2.4 billion. The rating agencies' assessments are of significance to the company’s funding terms, and in the second quarter of 2013, an agreement was signed with Moody’s on the rating of the company’s bond issues, which were rated Aa1.

DNB Næringskreditt is a wholly-owned subsidiary of DNB Bank ASA and is reported partly under Corporate Banking Norway and partly under Large Corporates and International in the consolidated accounts of DNB Bank ASA.

Strategy

Through the issue of covered bonds, DNB Næringskreditt will contribute to a stable and favourable funding for the DNB Group. The company’s bonds may be used as collateral by DNB Bank when taking up loans with central banks and can be sold in Norwegian and international financial markets.

DNB Næringskreditt acquires loans secured by commercial property within 60 per cent of the property’s appraised value. During the third quarter of 2013, the company acquired loans from DNB Bank for a total of NOK 1.8 billion, while loans totalling NOK 2.1 billion were acquired during the first three quarters of the year. The bank is responsible for customer relations and customer contact, as well as marketing and product development. The company follows the Group’s credit policy and the bank’s credit strategy and credit process.

There is still potential for transferring loans established in DNB Bank. DNB Næringskreditt will play a key role in connection with new commercial property loans granted by the DNB Group. On
9 October 2012, the company’s application to use the advanced IRB approach for calculating the capital requirement for credit risk, was approved. Combined with the rating achieved, this is expected to result in an increasing number of loans being transferred to DNB Næringskreditt.

The quality and risk profile of the mortgages included in DNB Næringskreditt’s cover pool should help ensure a satisfactory rating of the company’s bonds.

Review of the third quarter accounts

Statement of comprehensive income

The company recorded a pre-tax operating profit before impairment of NOK 56.3 million in the third quarter of 2013, compared with NOK 63.2 million in the third quarter of 2012. The pre-tax operating profit before impairment for the first three quarters of 2013 was NOK 170.0 million, compared with NOK 198.9 million in the corresponding period of 2012.

Net interest income totalled NOK 80.4 million for the quarter and NOK 233.7 million for the first three quarters of 2013. In 2012, the corresponding figures were NOK 82.3 million for the quarter and NOK 256.8 million for the January through September period.

The company's operating expenses totalled NOK 24.0 million in the third quarter of 2013, up from NOK 19.1 million in the year-earlier period. Operating expenses for the first three quarters of the year were NOK 63.9 million, compared with NOK 58.2 million in the corresponding period of 2012. The cooperation with DNB Bank ASA is formalised through an extensive servicing agreement that ensures the company sound competence in key areas and cost-effective operations. The management fee paid to the bank amounted to NOK 20.6 million in the third quarter of 2013, an increase from NOK 17.2 million in the year-earlier period. The management fee for the January through September period in 2013 was NOK 53.7 million.

The company recorded collective impairment losses on loans of NOK 1.1 million in the first three quarters of 2013. No individual impairment losses were recorded. The Board of Directors considers the level of impairment to be satisfactory relative to the quality of the loan portfolio.

DNB Næringskreditt's tax charge was estimated at NOK 15.4 million for the third quarter of of 2013 and NOK 47.4 million for the January through September period, representing 28.0 per cent of pre-tax profits.

Balance sheet and assets under management

At end-September 2013, DNB Næringskreditt had total assets of NOK 22.1 billion under management, a decrease of NOK 0.6 billion from end-September 2012.

Net loans to customers decreased by NOK 0.5 billion during the 12-month period, standing at NOK 22.1 billion at end-September 2013. The reduction was mainly due to the repayment of a large loan.

The company’s only bond issue up till now, totalling NOK 2.4 billion, was completed in October 2009.

The company had NOK 14.2 billion due to credit institutions as at 30 September 2013, down from NOK 14.7 billion at end-September 2012. This reflects the amount drawn on the overdraft facility with DNB Bank.

The company's statement of cash flows for the first three quarters of 2013 show a net reduction in cash of NOK 0.1 billion during this period.

Risk

The company has established guidelines and limits for management and control of the different types of risk. The company is not exposed to currency risk. Interest rate and liquidity risk is managed in accordance with guidelines and limits approved by the Board of Directors. The Board considers the company's overall financial risk to be low.

The company has entered into a servicing agreement with DNB Bank which comprises administration, bank production, IT operations and financial and liquidity management. The Board considers the company's operational risk to be low.

The company's assets comprise loans secured by commercial property within 60 per cent of the property's appraised value, plus bank deposits. 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.

As at 30 September 2013, the company's equity totalled NOK 5.5 billion, of which NOK 5.4 billion represented Tier 1 capital. The company has no primary capital in excess of equity. The company's capital adequacy and Tier 1 capital ratios were 30.3 per cent. 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 OECD's composite leading indicators are pointing upwards, and the various crises in the international economy appear to be over. The improved situation mainly reflects the normalisation of the global credit and financial markets, coupled with lower budget cuts than earlier. The possibility of a hard landing in China represents the greatest risk factor. Weaker demand from China may have negative effects for Norway in the form of reduced shipping activity and lower oil prices.

After a period of brisk growth, economic activity in Norway now seems to be slowing. The labour market is no longer expanding, housing prices are levelling off, and the business sector can not count on the same positive impulses from the petroleum sector and the housing market as before. Norwegian manufacturing companies expect lower employment levels in the period ahead.

Underlying factors contribute to somewhat lower activity in the commercial property rental market. Vacancy rates in central Oslo are increasing, which mainly reflects brisk newbuilding activity for office buildings through 2012 and 2013. Nevertheless, rents are on the rise for the most attractive properties. Lower scheduled newbuilding activity is expected to reduce area vacancy rates somewhat and to result in stable rents.

Future prospects

The international macroeconomic situation indicates continued low interest rates, though the upswing in industrialised countries is well under way. Employment levels are expected to rise, though these countries are moving from a situation with sluggish growth and high unemployment, which will have a negative impact on both investments and consumption for yet some time.

In Norway, capital adequacy considerations have had a dampening effect on rising loan volumes, and a number of companies have used the bond market to fund their operations. Growth estimates for the Norwegian economy have been reduced, and GDP is expected to increease by 2 per cent per year during the 2013-2015 period, compared with an anticipated international economic growth rate of 3-4 per cent during the corresponding period. However, the Norwegian economy remains robust, and private consumption, mainland investments and employment levels are expected to remain stable. Overall, this provides the basis for conditional optimism with respect to commercial property in Norway.

DNB Næringskreditt's loan portfolio is expected to increase in the period ahead as a result of IRB approval of the loan portfolio and Moody's rating. The company will continue to arrange bond issues in the market.

Oslo, 23 October 2013
The Board of Directors of DNB Næringskreditt AS

Bjørn Erik Næss
(chairman)

Reidar Bolme

Stein Ove Steffensen

Rein Øsebak

Øyvind Birkeland
(chief executive officer)

Statement of comprehensive income

DNB Næringskreditt AS

		3rd quarter	3rd quarter	January - September		Full year
Amounts in NOK 1 000	Note	2013	2012	2013	2012	2012
Total interest income	7	191 853	214 304	562 658	687 778	892 747
Total interest expenses	7	111 494	132 000	328 964	431 014	557 485
Net interest income	7	**80 358**	**82 303**	**233 694**	**256 764**	**335 262**
Commission and fee income		34	52	185	394	1 055
Commission and fee expenses		13	13	39	39	55
Net other operating income		**21**	**39**	**146**	**355**	**1 000**
Total income	10	**80 380**	**82 343**	**233 840**	**257 119**	**336 262**
Other expenses		24 045	19 098	63 882	58 209	77 307
Total operating expenses		**24 045**	**19 098**	**63 882**	**58 209**	**77 307**
Impairments on loans and commitments	8	1 998	(1 146)	1 077	(3 325)	(3 222)
Pre-tax operating profit		**54 336**	**64 391**	**168 881**	**202 235**	**262 177**
Taxes		15 375	18 030	47 420	56 626	73 409
Profit for the period		**38 963**	**46 362**	**121 461**	**145 609**	**188 767**
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		**38 963**	**46 362**	**121 461**	**145 609**	**188 767**

Balance sheet

DNB Næringskreditt AS

		30 Sept.	31 Dec.	30 Sept.
Amounts in NOK 1 000	Note	2013	2012	2012
Assets				
Due from credit institutions	10	11 376	157 317	20 726
Loans to customers	8	22 122 310	21 294 343	22 656 020
Deferred tax assets		97	97	122
Total assets		**22 133 783**	**21 451 758**	**22 676 868**
Liabilities and equity				
Due to credit institutions	10	14 179 528	13 400 436	14 682 615
Debt securities issued	9	2 413 104	2 414 985	2 417 047
Payable taxes		47 420	73 385	56 626
Other liabilities		6 094	8 072	8 858
Total liabilities		**16 646 147**	**15 896 878**	**17 165 146**
Share capital		550 000	550 000	550 000
Share premium reserve		4 694 100	4 694 100	4 694 100
Retained earnings		243 536	310 780	267 622
Total equity		**5 487 636**	**5 554 880**	**5 511 722**
Total liabilities and equity		**22 133 783**	**21 451 758**	**22 676 868**

Statement of changes in equity

DNB Næringskreditt AS

Amounts in NOK 1000	Share capital	Share premium reserve	Other equity	Retained earnings	Total equity
Balance sheet as at 1 January 2012	**550 000**	**4 604 100**	**90 000**	**305 000**	**5 549 100**
Profit for the period	-	-	-	145 609	145 609
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	**145 609**	**145 609**
Group contribution paid	-	-	-	(182 987)	(182 987)
Balance sheet as at 30 September 2012	**550 000**	**4 604 100**	**90 000**	**267 622**	**5 511 722**
Balance sheet as at 1 January 2013	**550 000**	**4 604 100**	**90 000**	**310 780**	**5 554 880**
Profit for the period	-	-	-	121 461	121 461
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	**121 461**	**121 461**
Group contribution paid	-	-	-	(188 704)	(188 704)
Balance sheet as at 30 September 2013	**550 000**	**4 604 100**	**90 000**	**243 536**	**5 487 636**

Share capital

All of the company's shares and voting rights are held by DNB Bank ASA. Share capital at the beginning of 2013 was NOK 550 million (550 000 shares at NOK 1 000).

Statement of cash flows

DNB Næringskreditt AS

Amounts in NOK 1 000	January- September 2013	2012	Full year 2012
OPERATING ACTIVITIES			
Net receipts/payments on loans to customers	(825 139)	(86 101)	1 257 166
Receipts on commissions and fees	554 043	673 732	(76 788)
Payments to operations	(65 712)	(57 549)	(76 788)
Net cash flow from operating activities	**(336 809)**	**530 082**	**2 074 027**
FUNDING ACTIVITIES			
Net receipts/payments on loans from credit institutions	784 228	(276 918)	(1 549 483)
Group contribution paid	(262 089)	(254 149)	(254 149)
Financing activities	(331 272)	(454 391)	(589 180)
Net cash flow from financing activities	**190 867**	**(985 458)**	**(2 392 812)**
Net cash flow	**(145 942)**	**(455 375)**	**(318 785)**
Cash at beginning of period	157 317	476 102	476 102
Net receipts/payments of cash	(145 941)	(455 376)	(318 785)
Cash at end of period	11 376	20 726	157 317

The statement of cash flows shows receipts and payments of cash and cash equivalents during the year and has been prepared in accordance with the direct method. Cash and cash equivalents are defined as cash and deposits with central banks and deposits with credit institutions with no agreed period of notice.

Note 1 Accounting principles

The financial statements for the third quarter of 2013 have been prepared in accordance with IAS 34 *Interim Financial Reporting*

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at 31 December 2012.

The company's accounting principles and calculation methods are consistent with those applied when preparing the annual financial statements for 2012. No new or amended accounting standards or interpretations have entered into force in 2013 that have had effect on the interim report.

The accounts for the third quarter were approved by the Board of Directors on 23 October 2013.

Operating segments

The company has operations within one operating segment only, according to IFRS 8 *Operating segments*. The segment generated a profit of NOK 121.5 billion for the first three quarters of 2013. The company uses the information in the statement of comprehensive income and balance sheet also in its internal reporting.

Note 2 Important accounting estimates and discretionary assessments

The preparation of financial information in conformity with IFRS requires the use of estimates and discretionary assessments about future conditions that will affect reported income, expenses, assets and liabilities. A more detailed description of important estimates and assumptions is presented in the annual report for 2012, note 1 *Important accounting estimates and discretionary assessments.*

Note 3 Capital adequacy

Primary capital **DNB Næringskreditt AS**

Amounts in NOK 1 000	30 Sept. 2013	31 Dec. 2012
Share capital	550 000	550 000
Other equity	4 816 176	5 004 880
Total equity	5 366 176	5 554 880
Deductions		
100 per cent of expected losses, IRB portfolios	(4 360)	(1 407)
Adjustments for deferred tax assets	(97)	(97)
Allocated group contributions for payment	0	(188 705)
Tier 1 capital	5 361 719	5 364 671
Total eligible primary capital	5 361 719	5 364 671
Risk-weighted volume, Basel II	17 705 563	16 256 192
Minimum capital requirement, Basel II	1 416 445	1 318 792
Tier 1 capital ratio (%)	30.3	33.0
Capital ratio (%)	30.3	33.0

DNB Næringskreditt AS complies with the Basel II regulations.

Due to transitional rules, the minimum capital requirement for 2013 cannot be reduced below 80 per cent relative to the Basel I requirements. For DNB Næringskreditt AS, capital adequacy according to the transitional rules is below the capital adequacy according to Basel II. For this reason, capital adequacy for the third quarter is reported according to the Basel II regulations, as shown in the table above.

For comparison reasons, capital adequacy according to the transitional rules is shown below.

DNB Næringskreditt AS

Amounts in NOK 1 000	30 Sept. 2013	31 Dec. 2012
Risk-weighted volume	17 654 775	17 017 313
Minimum capital requirement	1 412 382	1 361 385
Tier 1 capital ratio (%)	30.4	31.5
Capital ratio (%)	30.4	31.5

Note 4 Credit risk

Credit risk is the risk that the company will incur a loss because its customers or counterparties fail to meet their contractual obligations. Credit risk arises from loans and committed loan facilities as well as from derivatives. The maximum exposure to credit risk, according to IFRS, is the gross carrying amount of the assets, net of any amounts offset in accordance with the standards and net of any recognised impairment losses. In addition, certain off-balance sheet items such as committed loan facilities represent credit risk. The maximum exposure of committed loan facilities is the irrevocable amount that may be drawn upon in the future.

DNB Næringskreditt has adopted the credit risk policies of the DNB Group. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, and by monitoring exposures in relation to such limits. In order to manage credit risk in the loan portfolios, the loans are backed by collateral .

DNB's risk classification system is divided into ten risk classes where 1 represents the lowest and 10 the highest risk. The classification system is based on the probability of default (PD), which is an estimate of the likelihood of a counterparty defaulting on its contractual obligations.

DNB Næringskreditt uses commercial property as collateral to reduce the risk related to customers' willingness and capacity to service their debt. As a rule, the physical objects used as collateral must be insured. When approving loans, an objective appraisal of the commercial property must be available. In addition, aspects which may influence collateral value must be taken into account, for example concession terms or encumbrances.

Note 5 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates.

Market risk arises as a consequence of unhedged positions in the interest rate and foreign exchange markets. Changes in interest rates and exchange rates may affect both the company's total comprehensive income for the period and values in the balance sheet.

DNB Næringskreditt is not exposed to market risk arising from its investments in commodities, foreign currencies and equity.

DNB Næringskreditt is exposed to interest rate risk through its ordinary operations. The company's strategy is to swap all interest rate risk exposure to short-term interest. The Board of Directors sets interest rate risk limits for various fixed-rate periods. The positions are monitored on a daily basis, and monthly exposure reports are prepared for the company's management and Board of Directors.

Relative to the company's primary capital, the company's interest rate risk is considered to be insignificant. In the opinion of the companys's management, the company does not assume greater interest rate risk than what is considered prudent, cf. the requirements in section 5 in the regulations on mortgage institutions issuing covered bonds of 25 May 2007.

Note 6 Liquidity risk

Liquidity risk is defined as the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by cash or other financial assets. Liquidity risk is the risk that the company might be unable to meet its payment obligations when they fall due.

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 over the next 12 months.

According to Section 6 in the regulations on sound liquidity management, *"the institution shall analyze 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 its liquidity risk management, the company prepares liquidity stress tests with quarterly reporting to the Board of Directors.

DNB Næringskreditt's liquidity situation for the third quarter of 2013 can be characterised as sound.

Note 7 Net interest income

DNB Næringskreditt AS

Amounts in NOK 1 000	3rd quarter 2013	3rd quarter 2012	January - September 2013	January - September 2012	Full year 2012
Interest on amounts due from credit institutions	1 270	122	4 710	6 034	9 394
Interest on loans to customers	190 359	213 926	557 279	681 032	882 417
Other interest income	224	255	668	711	937
Total interest income	**191 853**	**214 304**	**562 658**	**687 778**	**892 747**
Interest on amounts due to credit institutions	98 232	114 771	287 277	376 787	488 086
Interest on debt securities issued	13 263	17 229	41 687	54 227	69 399
Total interest expenses	**111 494**	**132 000**	**328 964**	**431 014**	**557 485**
Net interest income	**80 358**	**82 303**	**233 694**	**256 764**	**335 262**

Note 8 Loans to customers

Loans to customers, including accrued interest, totalled NOK 22.1 billion at end-September 2013 (NOK 21.3 billion as at 31 December 2012). There was no objective evidence of a decrease in value requiring individual impairment of the loans. Nor were any allocations made for individual impairment in 2012.

The loans have been reviewed for collective impairment. During the first three quarters of 2013, collective impairments increased by NOK 1.1 million.

Customer loans are backed by collateral in the form of commercial property within 60 per cent of market value.

DNB Næringskreditt AS

Amounts in NOK 1 000	30 Sept. 2013	31 Dec. 2012	30 Sept. 2012
Loans to customers at amortised cost, nominal amount	22 016 128	21 190 989	22 534 255
– Individual impairments	-	-	-
Loans to customers, net of impairment allowances	22 016 128	21 190 989	22 534 255
+ Accrued interest	113 806	110 879	129 708
– Individual impairment of accrued interest	(1 539)	(2 517)	(3 039)
Loans to customers, at amortised cost	22 128 395	21 299 351	22 660 924
– Collective impairments	6 084	5 008	4 904
Total loans to customers	**22 122 310**	**21 294 343**	**22 656 020**

DNB Næringskreditt AS

Amounts in NOK 1 000	30 Sept. 2013	31 Dec. 2012	30 Sept. 2012
Impairments as per 1 January	5 008	8 229	8 229
Changes in individual impairments	-	-	-
Changes in collective impairments	1 077	(3 222)	(3 325)
Impairments at end of period	6 085	5 008	4 904
Of which: Individual impairments	-	-	-
Individual impairment of accrued interest and amortisations	-	-	-
Collective impairments	*6 085*	*5 008*	4 904

Note 9 Debt securities issued

Private placements **DNB Næringskreditt AS**

Amounts in NOK 1 000						30 Sept.	31 Dec.	30 Sept.
ISIN Code	Nominal value	Currency	Interest	Issued	Matured	2013	2012	2012
NO 0010543192	2 400 000	NOK	Fixed	2009	2015	2 400 000	2 400 000	2 400 000
Accrued interest						13 104	14 985	17 047
Total debt securities issued						**2 413 104**	**2 414 985**	**2 417 047**

Cover pool **DNB Næringskreditt AS**

	30 Sept.	31 Dec.	30 Sept.
Amounts in NOK 1 000	2013	2012	2012
Pool of eligible loans	19 477 510	18 603 764	20 041 524
Market value of eligible derivatives	-	-	-
Supplementary assets	447	136 932	439
Total collateralised assets	**19 477 957**	**18 740 695**	**20 041 964**
Collateralisation (per cent)	807	776	829

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 Section 2-28 of the Financial Institutions Act with appurtenant regulations.

Note 10 Transactions with related parties

DNB Næringskreditt AS is a subsidiary within the DNB Group. During the quarter many transactions, mostly related to the ordinary course of business, take place between DNB Næringskreditt and other group entities. All transactions are at market terms. Major transactions with related parties:

DNB Bank ASA

DNB Bank ASA (the bank) is the parent of DNB Næringskreditt. As part of ordinary business transactions, a large number of banking transactions are entered into between DNB Næringskreditt and the bank. The transactions are regulated in the ”Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Næringskreditt 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 third quarter of 2013, portfolios of NOK 1.4 billion were transferred from the bank to DNB Næringskreditt. All transactions are carried out at market terms.

Pursuant to the management agreement, DNB Næringskreditt purchases services from the bank, including administration, bank production, distribution, customer contact, IT operations, financial and liquidity management. DNB Næringskreditt pays a management fee for these services based on the lending volume under management and the achieved lending spreads. The management fee amounted to NOK 20.6 million for the third quarter of 2013 (NOK 17.1 million kroner for the third quarter of 2012).

In the balance sheet ”Loans to and deposits with credit institutions” and “Due to credit institutions” are solely outstandings with DNB Bank. At end-September, the bank had invested NOK 2.4 billion in covered bonds issued by DNB Næringskreditt.

DNB Boligkreditt AS

DNB Næringskreditt has no employees and purchases administrative services from DNB Boligkreditt. On an annual basis, DNB Næringskreditt hires staff representing 2.3 full-time equivalents. The management fee amounted to NOK 0.4 million for the third quarter of 2013. DNB Boligkreditt is a wholly-owned subsidiary of DNB Bank.

Note 11 Contingencies and post-balance sheet events

DNB Næringskreditt is not involved in any legal actions.

Key figures

DNB Næringskreditt AS

	3rd quarter 2013	3rd quarter 2012	January - September 2013	January - September 2012	Full year 2012
Rate of return/profitability					
1. Return on equity, annualised (%) [1)]	2.9	3.6	2.8	3.4	3.2
Financial strength					
2. Core (Tier 1) capital ratio at end of period (%)	30.3	23.1	30.3	23.1	31.5
3. Capital adequacy ratio at end of period (%)	30.3	23.1	30.3	23.1	31.5
4. Core capital at end of period (NOK 1 000)	5 361 719	5 365 990	5 361 719	5 365 990	5 364 671
5. Risk-weighted volume at end of period (NOK 1 000)	17 705 563	23 226 413	17 705 563	23 226 413	17 017 313

Definitions

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

Profit and balance sheet trends

Statement of comrehensive income

DNB Næringskreditt AS

Amounts in NOK 1 000	3rd quarter 2013	2nd quarter 2013	1st quarter 2013	4th quarter 2012	3rd quarter 2012
Total interest income	191 853	185 661	185 144	204 969	214 304
Total interest expenses	111 494	110 660	106 810	126 471	132 000
Net interest income	**80 358**	**75 001**	**78 334**	**78 498**	**82 303**
Commission and fee income	34	84	66	661	52
Commission and fee expenses	13	13	13	16	13
Net other operating income	**21**	**71**	**54**	**645**	**39**
Total income	**80 380**	**75 073**	**78 388**	**79 143**	**82 343**
Other expenses	24 045	15 365	24 472	19 098	19 098
Total operating expenses	**24 045**	**15 365**	**24 472**	**19 098**	**19 098**
Impairments on loans and commitments	1 998	(31)	(890)	104	(1 146)
Pre-tax operating profit	**54 336**	**59 738**	**54 805**	**59 941**	**64 391**
Taxes	**15 375**	**16 700**	**15 345**	**16 784**	**18 030**
Profit for the period	**38 963**	**43 038**	**39 460**	**43 158**	**46 362**
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	**38 963**	**43 038**	**39 460**	**43 158**	**46 362**

Balance sheets

DNB Næringskreditt AS

Amounts in NOK 1 000	30 Sept. 2013	30 June 2013	31 March 2013	31 Dec. 2012	30 Sept. 2012
Assets					
Due from credit institutions	11 376	329 127	250 017	157 317	20 726
Loans to customers	22 122 310	20 763 004	20 885 099	21 294 343	22 656 020
Deferred tax assets	97	97	97	97	122
Total assets	**22 133 783**	**21 092 228**	**21 135 213**	**21 451 758**	**22 676 868**
Liabilities and equity					
Due to credit institutions	14 179 528	13 187 644	13 027 111	13 400 436	14 682 615
Debt securities issued	2 413 104	2 414 280	2 413 825	2 414 985	2 417 047
Payable taxes	47 420	32 046	88 731	73 385	19 353
Other liabilities	6 094	9 585	11 208	8 072	8 858
Total liabilities	**16 646 147**	**15 643 555**	**15 540 874**	**15 896 878**	**17 127 874**
Share capital	550 000	550 000	550 000	550 000	550 000
Share premium reserve	4 694 100	4 694 100	4 694 100	4 694 100	4 694 100
Retained earnings	243 536	204 573	350 239	310 780	304 895
Total equity	**5 487 636**	**5 448 673**	**5 594 339**	**5 554 880**	**5 548 995**
Total liabilities and equity	**22 133 783**	**21 092 228**	**21 135 213**	**21 451 758**	**22 676 868**

Contact information

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Other sources of information

Annual and quarterly reports

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

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