

**DNB Boligkreditt AS**

A company in the DNB Group

# First quarter report 2023

Unaudited

DNB

# Financial highlights

## Income statement

| <i>Amounts in NOK million</i>                             | 1st quarter<br>2023 | 1st quarter<br>2022 | Full year<br>2022 |
|---|---------------------|---------------------|-------------------|
| Net interest income                                       | 749                 | 1 140               | 2 971             |
| Net other operating income                                | (337)               | 938                 | 1 358             |
| Of which net gains on financial instruments at fair value | (347)               | 942                 | 1 328             |
| Total operating expenses                                  | 380                 | (72)                | 1 345             |
| Impairment of financial instruments                       | (6)                 | 2                   | (25)              |
| Pre-tax operating profit                                  | 786                 | 2 008               | 5 649             |
| Tax expense   | (196)               | (502)               | (1 412)           |
| <b>Profit for the period</b>                              | <b>589</b>          | <b>1 506</b>        | <b>4 237</b>      |

## Balance sheet

| <i>Amounts in NOK million</i> | 31 March<br>2023 | 31 Dec.<br>2022 | 31 March<br>2022 |
|-------------------------------|------------------|-----------------|------------------|
| Total assets                  | 750 300          | 732 992         | 709 420          |
| Loans to customers            | 683 638          | 686 604         | 683 099          |
| Debt securities issued        | 368 245          | 365 316         | 359 609          |
| Total equity                  | 40 970           | 40 375          | 40 475           |

## Key figures and alternative performance measures

|   | 1st quarter<br>2023 | 1st quarter<br>2022 | Full year<br>2022 |
|---|---------------------|---------------------|-------------------|
| Return on equity, annualised (%) <sup>1</sup>   | 5.9                 | 15.4                | 10.7              |
| Total average spreads for lending (%) <sup>1</sup>  | 0.34                | 0.56                | 0.29              |
| Impairment relative to average net loans to customers, annualised (per cent) <sup>1</sup> | (0.00)              | 0.00                | (0.00)            |
| Net loans and financial commitments in stage 3, per cent of net loans <sup>1</sup>        | 0.27                | 0.23                | 0.25              |
| Net loans and financial commitments in stage 3, (NOK million) <sup>1</sup>                | 1 831               | 1 590               | 1 709             |
| Common equity Tier 1 capital ratio end of period (%)                                      | 18.6                | 18.7                | 18.7              |
| Capital ratio end of period (%)   | 21.4                | 21.5                | 21.5              |
| Common equity Tier 1 capital (NOK million)  | 34 905              | 34 673              | 34 825            |
| Total risk exposure amount (NOK million)  | 187 720             | 185 324             | 186 016           |
| Number of full-time positions at end of period  | 5                   | 5                   | 5                 |

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

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There has been no full or partial external audit of the quarterly directors' report and accounts.

# Directors' report

DNB Boligkreditt AS is the DNB Group's vehicle for the issue of covered bonds based on residential mortgages. The company's office is in Oslo. DNB Boligkreditt is a wholly owned subsidiary of DNB Bank ASA and is reported as part of the Personal Customers business area in DNB's consolidated accounts. Based on developments in international capital markets, DNB Boligkreditt has come to play a key role in ensuring long-term favourable funding for the Group. The rating agencies' assessments are of significance to the company's funding terms. DNB Boligkreditt's covered bond programmes are rated AAA by Moody's and Standard & Poor's.

## Financial accounts

DNB Boligkreditt recorded a profit of NOK 589 million in the first quarter of 2023, compared with a profit of NOK 1 506 million in the first quarter of 2022.

### Total income

Income totalled NOK 412 million in the first quarter of 2023, down from NOK 2 078 million in the year-earlier period.

| Amounts in NOK million                                    | 1st quarter |         | 1st quarter |
|---|-------------|---------|-------------|
|   | 2023        | Change  | 2022        |
| Total income  | 412         | (1 666) | 2 078       |
| Net interest income                                       |             | (391)   |             |
| Net commission and fee income                             |             | (1)     |             |
| Net gains/(losses) on financial instruments at fair value |             | (1 289) |             |
| Other income  |             | 15      |             |

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

### Operating expenses and impairment of loans

Operating expenses are volatile due to the management fee paid to DNB Bank. The cooperation with DNB Bank is formalised through an extensive servicing agreement that ensures DNB Boligkreditt sound competence in key areas and cost-effective operations. The management fee calculation is based primarily on lending volume and the spreads achieved; thus, the fee will fluctuate with the net interest income. The servicing agreement also ensures DNB Boligkreditt a minimum fee based on the net interest rate margin achieved on loans to customers. A net interest rate margin below the minimum level will be at DNB Bank's risk, resulting in a negative management fee (payment from DNB Bank to DNB Boligkreditt). The fee amounted to a negative NOK 406 million in the first quarter of 2023, down from a positive NOK 50 million in the first quarter of 2022.

The company has generally recorded low impairment losses on loans. In the first quarter of 2023, the company reported a net impairment loss of NOK 6 million. The Board of Directors considers the level of impairment to be satisfactory relative to the high quality of the loan portfolio.

## Funding, liquidity and balance sheet

### Balance sheet

At end-March 2023, DNB Boligkreditt had total assets of NOK 750.3 billion, an increase of NOK 40.9 billion from end-March 2022.

| Amounts in NOK million     | 31 March |         | 31 March |
|----------------------------|----------|---------|----------|
|                            | 2023     | Change  | 2022     |
| Total assets               | 750 300  | 40 880  | 709 420  |
| Loans to customers         |          | 539     |          |
| Financial derivatives      |          | 23 379  |          |
| Deferred tax assets        |          | (1 128) |          |
| Other assets               |          | 18 090  |          |
| Total liabilities          | 709 331  | 40 385  | 668 946  |
| Due to credit institutions |          | 34 811  |          |
| Financial derivatives      |          | 1 832   |          |
| Debt securities issued     |          | 8 636   |          |
| Other liabilities          |          | (4 894) |          |

Loans to customers originate from the acquisition of residential mortgage portfolios from DNB Bank and the sale of new loans through the bank's distribution network.

Debt securities issued were up by net NOK 8.6 billion from end-March 2022, mainly due to currency movements. The company did not issue new covered bonds in the first quarter of 2023. Total debt securities issued amounted to NOK 368.2 billion at end-March 2023.

## Risk and capital adequacy

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

Currency risk is offset using 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 low.

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

The servicing agreement with DNB Bank comprises administration, bank production, IT operations and financial and liquidity management. The fee structure in the servicing agreement shall ensure a stable return on equity but does not take the effects of unrealised gains or losses on financial instruments into consideration. Operational risk is assessed to be low.

Negative developments in the housing market will affect the company. A decline in housing prices will reduce the value of the company's cover pool relative to the statutory asset coverage requirement. Quarterly stress tests are carried out to estimate the effects of a negative development in housing prices. A short-term measure to meet a significant fall in housing prices will be that DNB Bank supplies DNB Boligkreditt with more substitute collateral. The Board of Directors considers the company's total risk exposure to be low.

At end-March 2023, the company's equity totalled NOK 41.0 billion, of which NOK 34.9 billion represented Tier 1 capital. Own funds for capital adequacy purposes in the company was NOK 40.1 billion. The Tier 1 capital ratio was 18.6 per cent, while the capital adequacy ratio was 21.4 per cent.

## New regulatory framework

### Norwegian Act implementing the EU Taxonomy Regulation and SFDR entered into force

A new Norwegian Act relating to sustainable finance entered into force on 1 January 2023. The Act (available in Norwegian only) implements the EU Taxonomy Regulation for sustainable activities (EU taxonomy) and the Sustainable Finance Disclosure Regulation (SFDR) in Norway.

The EU taxonomy is a classification system that introduces a set of common criteria for what can be considered environmentally sustainable (green) economic activities. The Taxonomy Regulation introduces a new reporting requirement for large non-financial corporations as well as for financial institutions. Banks will be required to report on the proportion of loans granted to activities that are defined as green under the taxonomy ('Green Asset Ratio'). The requirements of the Act to provide taxonomy-related information will apply to annual reports containing annual accounts with 31 December 2023 as their balance sheet date.

The SFDR requires financial institutions whose business operations include portfolio management ('financial market participants') and financial advisers to provide information on how they integrate ESG risk into their risk assessments and investment advice. These financial market participants must also provide information on any adverse impacts of their investment decisions and/or investment advice on sustainability factors.

### Implementation of the Corporate Sustainability Reporting Directive (CSRD) in Norway

In the autumn of 2022, the EU adopted the Corporate Sustainability Reporting Directive (CSRD), which includes a new set of rules for sustainability reporting. The aim of the new rules is to ensure better, more complete and more easily accessible information on companies' sustainability performance. The reporting requirement will apply to all major Norwegian companies and will be much more comprehensive and detailed than it is today. In Norway, more than 1 700 companies will be subject to a formal reporting requirement under the CSRD.

The sustainability reporting under CSRD must provide information on the company's impact on sustainability factors and on how sustainability factors affect the company's development, performance and position. The topics for reporting include the company's plans for ensuring that its business model and strategy are compatible with the transition to a sustainable economy and the goals of the Paris Agreement.

For the largest listed companies, including DNB, the first reporting of this kind is due in 2025 (for the accounting year 2024). The Norwegian authorities aim to follow the same timeline as the EU, but there may be some delays in the Norwegian timeline. Part of the reporting is to be included in the management report (Directors' report) and must be available in a digital format. An independent assurance on the sustainability reporting must also be provided.

### Amendments to the Norwegian Lending Regulations entered into force on 1 January 2023

Until the end of 2022, banks factored in an interest rate increase of at least 5 percentage points when assessing customers' debt-servicing capacity. This requirement changed on 1 January 2023, meaning banks should now base their decision on an interest rate increase of at least 3 percentage points. However, banks must still apply an interest rate of at least 7 per cent (this will have an effect when the lending rate is lower than 4 per cent). For fixed-rate loans, an interest rate increase is to be applied from the end of the fixed-rate period, as is the current practice.

The loan-to-value ratio requirements set out in the Regulations (85 per cent for instalment loans and 60 per cent for lines of credit) and loan-to-income ratio (500 per cent) will be maintained at the

present level. The flexibility quota for home mortgages will be maintained at 10 per cent (8 per cent in Oslo). For consumer loans, the quota will remain at 5 per cent.

### Counter-cyclical buffer to be maintained at 2.5 per cent

In 2022, it was decided to increase the counter-cyclical capital buffer requirement to 2.5 per cent with effect from 31 March 2023. On 18 January 2023, the Monetary Policy and Financial Stability Committee of the Norwegian central bank, Norges Bank, decided to maintain this requirement. The purpose of the counter-cyclical capital buffer is to make banks more resilient and to reduce the risk of banks exacerbating a downturn in the economy. The next decision concerning the counter-cyclical buffer will be announced on 10 May.

## Macroeconomic developments

Key figures for the US economy indicate a continued high level of economic activity in the first quarter of this year. The strong economic activity has resulted in high employment growth and a persistently tight labour market. At the same time, inflation has remained high. In Europe, too, indicators for economic growth as well as inflation have stayed at a high level. This contributed to raising key policy rate expectations. In March, problems were uncovered at some of the US regional banks and at the Swiss bank Credit Suisse. The markets feared that a deeper banking crisis was taking shape, and expectations concerning central bank key policy rates, both in the US and Europe, including Norway, fell markedly. However, interest rates were raised further at the monetary policy meetings in March for the Fed, the European Central Bank (ECB), the Bank of England (BoE) and the Norwegian central bank, Norges Bank, and the central banks announced additional interest rate increases in the time ahead. It still seems likely that activity for Norway's most important trading partners will weaken in the course of the year. In its April update, the IMF projected that economic growth in advanced economies will slow from 2.7 per cent in 2022 to 1.3 per cent in 2023. In what is referred to as a plausible alternative scenario with further financial sector stress, advanced economy growth this year is estimated at only 1 per cent. At the same time, global inflation is forecast at 7.0 per cent this year, down from 8.7 per cent last year.

Fears of a major bank crisis contributed to a pronounced drop in the key stock market indices in the first part of March, but the indices recovered well in the second half of the month. During the first quarter, the US S&P 500 rose by 7.0 per cent, while the Oslo Stock Exchange Benchmark Index (OSEBX) only rose by 0.4 per cent. The turbulence in the markets contributed to a further depreciation of the Norwegian krone in the period leading up to mid-March, before it recovered slightly in the latter half of the month. The main picture for the krone, however, has been one of persistent depreciation during the first quarter. From the end of the fourth quarter of 2022 to the end of the first quarter of 2023, the EUR/NOK rose by 8.2 per cent, while the import-weighted exchange rate rose by 7.4 per cent.

Activity in the Norwegian economy, measured in terms of mainland GDP, fell by 0.2 per cent from January to February after rising by 0.1 per cent in January. The trailing three-month growth in GDP for mainland Norway was 0.3 per cent from September–November to December–February. Underlying growth in the mainland economy has slowed significantly. A marked increase in households' car purchases contributed to consumption growth in the fourth quarter of 2022. However, car purchases came to a near complete halt in January, before recovering somewhat in February. This contributed to weakening private consumption in the first quarter. Nevertheless, households' service consumption rose during the fourth quarter of 2022, and continued to do so into the first quarter of 2023. This can currently be regarded as a better indicator of households' underlying consumption trend than the main figures for private consumption in the first quarter. The number

of registered unemployed as a share of the workforce was 1.7 per cent in March, for the eighth month in a row. This indicates that the labour market remained tight during the first quarter.

In March, the consumer price index rose by 6.5 per cent compared with the same month a year earlier. Inflation was at its highest in October 2022, at 7.5 per cent. Calculated without including the electricity support scheme, the 12-month rate for the CPI All-item index would have been 7.4 per cent in March 2023, according to Statistics Norway. Core inflation, as measured by the CPI-ATE All-item index, rose to 6.2 per cent in March. Prices of existing homes rose by 0.5 per cent in March, adjusted for seasonal variations. This was the fourth consecutive month in which prices rose, after a decline in the second half of last year. Household credit growth was 4.0 per cent year on year in February, and the pace of growth has slowed somewhat since summer 2021.

Norges Bank raised the key policy rate to 3.00 per cent at its meeting on 22 March and announced that it would most likely be raised further at the monetary policy meeting in May. The interest rate path presented indicated another hike at the June meeting, and an almost 50 per cent probability of a further increase during the autumn. Norges Bank has raised interest rates due to high inflation and high capacity utilisation in the economy. The interest rate path presented is a result of the central bank's attempts to strike a

balance between curbing inflation, on the one hand, and preventing unemployment from rising too much, on the other.

## Future prospects

The stepwise increase in Norges Bank's key policy rate from 0.50 per cent to 2.75 per cent during 2022, followed by DNB's repricing announcements, will have full annual effect in 2023. Moreover, Norges Bank's raising of the key policy rate to 3 per cent in March, followed by another repricing by DNB Boligkreditt, will have additional positive effects on interest income in 2023.

In the period 2023 to 2024, the annual increase in lending volumes is expected to be around 2 to 3 per cent.

The common equity Tier 1 (CET1) capital ratio requirement for DNB Boligkreditt is 16.30 per cent, while the Tier 1 requirement is 17.80 per cent. Including a management buffer of 0.75 per cent the Tier 1 requirement is 18.55 per cent. As per 31 March 2023 the CET1 capital ratio was 18.6 per cent.

Covered bonds have a leading position as a funding vehicle for Norwegian banks. Norwegian covered bonds still seem attractive, with relatively low credit and market risk. The volume of covered bond issues the next couple of years is however expected to be lower than in the previous years, due to the DNB Group's reduced need for this funding instrument.

Oslo, 26 April 2023

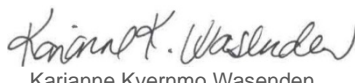
The Board of Directors of DNB Boligkreditt AS



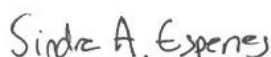
Henrik Lidman  
(Chair of the Board)



Bjørn Hauge Spjeld



Karianne Kvernmo Wasenden



Sindre Andreas Espenes  
(Chief Executive Officer, CEO)

# Accounts for the DNB Boligkreditt

## COMPREHENSIVE INCOME STATEMENT

| <i>Amounts in NOK million</i>  | Note | 1st quarter<br>2023 | 1st quarter<br>2022 | Full year<br>2022 |
|--|------|---------------------|---------------------|-------------------|
| Interest income, amortised cost  |      | 6 783               | 3 406               | 17 433            |
| Other interest income  |      | 245                 | 230                 | 969               |
| Interest expenses, amortised cost  |      | (5 673)             | (1 232)             | (10 468)          |
| Other interest expenses  |      | (606)               | (1 263)             | (4 963)           |
| <b>Net interest income</b>   |      | <b>749</b>          | <b>1 140</b>        | <b>2 971</b>      |
| Commission and fee income  |      | 11                  | 12                  | 50                |
| Commission and fee expenses  |      | (1)                 | (1)                 | (4)               |
| Net gains on financial instruments at fair value                           |      | (347)               | 942                 | 1 328             |
| Other income   |      |                     | (15)                | (16)              |
| <b>Net other operating income</b>  |      | <b>(337)</b>        | <b>938</b>          | <b>1 358</b>      |
| <b>Total income</b>  |      | <b>412</b>          | <b>2 078</b>        | <b>4 328</b>      |
| Salaries and other personnel expenses                                      |      | (2)                 | (2)                 | (8)               |
| Other expenses   | 7    | 382                 | (71)                | 1 353             |
| <b>Total operating expenses</b>  |      | <b>380</b>          | <b>(72)</b>         | <b>1 345</b>      |
| Impairment of financial instruments  | 3    | (6)                 | 2                   | (25)              |
| <b>Pre-tax operating profit</b>  |      | <b>786</b>          | <b>2 008</b>        | <b>5 649</b>      |
| Tax expense  |      | (196)               | (502)               | (1 412)           |
| <b>Profit for the period</b>   |      | <b>589</b>          | <b>1 506</b>        | <b>4 237</b>      |
| Other comprehensive income that will not be reclassified to profit or loss |      | 8                   | 47                  | 63                |
| Tax  |      | (2)                 | (12)                | (16)              |
| <b>Total comprehensive income for the period</b>                           |      | <b>595</b>          | <b>1 541</b>        | <b>4 284</b>      |

## BALANCE SHEET

| <i>Amounts in NOK million</i>       | Note | 31 March<br>2023 | 31 Dec.<br>2022 | 31 March<br>2022 |
|-------------------------------------|------|------------------|-----------------|------------------|
| <b>Assets</b>                       |      |                  |                 |                  |
| Due from credit institutions        | 7    | 25 576           | 26 418          | 7 658            |
| Loans to customers                  | 3, 6 | 683 638          | 686 604         | 683 099          |
| Financial derivatives               | 6    | 39 074           | 17 585          | 15 695           |
| Deferred tax assets                 |      | 1 821            | 1 822           | 2 949            |
| Other assets                        |      | 191              | 563             | 19               |
| <b>Total assets</b>                 |      | <b>750 300</b>   | <b>732 992</b>  | <b>709 420</b>   |
| <b>Liabilities and equity</b>       |      |                  |                 |                  |
| Due to credit institutions          | 7    | 307 130          | 294 512         | 272 318          |
| Financial derivatives               | 6    | 28 495           | 27 184          | 26 663           |
| Debt securities issued              | 4, 6 | 368 245          | 365 316         | 359 609          |
| Payable taxes                       |      | 198              | 0               | 5 071            |
| Other liabilities                   |      | 18               | 360             | 44               |
| Provisions                          |      | 31               | 31              | 31               |
| Subordinated loan capital           | 5    | 5 214            | 5 214           | 5 209            |
| <b>Total liabilities</b>            |      | <b>709 331</b>   | <b>692 617</b>  | <b>668 946</b>   |
| Share capital                       |      | 4 527            | 4 527           | 4 527            |
| Share premium                       |      | 25 149           | 25 149          | 25 149           |
| Other equity                        |      | 11 294           | 10 699          | 10 799           |
| <b>Total equity</b>                 |      | <b>40 970</b>    | <b>40 375</b>   | <b>40 475</b>    |
| <b>Total liabilities and equity</b> |      | <b>750 300</b>   | <b>732 992</b>  | <b>709 420</b>   |

## STATEMENT OF CHANGES IN EQUITY

| <i>Amounts in NOK million</i>                                     | Share<br>capital | Share<br>premium | Liability<br>credit<br>reserve | Other<br>equity | Total<br>equity |
|---|------------------|------------------|--------------------------------|-----------------|-----------------|
| <b>Balance sheet as at 31 December 2021</b>                       | <b>4 527</b>     | <b>25 149</b>    | <b>(23)</b>                    | <b>9 280</b>    | <b>38 933</b>   |
| Profit for the period   |                  |                  |                                | 1 506           | 1 506           |
| Actuarial gains and losses  |                  |                  |                                |                 |                 |
| Financial liabilities designated at FVTPL, changes in credit risk |                  |                  | 47                             |                 | 47              |
| Tax on other comprehensive income                                 |                  |                  | (12)                           |                 | (12)            |
| Comprehensive income for the period                               |                  |                  | 35                             | 1 506           | 1 541           |
| <b>Balance sheet as at 31 March 2022</b>                          | <b>4 527</b>     | <b>25 149</b>    | <b>12</b>                      | <b>10 786</b>   | <b>40 475</b>   |
| <b>Balance sheet as at 31 December 2022</b>                       | <b>4 527</b>     | <b>25 149</b>    | <b>25</b>                      | <b>10 673</b>   | <b>40 375</b>   |
| Profit for the period   |                  |                  |                                | 589             | 589             |
| Actuarial gains and losses  |                  |                  |                                |                 |                 |
| Financial liabilities designated at FVTPL, changes in credit risk |                  |                  | 8                              |                 | 8               |
| Tax on other comprehensive income                                 |                  |                  | (2)                            |                 | (2)             |
| Comprehensive income for the period                               |                  |                  | 6                              | 589             | 595             |
| <b>Balance sheet as at 31 March 2023</b>                          | <b>4 527</b>     | <b>25 149</b>    | <b>31</b>                      | <b>11 263</b>   | <b>40 970</b>   |

### Share capital

All shares and voting rights of the company are held by DNB Bank ASA. Share capital at the beginning of 2022 was NOK 4 527 million (45 270 000 shares at NOK 100).



## CASH FLOW STATEMENT

| <i>Amounts in NOK million</i>                         | Jan.-March<br>2023 | Jan.-March<br>2022 | Full year<br>2022 |
|---|--------------------|--------------------|-------------------|
| <b>Operating activities</b>                           |                    |                    |                   |
| Net receipts on loans to customers                    | 3 894              | 6 918              | 12 378            |
| Receipts on issued bonds and commercial paper         | 419                | 50 000             | 90 000            |
| Payments on redeemed bonds and commercial paper       | (17 753)           | (118 146)          | (154 180)         |
| Net receipts on loans from credit institutions        | 13 454             | 62 045             | 65 499            |
| Interest received                                     | 6 923              | 3 558              | 17 761            |
| Interest paid   | (6 422)            | (2 364)            | (14 193)          |
| Net receipts on commissions and fees                  | 10                 | 11                 | 46                |
| Net receipts/(payments) for operating expenses        | 317                | (160)              | 1 102             |
| Taxes paid  | 1                  |                    | (3 911)           |
| <b>Net cash flow relating to operating activities</b> | <b>843</b>         | <b>1 861</b>       | <b>14 502</b>     |
| <b>Investing activities</b>                           |                    |                    |                   |
| Purchase of loan portfolio                            | (1 067)            | (1 932)            | (11 332)          |
| Sale of loan portfolio                                | 223                | 71                 | 620               |
| <b>Net cash flow relating to investing activities</b> | <b>(843)</b>       | <b>(1 861)</b>     | <b>(10 712)</b>   |
| <b>Financing activities</b>                           |                    |                    |                   |
| Group contribution payments                           |                    |                    | (3 790)           |
| <b>Net cash flow from financing activities</b>        |                    |                    | <b>(3 790)</b>    |
| <b>Net cash flow</b>                                  | <b>0</b>           | <b>(0)</b>         | <b>0</b>          |
| Cash as at 1 January                                  | 0                  | 0                  | 0                 |
| Net payments of cash                                  | 0                  | (0)                | 0                 |
| Cash at end of period                                 | 0                  | 0                  | 0                 |

## NOTE 1 BASIS FOR PREPARATION

The quarterly financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as issued by the International Accounting Standards Board and as adopted by the European Union. When preparing the financial statements, the management makes estimates, judgements and assumptions that affect the application of the accounting principles, as well as income, expenses, and the carrying amount of assets and liabilities. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the accounting policies, significant estimates and areas where judgement is applied can be found in Note 1 Accounting principles in the annual report for 2022. In the interim report, the accounting policies, significant estimates, and areas where judgement is applied are in conformity with those described in the annual report.

### Cash flow statement

As of 1 January 2023, DNB Boligkreditt presents the line items 'Receipts on issued bonds and commercial paper', 'Payments on redeemed bonds and commercial paper', 'Interest paid' and 'Interest received' as cash flow from operating activities in the cash flow statement. The changes are reflected in the comparative figures.

## NOTE 2 CAPITAL ADEQUACY

Capital adequacy is calculated and reported in accordance with the EU capital requirements regulations for banks and investment firms (CRR/CRD).

### Own funds

| <i>Amounts in NOK million</i>  | 31 March<br>2023 | 31 Dec.<br>2022 | 31 March<br>2022 |
|--|------------------|-----------------|------------------|
| Share capital  | 4 527            | 4 527           | 4 527            |
| Other equity   | 35 853           | 35 848          | 34 441           |
| Total equity   | 40 380           | 40 375          | 38 968           |
| Regulatory adjustments   |                  |                 |                  |
| IRB provisions shortfall (-)   | (945)            | (949)           | (957)            |
| Additional value adjustments (AVA)   | (373)            | (441)           | (453)            |
| (Gains) or losses on derivative liabilities resulting from own credit risk (DVA) | (17)             | (25)            | (12)             |
| (Gains) or losses on liabilities at fair value resulting from own credit risk    | (31)             | (25)            | (30)             |
| Group contributions  | (4 110)          | (4 110)         | (2 843)          |
| Common equity Tier 1 capital   | 34 905           | 34 825          | 34 673           |
| Tier 2 capital   | 5 200            | 5 200           | 5 200            |
| Own funds  | 40 105           | 40 025          | 39 873           |
| Total risk exposure amount   | 187 720          | 186 016         | 185 324          |
| Minimum capital requirement  | 15 018           | 14 881          | 14 826           |
| Common equity Tier 1 capital ratio (%)   | 18.6             | 18.7            | 18.7             |
| Capital ratio (%)  | 21.4             | 21.5            | 21.5             |

### Specification of exposures

| <i>Amounts in NOK million</i>            | Nominal exposure | Exposure at default     | Risk amount             | Capital requirement | Capital requirement |
|--|------------------|-------------------------|-------------------------|---------------------|---------------------|
|  | 31 March<br>2023 | EAD<br>31 March<br>2023 | REA<br>31 March<br>2023 | 31 March<br>2023    | 31 Dec.<br>2022     |
| IRB approach                             |                  |                         |                         |                     |                     |
| Corporate                                | 438              | 438                     | 161                     | 13                  | 11                  |
| Retail - secured by immovable property   | 768 672          | 768 672                 | 164 140                 | 13 131              | 13 103              |
| Total credit risk, IRB approach          | 769 110          | 769 110                 | 164 301                 | 13 144              | 13 113              |
| Standardised approach                    |                  |                         |                         |                     |                     |
| Institutions                             | 15 758           | 15 758                  | 3 152                   | 252                 | 94                  |
| Corporate                                | 18 489           | 18 482                  | 5 055                   | 404                 | 423                 |
| Retail                                   | 444              | 317                     | 238                     | 19                  | 25                  |
| Retail - secured by immovable property   | 901              | 815                     | 292                     | 23                  | 18                  |
| Other assets                             | 2 030            | 2 017                   | 4 847                   | 388                 | 390                 |
| Total credit risk, standardised approach | 37 623           | 37 389                  | 13 582                  | 1 087               | 950                 |
| Total credit risk                        | 806 732          | 806 499                 | 177 884                 | 14 231              | 14 063              |
| Currency risk                            |                  |                         | 1 499                   | 120                 | 151                 |
| Operational risk                         |                  |                         | 8 338                   | 667                 | 667                 |
| Total risk exposure amount               |                  |                         | 187 720                 | 15 018              | 14 881              |

## NOTE 3 DEVELOPMENT IN ACCUMULATED IMPAIRMENT OF FINANCIAL INSTRUMENTS

### Loans to customers at amortised cost

| <i>Amounts in NOK million</i>                | 2023        |             |             |             | 2022       |             |             |             |
|--|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|
|  | Stage 1     | Stage 2     | Stage 3     | Total       | Stage 1    | Stage 2     | Stage 3     | Total       |
| <b>Accumulated impairment as at 1 Jan.</b>   | <b>(19)</b> | <b>(22)</b> | <b>(25)</b> | <b>(67)</b> | <b>(8)</b> | <b>(9)</b>  | <b>(23)</b> | <b>(40)</b> |
| Transfer to stage 1                          | (5)         | 5           |             |             | (2)        | 2           |             |             |
| Transfer to stage 2                          | 1           | (1)         |             |             |            |             |             |             |
| Transfer to stage 3                          |             |             |             |             |            |             |             |             |
| Originated and purchased during the period   | (11)        |             |             | (11)        | (1)        |             |             | (1)         |
| Increased expected credit loss               | (3)         | (8)         | (17)        | (28)        | (1)        | (7)         | (11)        | (19)        |
| Decreased (reversed) expected credit loss    | 11          | 2           | 13          | 26          | 4          |             | 11          | 16          |
| Write-offs                                   |             |             | 3           | 3           |            |             |             |             |
| Derecognition                                |             | 3           |             | 3           |            | 2           |             | 2           |
| <b>Accumulated impairment as at 31 March</b> | <b>(26)</b> | <b>(21)</b> | <b>(27)</b> | <b>(74)</b> | <b>(7)</b> | <b>(13)</b> | <b>(22)</b> | <b>(43)</b> |

For explanatory comments about the impairment of financial instruments, see the directors' report.

## NOTE 4 DEBT SECURITIES ISSUED

### Debt securities issued

| <i>Amounts in NOK million</i>                               | 31 March<br>2023 | 31 Dec.<br>2022 | 31 March<br>2022 |
|---|------------------|-----------------|------------------|
| Listed covered bonds, nominal amount                        | 330 264          | 329 953         | 306 549          |
| Private placements under the bond programme, nominal amount | 58 399           | 55 720          | 52 594           |
| Total covered bonds, nominal amount                         | 388 663          | 385 674         | 359 143          |
| Accrued interest  | 1 831            | 1 800           | 1 609            |
| Unrealised losses <sup>1</sup>                              | (22 249)         | (22 157)        | (1 143)          |
| Adjustments   | (20 419)         | (20 358)        | 466              |
| <b>Total debt securities issued</b>                         | <b>368 245</b>   | <b>365 316</b>  | <b>359 609</b>   |

1) Unrealised losses comprise of adjustments for net gain attributable to hedged risk on debt securities that are accounted for as hedged items and mark-to-market adjustments on debt securities that are designated as at fair value through profit or loss (fair value option).

### Changes in debt securities issued

| <i>Amounts in NOK million</i>       | Balance<br>sheet<br>31 March<br>2023 | Issued<br>2023 | Matured/<br>redeemed<br>2023 | Exchange<br>rate<br>movements<br>2023 | Other<br>changes<br>2023 | Balance<br>sheet<br>31 Dec.<br>2022 |
|-------------------------------------|--------------------------------------|----------------|------------------------------|---------------------------------------|--------------------------|-------------------------------------|
| Covered bond debt, nominal          | 388 663                              |                | (17 743)                     | 20 732                                |                          | 385 674                             |
| Adjustments                         | (20 419)                             |                |                              |                                       | (61)                     | (20 358)                            |
| <b>Total debt securities issued</b> | <b>368 245</b>                       |                | <b>(17 743)</b>              | <b>20 732</b>                         | <b>(61)</b>              | <b>365 316</b>                      |

### Maturity of debt securities issued

| <i>Amounts in NOK million</i>                   | NOK            | Foreign<br>currency | Total          |
|---|----------------|---------------------|----------------|
| 2023  | 257            | 56 737              | 56 994         |
| 2024  | 58 000         | 38 930              | 96 930         |
| 2025  | 51 500         | 35 316              | 86 816         |
| 2026  | 2 500          | 41 550              | 44 050         |
| 2027 and later                                  | 1 100          | 102 773             | 103 873        |
| <b>Total covered bond debts, nominal amount</b> | <b>113 357</b> | <b>275 306</b>      | <b>388 663</b> |

## NOTE 4 DEBT SECURITIES ISSUED (continued)

### Debt securities issued - matured/redeemed during the period

| <i>Amounts in NOK million</i>                                      |          | Matured<br>redeemed<br>amount | Interest | Issued | Matured | Remaining nominal amount |                 |
|--|----------|-------------------------------|----------|--------|---------|--------------------------|-----------------|
| ISIN Code  | Currency |                               |          |        |         | 31 March<br>2023         | 31 Dec.<br>2022 |
| Private  | EUR      | 263                           | Fixed    | 2010   | 2023    | Matured                  | 263             |
| Private  | EUR      | 105                           | Fixed    | 2013   | 2023    | Matured                  | 105             |
| XS0877622620   | EUR      | 158                           | Fixed    | 2013   | 2023    | Matured                  | 158             |
| Private  | EUR      | 1 388                         | Fixed    | 2013   | 2023    | Matured                  | 1 388           |
| Private  | EUR      | 53                            | Fixed    | 2016   | 2023    | Matured                  | 53              |
| XS1756428469   | EUR      | 15 776                        | Fixed    | 2018   | 2023    | Matured                  | 15 776          |
| <b>Total debt securities matured/<br/>redeemed, nominal amount</b> |          | <b>17 743</b>                 |          |        |         |                          | <b>17 743</b>   |

### Cover pool

| <i>Amounts in NOK million</i>  | 31 March<br>2023 | 31 Dec.<br>2022 | 31 March<br>2022 |
|--|------------------|-----------------|------------------|
| Pool of eligible loans   | 680 680          | 683 646         | 681 152          |
| Market value of eligible derivatives   | 10 579           |                 |                  |
| <b>Total collateralised assets</b>   | <b>691 259</b>   | <b>683 646</b>  | <b>681 152</b>   |
| Debt securities issued, carrying value   | 368 245          | 365 316         | 359 609          |
| Valuation changes attributable to changes in credit risk on debt carried at fair value | 41               | 33              | 16               |
| Market value of eligible derivatives   |                  | 9 599           | 10 968           |
| <b>Debt securities issued, valued according to regulation<sup>1</sup></b>              | <b>368 285</b>   | <b>374 948</b>  | <b>370 593</b>   |
| Collateralisation (per cent)   | 187.7            | 182.3           | 183.8            |

1) The debt securities issued are bonds with preferred rights in the appurtenant cover pool. The composition and calculation of values in the cover pool are defined in Sections 11-8 and 11-11 of the Financial Institutions Act with appurtenant regulations.

## NOTE 5 SUBORDINATED LOAN CAPITAL

| <i>Amounts in NOK million</i>          | Currency | Nominal<br>amount | Interest rate          | Issue<br>date | Call<br>date | Maturity<br>date | 31 March<br>2023 | 31 Dec.<br>2022 | 31 March<br>2022 |
|--|----------|-------------------|------------------------|---------------|--------------|------------------|------------------|-----------------|------------------|
| Term subordinated loan capital         | NOK      | 1 900             | 3 month Nibor + 160 bp | 2018          | 2023         | 2028             | 1 900            | 1 900           | 1 900            |
| Term subordinated loan capital         | NOK      | 3 300             | 3 month Nibor + 160 bp | 2018          | 2023         | 2028             | 3 300            | 3 300           | 3 300            |
| Accrued interest                       |          |                   |                        |               |              |                  | 14               | 14              | 9                |
| <b>Total subordinated loan capital</b> |          |                   |                        |               |              |                  | <b>5 214</b>     | <b>5 214</b>    | <b>5 209</b>     |

## NOTE 6 FINANCIAL INSTRUMENTS AT FAIR VALUE

| <i>Amounts in NOK million</i>          | Level 1 | Level 2 | Level 3 | Total  |
|--|---------|---------|---------|--------|
| <b>Assets as at 31 March 2023</b>      |         |         |         |        |
| Loans to customers                     |         |         | 33 630  | 33 630 |
| Financial derivatives                  |         | 39 074  |         | 39 074 |
| <b>Liabilities as at 31 March 2023</b> |         |         |         |        |
| Debt securities issued                 |         | 6 201   |         | 6 201  |
| Financial derivatives                  |         | 28 495  |         | 28 495 |
| <b>Assets as at 31 March 2022</b>      |         |         |         |        |
| Loans to customers                     |         |         | 34 795  | 34 795 |
| Financial derivatives                  |         | 15 695  |         | 15 695 |
| <b>Liabilities as at 31 March 2022</b> |         |         |         |        |
| Debt securities issued                 |         | 6 328   |         | 6 328  |
| Financial derivatives                  |         | 26 663  |         | 26 663 |

### Financial instruments at fair value, level 3

| <i>Amounts in NOK million</i>                 | Loans to customers |
|---|--------------------|
| <b>Carrying amount as at 31 December 2021</b> | <b>35 221</b>      |
| Net gains recognised in the income statement  | (1 073)            |
| Additions/purchases                           | 3 061              |
| Sales   | (17)               |
| Settled                                       | (2 397)            |
| <b>Carrying amount as at 31 March 2022</b>    | <b>34 795</b>      |
| <b>Carrying amount as at 31 December 2022</b> | <b>34 499</b>      |
| Net gains recognised in the income statement  | (19)               |
| Additions/purchases                           | 1 111              |
| Sales   | (10)               |
| Settled                                       | (1 951)            |
| <b>Carrying amount as at 31 March 2023</b>    | <b>33 630</b>      |

For a further description of the instruments and valuation techniques, see DNB Boligkreditt's annual report for 2022.

### Sensitivity analysis, level 3

An increase in the discount rate on fixed-rate loans by 10 basis points will decrease the fair value by NOK 100 million.

## NOTE 7 INFORMATION ON RELATED PARTIES

### DNB Bank ASA

In the first quarter of 2023, loan portfolios representing NOK 0.8 billion (NOK 1.9 billion in the first quarter of 2022) were transferred from the bank to DNB Boligkreditt in accordance with the "Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Boligkreditt AS".

The servicing agreement between DNB Boligkreditt and DNB Bank ensures DNB Boligkreditt a minimum margin achieved on loans to customers. A margin below the minimum level will be at DNB Bank's risk, resulting in a negative management fee (payment from DNB Bank to DNB Boligkreditt). The management fee paid to the bank for purchased services is recognised as 'Other expenses' in the comprehensive income statement and amounted to a negative NOK 406 million in the first quarter of 2023 (a positive NOK 50 million in the first quarter of 2022).

At end-March 2023, DNB Bank had invested NOK 92.3 billion in covered bonds issued by DNB Boligkreditt.

In the first quarter of 2023, DNB Boligkreditt entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 24.5 billion at end-March 2023.

As of end-March 2023, DNB Bank's ownership of subordinated loans issued by DNB Boligkreditt amounted to NOK 1.9 billion. At the same time, DNB Invest Denmark A/S' ownership of subordinated loans issued by DNB Boligkreditt amounted to NOK 3.3 billion.

DNB Boligkreditt has a long-term overdraft facility in DNB Bank with a limit of NOK 335 billion.

### DNB Livsforsikring AS

At end-March 2023 DNB Livsforsikring AS's holding of DNB Boligkreditt bonds was valued at NOK 253 million.

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DNB Boligkreditt AS is part of the DNB Group. Quarterly and annual reports for the DNB Group and DNB Boligkreditt are available on [ir.dnb.no](http://ir.dnb.no).



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