

Third quarter report 2009

Unaudited



Financial highlights

Third quarter 2009

- Pre-tax operating profits before write-downs were NOK 5.0 billion (4.4)
- Profit for the period was NOK 1.8 billion (2.8)
- Profit after minority interests was NOK 2.2 billion (2.8)
- Earnings per share were NOK 1.63 (2.12)
- Return on equity was 10.6 per cent (15.5)
- The cost/income ratio, excluding impairment losses for goodwill, was 46.9 per cent (50.6)
- The core capital ratio, including 50 per cent of interim profits, was 7.6 per cent (6.7)

January through September 2009

- Pre-tax operating profits before write-downs were NOK 14.6 billion (10.5)
- Profit for the period was NOK 5.3 billion (7.3)
- Profit after minority interests was NOK 6.5 billion (7.2)
- Earnings per share were NOK 4.85 (5.39)
- Return on equity was 10.7 per cent (13.0)
- The cost/income ratio, excluding impairment losses for goodwill, was 48.0 per cent (55.6)

Comparable figures for 2008 in parentheses.

There has been no full or partial audit of the quarterly report and accounts, though the report has been reviewed by DnB NOR's Group Audit. The report has also been reviewed by the Audit Committee.

Report for the third quarter of 2009

- Sound underlying rise in income
- Rise in profits in Retail Banking and Vital
- Positive effects of cost programme
- Continued high write-downs on loans in the Baltic region, while Norwegian and other international operations performed better than expected
- Strengthened capitalisation provides a basis for long-term growth

Introduction

DnB NOR recorded profits of NOK 1 760 million in the third quarter of 2009, down from NOK 2 810 million in the year-earlier period. Compared with the second quarter of 2009, profits were up NOK 1 117 million, reflecting a healthy underlying rise in income in a still uncertain financial market situation.

Lending volumes contracted during the third quarter, which was due to a reduction in the value of currency loans converted to Norwegian kroner. Adjusted for exchange rate effects, lending volumes were virtually unchanged from end-December 2008. Lending spreads for large corporates rose by 0.14 percentage points from the previous quarter following an adjustment in spreads to absorb higher funding costs and increased risk.

Other operating income increased by NOK 1 257 million from the second quarter of 2009 and by NOK 817 million from the third quarter of 2008. Due to the financial market recovery, both DnB NOR Markets and Vital recorded sound profits. Income from payment services also showed a positive trend, while the upturn in the housing market gave a boost in income from real estate broking.

There was a positive cost trend during the quarter. Adjusted for the effects of a new unit outside core operations and impairment losses for goodwill, costs declined by NOK 90 million from the second quarter and rose by NOK 46 million from the third quarter of 2008. The cost programme and initiatives to create a more integrated group had significant effects on Norwegian-related operations, while market adjustments reduced costs both in and outside Norway.

The effect of write-downs on loans in the income statement was NOK 2 277 million, a slight decline from the second quarter and within estimated write-downs of NOK 8-10 billion for the whole of 2009. There was a decline in write-downs in DnB NOR compared with the second quarter. There was a stable level of write-downs in other operations, with a certain increase in group write-downs and a reduction in individual write-downs. Over the past year, the Group has stepped up its efforts considerably to ensure the value of problem commitments.

The situation in international financial markets improved during the third quarter, and the Group experienced a sound liquidity situation during this period. The ratio of deposits to lending was 52.5 per cent at end-September, up from 50.1 per cent at year-end 2008.

The positive profit performance, along with a decline in lending volume, helped raise the core capital ratio from 9.6 per cent at end-June to 9.8 per cent at end-September, subject to full effect of the new capital adequacy regulations. The formal core capital ratio, including 50 per cent of interim profits, increased from 7.3 per cent at end-June to 7.6 per cent at end-September.

On 24 September 2009, DnB NOR's Board of Directors proposed to strengthen equity by NOK 14 billion through an issue of ordinary shares with pre-emptive subscription rights for existing shareholders. The rights issue is supported by DnB NOR's largest shareholders and underwritten by the arrangers. The Norwegian parliament will make a final decision regarding the government's participation in the share capital issue during the fourth quarter. The capital increase will make the Group better positioned for stricter capital adequacy requirements

while the transaction will enhance the Group's ability to meet customers' future financing needs and to pursue profitable business opportunities as part of its future growth strategy. In addition, it will enable a swifter return to the Group's long-term dividend policy. Based on new capital adequacy regulations and including 50 per cent of interim profits and capital from the rights issue, the core capital ratio would have been 11.4 per cent at end-September 2009.

Like most other large Nordic financial services groups, DnB NOR experienced a ratings downgrade by Moody's during the third quarter and is now rated Aa3 with a stable outlook. The rating from Standard and Poor's is unchanged at AA-. DnB NOR has thus retained its position as one of the best rated banks.

During the third quarter of 2009, DnB NOR qualified for inclusion in the Dow Jones World Sustainability Index, which means that the Group is regarded as being among the top 10 per cent within its industry worldwide in terms of sustainability with respect to economic, environmental and social factors.

Income statement for the third quarter

Net interest income

<i>Amounts in NOK million</i>	3rd quarter 2009	3rd quarter Change	3rd quarter 2008
Net interest income	5 740	49	5 691
Lending and deposit spreads		472	
Lending and deposit volumes		163	
Equity and non-interest-bearing items		(624)	
Long-term funding costs		(218)	
Guarantee fund levy		(107)	
Exchange rate effects		227	
Other net interest income		137	

Net interest income was NOK 5 740 million in the third quarter of 2009, up NOK 49 million from the year-earlier period. There was a NOK 87 million increase in net interest income compared with the second quarter of 2009.

The average lending volume was up NOK 68.3 billion or 6.4 per cent from the third quarter of 2008. There was brisk lending growth in the second half of 2008, which levelled off towards the end of the year. Thus far in 2009, there has been a decline in lending volume. Adjusted for exchange rate effects, lending has shown a stable trend through 2009.

Relative to the 3-month money market rate, average lending spreads increased from 0.97 per cent in the third quarter of 2008 to 1.63 per cent in the third quarter of 2009. The rise in lending spreads will, among other things, cover higher funding costs and higher risk. During 2009, there has been extensive repricing of corporate loans.

Deposit growth averaged NOK 45.8 billion or 8.1 per cent from the third quarter of 2008. The competition for deposits remained strong during the quarter. In addition, the low interest rate level provided less scope for maintaining deposit spreads. Average deposit spreads declined from 1.16 per cent in the third quarter of 2008 to

0.29 per cent.

The lower interest rate levels caused a NOK 823 million decline in interest income on DnB NOR's equity compared with the third quarter of 2008. Due to widening credit risk margins in financial markets, long-term funding costs were NOK 218 million higher for the same period.

Net other operating income

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter
	2009	Change	2008
Net other operating income	3 951	817	3 134
Stock market-related income including financial instruments		507	
Net financial and risk result from Vital ¹⁾		298	
Profits from associated companies		92	
Real estate broking		39	
Net gains on foreign exchange and interest rate instruments ²⁾		(103)	
Other operating income		(17)	

1) Excluding guaranteed returns and allocations to policyholders.

2) Excluding guarantees.

Net other operating income amounted to NOK 3 951 million, up 26.1 per cent from the third quarter of 2008.

The improved situation in financial markets ensured healthy income from customer activities and own-account trading in DnB NOR Markets and a significant rise in income from Vital. The increase in Vital was due to both higher returns on invested capital and an increase in the company's equity exposure from 3.8 per cent at end-December 2008 to 9.3 per cent at end-September 2009. Income from payment services rose from the third quarter of 2008 due to a high level of activity and the introduction of new products. Real estate broking also generated sound income during the quarter and a rise in commission income.

Operating expenses

The Group's total expenses increased by NOK 184 million from the third quarter of 2008, to NOK 4 648 million. However, total expenses include impairment losses for goodwill of NOK 100 million and costs relating to a new unit outside core operations of NOK 39 million. The table below shows costs for DnB NOR's ordinary operations.

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter
	2009	Change	2008
Ordinary operating expenses	4 510	46	4 464
Cost programme		(122)	
Restructuring expenses, cost programme		29	
Marketing etc.		(40)	
Pension expenses		(29)	
Wage and price inflation		124	
Write-downs on IT investments in DnB NOR		66	
Operational leasing		57	
IT expenses		32	
Performance-based pay		31	
Other operating expenses, including market adjustments		(102)	
Of which international units		30	

There was a minor increase in the Group's ordinary operating expenses of NOK 46 million from the third quarter of 2008, while there was a NOK 90 million reduction in expenses from the second quarter of 2009. The number of full-time positions was reduced from 14 103 to 13 524 during the period.

Estimated price and wage inflation from the third quarter of

2008 represented NOK 124 million. Total IT-related expenses rose by NOK 98 million, of which NOK 66 million was write-downs on IT investments in DnB NOR in connection with the downscaling of operations. The transition to operational leasing gave a NOK 57 million increase in costs.

The net effect of the cost programme, excluding restructuring expenses, was NOK 93 million from the third quarter of 2008. Adaptations to the sluggish market situation also brought down costs during the period due to reductions in the number of branch offices and full-time positions.

Impairment losses for goodwill

At end-September 2009, recorded goodwill and intangible assets in the Group's balance sheet were reviewed with respect to a possible decline in value. Impairment losses for goodwill of NOK 100 million relating to retail operations in Sweden were recorded in consequence of a new strategic direction for these operations.

Write-downs on commitments

Excluding DnB NOR, individual write-downs totalled NOK 756 million in the third quarter of 2009, up NOK 47 million from the second quarter of 2009 and NOK 358 million from the third quarter of 2008. There was a reduction in individual write-downs in most segments during the third quarter. Due to write-downs on a small number of individual commitments within shipping and in certain regions in Norway, there was nevertheless a slight increase in total write-downs.

Individual write-downs in DnB NOR came to NOK 948 million for the quarter, a reduction of NOK 195 million from the second quarter. DnB NOR's markets continued to experience problems during the quarter, though certain indicators suggest a modest recovery.

Annualised write-downs in Norwegian-related operations in the third quarter of 2009 represented approximately 0.29 per cent of the loan portfolio, while write-downs came to 4.62 per cent for DnB NOR. Normalised losses for the entire Group were 0.42 per cent at end-September 2009.

Due to the serious international economic downturn, there was a rise in group write-downs in the third quarter. The effect of write-downs on loans in the income statement was NOK 572 million for the quarter, an increase from NOK 466 million in the second quarter, which partly reflected reduced shipping freight rates.

Commitments which are subject to individual write-downs, net impaired commitments, totalled NOK 15.9 billion at end-September 2009, up NOK 3.1 billion during the third quarter and NOK 9.9 billion from the third quarter of 2008. Net impaired commitments represented 1.4 per cent of lending volume as at 30 September 2009, an increase from 1.1 per cent at end-June 2009 and 0.54 per cent at end-September 2008. Non-performing commitments not subject to write-downs represented NOK 6.8 billion as at 30 September 2009, up NOK 6.0 billion from end-September 2008. Net non-performing commitments not subject to write-downs increased by NOK 1.4 billion from end-June to end-September 2009. Non-performing commitments not subject to write-downs represented 0.6 per cent of lending volume at end-September 2009, compared with 0.08 per cent a year earlier.

Taxes

The DnB NOR Group's tax charge for the third quarter of 2009 was NOK 1 002 million. The tax charge is based on an estimated average annual tax charge of 35 per cent of pre-tax operating profits. The relatively high tax charge for 2009 is mainly due to an estimated high tax charge in Vital, reflecting non-deductible losses on equities under the tax exemption model. In addition, it reflects the fact that losses carried forward in DnB NOR cannot be expected to be used within a reasonable time span. Impairment losses for goodwill are not tax-deductible and are not included in the tax calculation. The tax charge for the third quarter of 2009 represented 36.3 per cent of pre-tax operating profits. The DnB NOR Group still anticipates a long-term normalised tax rate of 23 per cent of pre-tax operating profits.

Balance sheet and liquidity

As at 30 September 2009, total combined assets in the DnB NOR Group were NOK 2 094 billion, up from NOK 1 964 billion a year earlier. Total assets in the Group's balance sheet were NOK 1 849 billion at end-September 2009, an increase from NOK 1 655 billion a year earlier. Net lending to customers rose by NOK 14.5 billion or 1.3 per cent from end-September 2008. Customer deposits were up NOK 6.1 billion or 1.0 per cent during the same period. Total assets in Vital were NOK 229 billion as at 30 September 2009, up 3.6 per cent from a year earlier.

The short-term financial markets are currently stable and sound. Access to funding has practically returned to normalised levels, and the pricing of short-term funding is only marginally higher than before the start of the financial turmoil. Nevertheless, investors in general still show little risk willingness, and strong emphasis continues to be placed on ratings. Due to the more normalised money market situation, the level of money market rates is now closer to central bank rates, though there is still a larger differential than prior to the financial crisis. This reflects a generally low level of activity in the traditional, unsecured interbank markets and the fact that this activity has largely been replaced by funding backed by securities portfolios.

Long-term funding costs declined during the summer, but are still considerably higher than before the financial turmoil. During the third quarter, DnB NOR ensured long-term funding by availing itself of the Norwegian authorities' measures to stabilise the liquidity situation and by raising small-size loans in the private market to cover parts of next year's funding requirement.

In order to keep the Group's liquidity risk at a low level, the Group has decided that minimum 90 per cent of loans to customers should be financed through customer deposits, long-term securities, subordinated loan capital and equity. With respect to short-term funding, conservative limits have been set for refunding requirements. The Group's ratio of deposits to net customer lending was 52.5 per cent at end-September 2009 and 52.6 per cent a year earlier. The ratio of deposits to lending in DnB NOR Bank ASA was 85.6 per cent as at 30 September 2009. In light of the financial crisis, the Group aims to increase the ratio of deposits to lending in future.

Securities issued by the Group increased by NOK 36.2 billion or 7.5 per cent from end-September 2008, totalling NOK 520.9 billion as at 30 September 2009. The average residual maturity of the portfolio of senior bonds was 3.0 years at end-September 2009, compared with 2.8 years a year earlier.

Risk and capital adequacy

The risk situation in the third quarter of 2009 showed some positive signs compared with preceding quarters. Due to the weak trend in the international economy, there were still large write-downs on loans. This was particularly the case in the Baltic States, where the Group is exposed through DnB NORD. However, there were also relatively large write-downs within shipping and acquisition financing. There were moderate losses in the portfolio of Norwegian-related loans, and the portfolio appears to be robust. Losses remained very low in the Norwegian retail market due to the low interest rate levels and the continued low level of unemployment in Norway. This can be partly explained by the extensive stimulus measures implemented by the Norwegian authorities.

The liquidity situation improved further during the third quarter, and the Group had ample access to capital market funding. The capital markets are in the process of normalising.

The DnB NOR Group quantifies risk by measuring risk-adjusted capital requirements. The net risk-adjusted capital requirement declined by NOK 3.2 billion during the third quarter, to NOK 64.1 billion. The table below shows developments in the risk-adjusted capital requirement:

<i>Amounts in NOK billion</i>	30 Sept. 2009	30 June 2009	31 Dec. 2008	30 Sept. 2008
Credit risk	55.7	57.6	59.2	50.5
Market risk	3.5	4.4	4.2	5.6
Market and insurance risk				
in life insurance	8.0	6.5	7.1	5.9
Non-life insurance risk	0.5			
Operational risk	7.2	6.7	6.7	6.7
Business risk	4.1	4.0	3.7	3.7
Gross risk-adjusted capital requirement	78.9	79.2	81.0	72.3
Diversification effect ¹⁾	(14.8)	(11.9)	(12.9)	(13.9)
Net risk-adjusted capital requirement	64.1	67.3	68.1	58.4
Diversification effect in per cent of gross risk-adjusted capital requirement ¹⁾	18.7	15.0	15.9	19.3

1) *The diversification effect refers to the effect achieved by the Group in reducing risk by operating within several risk categories where unexpected losses are unlikely to occur at the same time.*

There was a reduction in the total risk-adjusted capital requirement for credit from the second quarter. Due to the marked strengthening of the Norwegian krone, there was a reduction in credit exposure measured in Norwegian kroner. In addition, the shift to new and more accurate models for calculating exposure at default resulted in a technical reduction. There was also a small decline in corporate lending volumes. On the other hand, macroeconomic developments caused impaired credit quality, especially within shipping and commercial property, which caused a rise in capital requirements. In spite of an increase in freight rates in some segments, the shipping industry is expected to have a high potential loss exposure for some time due to the slow recovery of the global economy. The downward revision in market values increases the risk for commercial property, though prices now seem to have stabilised. DnB NOR's commercial property loans are primarily granted based on cash flow analyses.

The large majority of Norwegian retail customers have floating-rate loans. The lower interest rate level has thus improved their debt servicing capacity and had a positive effect on housing prices. Housing prices continued to rise during the third quarter and have increased by approximately 16 per cent thus far in 2009.

Risk related to Vital increased during the third quarter in consequence of a sharp rise in equity investments. The company's equity exposure rose from 3.8 per cent at year-end 2008 to 9.3 per cent at end-September 2009.

Operational risk, based on the number of occurred incidents, increased somewhat during the quarter, but remained low. Fraud cases resulting in credit losses caused losses of some NOK 150 million for the quarter. The operational stability of the Group's IT systems improved compared with previous years.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement declined by NOK 39 billion during the quarter, to NOK 1 094 billion. The banking group's risk-weighted volume cannot be reduced below 80 per cent of the Basel I requirement in 2009. This limitation has had no significance in 2009. Including 50 per cent of interim profits, the core capital ratio was 7.6 per cent, while the capital adequacy ratio was 10.3 per cent.

Calculations have been made of the effect of full future implementation of the Basel II rules for all portfolios in the Group apart from DnB NORD. The calculations show that the implementation would give a potential core capital ratio of 9.8 per cent at end-September.

The announced share capital increase will boost equity by approximately NOK 14 billion. This will strengthen the current core capital ratio by approximately 1.2 percentage points and by approximately 1.6 percentage points based on full Basel II implementation.

Business areas

As of 1 July 2009, operations were restructured, whereby retail customers and small and medium-sized companies in Norway are now organised under the same business area, Retail Banking, while the largest corporate clients in Norway and international clients are served by the business area Large Corporates and International. The other business areas were not directly affected by the changes. Following the reorganisation, DnB NOR's business areas comprise Retail Banking, Large Corporates and International, DnB NOR Markets and Life and Asset Management. In addition, DnB NOR, in which DnB NOR has a 51 per cent ownership interest, is regarded as a separate profit centre.

Retail Banking

The intention behind the establishment of Retail Banking, which is responsible for serving both private individuals and small and medium-sized businesses in Norway, is to increase interaction across these customer segments. The aim is to capitalise on the Group's wide range of products and expert knowledge by acting in a coordinated manner, thus offering swift, customer-focused service. This will also be a less cost-intensive model than the previous organisational structure.

Retail Banking recorded pre-tax operating profits of NOK 1 765 million in the third quarter of 2009, up NOK 164 million from the corresponding period in 2008. Volumes showed a positive trend, and developments in non-performing commitments and write-downs were satisfactory.

<i>Income statement in NOK million</i>	3rd quarter 2009	3rd quarter 2008	Change
Net interest income	3 883	3 425	458
Other operating income	990	904	86
Total income	4 872	4 329	544
Operating expenses	2 648	2 385	264
Pre-tax operating profit before write-downs	2 224	1 944	280
Net gains on fixed assets	0	0	0
Net write-downs on loans	459	343	117
Pre-tax operating profit	1 765	1 601	164

Average balance sheet items in NOK billion

Net lending to customers	719.1	673.1	46.0
Deposits from customers	371.7	358.5	13.3

Key figures in per cent

Return on allocated capital ¹⁾	26.0	23.0
Cost/income ratio	52.3	55.1
Ratio of deposits to lending	51.7	53.3

1) Calculated on the basis of allocated risk-adjusted capital.

Low interest rate levels contributed to continued brisk demand for housing loans during the third quarter of 2009. In the segment for small and medium-sized companies, lower activity levels resulted in more sluggish demand for financing, a lower volume of building loans and a reduction in drawdowns on overdraft facilities. The average total lending volume increased by 6.8 per cent from the third quarter of 2008.

Average deposit volumes showed a favourable trend, up 3.7 per cent from the third quarter of 2008, primarily due to a rise in deposits in the retail market. Covered bonds, based on home mortgages in DnB NOR Boligkreditt, represented an important source of funding, supplementing customer deposits. At end-September 2009, 84 per cent of Retail Banking's lending volume was funded by deposits and covered bonds.

Due to stable money market rates combined with the effect of previously approved interest rate adjustments, there was a rise in margin income. The weighted interest rate spread, defined as total margin income on loans and deposits relative to average loans and deposits, was 1.32 per cent in the third quarter of 2009, up 0.18 percentage points from the third quarter of 2008. The widening

spreads helped cover higher funding costs and guarantee fund levies.

There was a rise in net other operating income, reflecting higher income from payment services and real estate broking in Norway.

Impairment losses for goodwill relating to Svensk Fastighetsförmedling of SEK 120 million were recorded, corresponding to NOK 100 million, due to a new strategy in the Swedish retail market. Excluding impairment losses for goodwill, operating expenses increased by NOK 164 million or 6.9 per cent from the third quarter of 2008, reflecting a rise in IT development costs, general wage inflation and the transfer of financial advisers from Norway Post to DnB NOR with accounting effect from the first quarter of 2009. The establishment of Retail Banking entailed a reduction in staff functions and management levels. In addition, other streamlining measures resulting from the Group's cost programme will help curb cost growth. Retail Banking's staff numbered 5 228 full-time positions at end-September 2009.

The quality of the loan portfolio remained sound. Net write-downs on loans relative to average net customer lending were at a low level, increasing on an annual basis from 0.20 per cent in the third quarter of 2008 to 0.25 per cent in the third quarter of 2009. Net impaired commitments were NOK 5.0 billion at end-September 2009, declining by NOK 0.8 billion during the third quarter. The corresponding figure at end-September 2008 was NOK 4.0 billion.

The market share of credit to wage earners was 28.4 per cent at end-August 2009, on a level with the figure a year earlier. The market share of total savings from wage earners was 34.7 per cent.

Retail Banking has approximately 500 000 users of SMS services, with account balance and alert services being the most widely used. At the beginning of October, new alert services which have been much in demand among corporate customers were introduced.

Norway has fared better through the economic downturn than most other countries, and the situation is not expected to change markedly through the remainder of the year. Interest rate levels are expected to remain low throughout 2009. Housing loans will account for a rise in lending, while corporate lending is expected to continue to be stable. Sound profit prospects for 2009 are anticipated.

Large Corporates and International

Large Corporates and International is responsible for serving the Group's largest Norwegian and international customers and continues to focus on strong industry knowledge in selected areas.

The business area showed healthy performance in the third quarter of 2009 under challenging market conditions. Pre-tax operating profits of NOK 1 311 million were recorded, a reduction of NOK 307 million from the year-earlier period.

<i>Income statement in NOK million</i>	3rd quarter 2009	3rd quarter 2008	Change
Net interest income	1 509	1 561	(52)
Other operating income	516	581	(65)
Total income	2 025	2 142	(117)
Operating expenses	417	469	(52)
Pre-tax operating profit before write-downs	1 608	1 673	(66)
Net gains on fixed assets	0	0	0
Net write-downs on loans	297	55	241
Pre-tax operating profit	1 311	1 618	(307)

Average balance sheet items in NOK billion

Net lending to customers	367.3	331.9	35.4
Deposits from customers	232.4	193.9	38.5

Key figures in per cent

Return on allocated capital ¹⁾	12.3	18.6
Cost/income ratio	20.6	21.9
Ratio of deposits to lending	63.3	58.4

1) Calculated on the basis of allocated risk-adjusted capital.

Credit demand in the third quarter of 2009 was on a level with the previous quarter. The average lending volume declined by 4.0 per

cent from the second to the third quarter, mainly due to the strengthening of the Norwegian krone. Compared with the third quarter of 2008, average lending rose by 10.7 per cent. Adjusted for exchange rate movements, mainly in euro and US dollar, there was a 1.8 per cent rise during the same period.

Average deposits showed a stable trend through the third quarter of 2009, increasing by 19.9 per cent compared with the year-earlier period. The ratio of deposits to lending was up 4.9 percentage points from the third quarter of 2008 and 3.1 percentage points from the second quarter of 2009.

Measured against the money market rate, average lending spreads in the third quarter of 2009 were 1.38 per cent, up 0.39 percentage points from the third quarter of 2008 and 0.14 percentage points from the second quarter of 2009. There was a rise in lending spreads in all segments. The widening spreads helped compensate for the increase in funding costs and higher guarantee fund levies.

A reduction in money market rates and strong competition for deposits resulted in narrowing deposit spreads from the third quarter of 2008 to the corresponding period in 2009. Relative to the money market rate, average deposit spreads were reduced by 0.13 percentage points to 0.14 per cent during the period.

The decline in other operating income from the third quarter of 2008 was partly due to a reduction in income from equities and lower income from foreign exchange and interest rate products.

There was an 11.0 per cent reduction in operating expenses from the third quarter of 2008, while the decline was 4.1 per cent from the second to the third quarter of 2009. At end-September 2009, staff in the business area represented 1 058 full-time positions, including 588 positions in international units.

The quality of the loan portfolios remained sound, but was somewhat reduced due to the economic downturn. An increasing number of corporate customers experienced a more challenging market situation due to the economic situation, and a higher share of customers are expected to feel the consequences of the cyclical fluctuations.

Annualised write-downs on loans relative to average net customer lending increased by 0.07 per cent from the third quarter of 2008, standing at 0.32 per cent, while there was a reduction from 0.42 per cent in the second quarter of 2009. Net impaired commitments were NOK 5.0 billion at end-September 2009, rising by NOK 0.2 billion during the third quarter. The corresponding figure at end-September 2008 was NOK 0.5 billion.

Large Corporates and International will build on its sound professional skills to find good solutions for its customers, offering close follow-up and strong support. Priority will be given to strong, long-term and profitable customer relations. Credit demand is expected to stay low during the remainder of 2009, coupled with pressure on deposit spreads.

DnB NOR Markets

DnB NOR Markets achieved healthy profits in the July through September period in 2009, with an increase in customer-related income and healthy income from market making and other proprietary trading. Pre-tax operating profits totalled NOK 1 120 million, down from NOK 1 447 million in the year-earlier period.

	3rd quarter 2009	3rd quarter 2008	Change
<i>Income statement in NOK million</i>			
FX, interest rate and commodity derivatives	281	381	(99)
Investment products	218	105	113
Corporate finance	173	144	28
Securities services	43	71	(28)
Total customer revenues	715	702	13
Market making/trading revenues	832	1 092	(260)
Interest income on allocated capital	28	79	(52)
Total income	1 575	1 873	(298)
Operating expenses	455	426	29
Pre-tax operating profit before write-downs	1 120	1 447	(327)
Net gains on fixed assets	0	0	0
Net write-downs on loans	0	0	0
Pre-tax operating profit	1 120	1 447	(327)
<i>Key figures in per cent</i>			
Return on allocated capital ¹⁾	58.2	85.1	
Cost/income ratio	28.9	22.8	

1) Calculated on the basis of allocated risk-adjusted capital.

Customer-related income increased by 1.9 per cent from the third quarter of 2008, from NOK 702 million to NOK 715 million.

Customer-related income from foreign exchange and interest rate and commodity derivatives declined in consequence of a lower level of economic activity. The recession resulted in less activity within investments, financing, exports and imports and reduced demand for hedging products.

Customer-related income from the sale of securities and other investment products more than doubled compared with the third quarter of 2008. A high level of activity within bond brokerage generated healthy income. Income from trading in equities and equity derivatives remained at a satisfactory level, in spite of lower trading volumes on Oslo Børs. DnB NOR Markets has been the largest brokerage house on Oslo Børs through 2009, also within equities. During the third quarter, DnB NOR Markets established a separate unit for equities sales in Singapore to complement the existing equity research unit.

A higher level of activity within share issues and mergers and acquisitions boosted customer-related income for Corporate Finance. Among other things, DnB NOR Markets acted as global coordinator and joint bookrunner for the share and bond issue of the Renewable Energy Corporation (REC). In Asia, DnB NOR Markets received the Leasing Deal of the Year Award presented by the Marine Money magazine.

The decline in customer revenues from securities services reflects lower market values and interest rate levels, increased pressure on prices and a lower level of activity within custodial services. The level of activity within securities financing picked up during the July through September period. In the third quarter, the Global Custodian magazine ranked DnB NOR as the best provider of custody services for international clients in the Norwegian market.

Earnings from market making and other proprietary trading totalled NOK 832 million, a NOK 260 million reduction from the year-earlier period. Extraordinary fluctuations in interest rates and exchange rates had an impact on income in 2008, and the decline in 2009 reflects a normalisation of the market situation.

Developments in the equity, credit, commodity, currency and interest rate markets will continue to be decisive for the business area's future performance.

Life and Asset Management

Pre-tax operating profits totalled NOK 358 million in the third quarter of 2009, up NOK 422 million from the year-earlier period.

<i>Income statement in NOK million</i>	3rd	3rd	Change
	quarter	quarter	
	2009	2008	
Total income	897	536	361
Operating expenses	539	600	(61)
Pre-tax operating profit	358	(64)	422
Tax	114	4	110
Profit after tax	244	(68)	312
Balances in NOK billion (end of period)			
Assets under management	474.2	530.1	(55.8)
Key figures in per cent			
Return on equity ¹⁾	10.9	(3.6)	
Cost/income ratio	60.1	112.0	

1) Calculated on the basis of allocated risk-adjusted capital.

Vital

Vital recorded pre-tax operating profits of NOK 321 million in the third quarter of 2009, up NOK 366 million from the year-earlier period.

<i>Income statement in NOK million</i>	3rd	3rd	Change
	quarter	quarter	
	2009	2008	
Interest result	996	(1 827)	2 822
- of which property revaluations	(276)	(302)	26
Application of additional allocations	(8)	1 649	(1 657)
Risk result	13	100	(87)
Administration result	(9)	(47)	37
Profit on risk and guaranteed rate of return	128	106	21
Transferred from security reserve	(9)	(18)	9
Profit for distribution in Vital	1 110	(37)	1 146
Allocations to policyholders	789	9	780
Net profit in Vital	320	(45)	365
Tax charge	102	0	102
Profit from Vital	219	(45)	264
Balances in NOK billion (end of period)			
Assets under management	229.1	221.1	8.0
Key figures in per cent			
Return on allocated capital ¹⁾	9.9	(4.5)	

1) Calculated on the basis of allocated risk-adjusted capital.

The value-adjusted and recorded returns were 1.6 and 1.3 per cent respectively for the common portfolio in the third quarter of 2009, which represented an improvement from the year-earlier period, when both returns were negative at 0.1 per cent. Vital achieved a value-adjusted return of 1.1 per cent in its corporate portfolio, up from 0.7 per cent in the year-earlier period. Pre-tax profits were NOK 852 million for the January through September period before the application of additional allocations, an increase of NOK 5 524 million compared with 2008.

Vital reduced its equity exposure in 2007 and 2008, and equities represented 3.8 per cent of assets under management at year-end 2008. At end-September 2009, the equity exposure in the common portfolio was 9.3 per cent. Vital will further increase its equity exposure in step with the strengthening of its solvency capital. The financial market situation has started to normalise, and risk willingness in the market is increasing.

More than 70 per cent of Vital's portfolio is invested in the interest rate market. Around 50 per cent of these investments are classified as held-to-maturity bonds, approximately 25 per cent represents short-duration money market investments, while the remainder is bonds at fair value with an average duration of approximately four years. Increases in interest rates will have a positive long-term effect for Vital.

Developments in the property market remain uncertain. Due to expectations of lower rental income in the office segment, the value

of properties had been written down by NOK 892 million by end-September 2009, of which NOK 276 million referred to the third quarter.

Total assets as at 30 September 2009 were NOK 229 billion, an increase of 2.2 per cent since end-December 2008. Surrenders of individual market products totalled NOK 0.6 billion in the third quarter of 2009, which was lower than in previous periods. At end-September 2009, policyholders' funds within defined-contribution pension schemes totalled NOK 7 663 million, an increase of 50 per cent from end-December 2008.

Premium income totalled NOK 5.1 billion in the third quarter of 2009, an 8.7 per cent increase compared with the year-earlier period. Premium income in the corporate market, including the public sector, came to NOK 4.1 billion, up 12.1 per cent from the third quarter of 2008. Premium income from individual products declined by 3.8 per cent to NOK 1.0 billion compared with the third quarter of 2008. There was a net inflow of transfers of NOK 51 million in the third quarter of 2009.

As at 30 September 2009, solvency capital totalled NOK 20.0 billion, compared with NOK 17.7 billion as at 30 June 2009. The capital adequacy ratio was 10.7 per cent, well within the 8 per cent requirement. At end-June 2009, the capital adequacy ratio was 11.8 per cent. The reduction from the second quarter was mainly a result of the higher equity exposure.

During the January through September period, Vital strengthened its position in the public sector through both new policyholders and growth in the existing customer portfolio. Vital is competing for several large municipal agreements which are out on tender this year. Nevertheless, Vital is of the opinion that procurement rules for occupational pensions in the public sector should be changed to enable true competition for all municipal pension schemes.

Vital is the market leader within life insurance and pensions in Norway and had a 32.4 per cent market share of total policyholders' funds at end-June 2009, compared with 32.6 per cent at end-March 2009.

Vital's cost programme was approved by the company's Supervisory Board in September 2009. One of the programme objectives is to cut operating expenses by minimum NOK 200 million by the end of 2010.

DnB NOR Asset Management

DnB NOR Asset Management recorded pre-tax operating profits of NOK 41 million in the third quarter of 2009, an increase of NOK 28 million from the year-earlier period.

<i>Income statement in NOK million</i>	3rd	3rd	Change
	quarter	quarter	
	2009	2008	
Net interest income	2	12	(10)
<i>Commission income</i>			
- from retail customers	76	61	15
- from institutional clients	138	125	12
Other income	1	(2)	2
Total income	217	197	20
Operating expenses	176	184	(8)
Pre-tax operating profit before write-downs	41	13	28
Net gains on fixed assets	0	0	0
Pre-tax operating profit	41	13	28

Balances in NOK billion (end of period)

Asset under management	429.2	474.6	(45.4)
Key figures in per cent			
Return on allocated capital ¹⁾	18.3	5.7	
Cost/income ratio	81.1	93.4	

1) Calculated on the basis of allocated risk-adjusted capital.

Commission income increased by 14.9 per cent from the third quarter of 2008. A decline in assets under management caused a reduction in management fees, which, however, was more than offset by an

increase in performance-based fees due to improved asset management performance.

Operating expenses were brought down relative to the third quarter of 2008 as a result of cost-cutting measures. Sound asset management performance gave a rise in allocations to performance-based pay, while costs relating to ordinary salaries were reduced during the quarter.

Full-time positions numbered 247 at end-September 2009, with a reduction of 48 positions over the preceding 12-month period.

Market developments over the past 12 months gave a NOK 51.1 billion increase in the market value of assets under management, while exchange rate movements caused a NOK 5.4 billion decline. The renegotiation of an agreement with Skandia Liv caused a significant reduction in assets under management. In consequence of the new agreement, it was decided to wind up asset management operations in London and New York. The operations of DnB NOR Asset Management are thus concentrated in Oslo, Bergen, Luxembourg, Hong Kong and Chennai.

Investment funds from the retail market and for institutional clients amounted to NOK 52 billion and NOK 377 billion respectively as at 30 September 2009. DnB NOR Asset Management was Norway's largest asset management company and had a 26.5 per cent market share of mutual funds in the total Norwegian market at end-September 2009. With respect to mutual funds for Norwegian retail clients, the market share was 34.2 per cent, while the market share of mutual funds for Norwegian institutional clients represented 22.3 per cent.

As at 30 September 2009, the number of mutual fund savings schemes was approximately 310 000, with annual subscriptions representing around NOK 3 billion. At end-September 2009, 50 of DnB NOR's mutual funds had received four or five stars from the rating company Morningstar, representing 45.9 per cent of the DnB NOR funds.

DnB NOR Asset Management expects an increase in private financial savings in both Norway and Sweden. Competition for savings will necessitate the continued development of products and services. In order to improve competitiveness, DnB NOR Asset Management has adjusted management fees on certain funds. The expectations of investors regarding developments in financial markets together with investor confidence in the stock market will have a strong impact on profit performance in the business area.

DnB NORD

DnB NORD's performance strongly reflected the economic downturn in the Baltic region, resulting in large write-downs on loans also in the third quarter. DnB NORD recorded a pre-tax operating loss of NOK 951 million in the third quarter of 2009, compared with a loss of NOK 45 million in the year-earlier period.

	3rd quarter 2009	3rd quarter 2008	Change
<i>Income statement in NOK million</i>			
Net interest income	376	433	(57)
Other operating income	156	164	(8)
Total income	532	597	(65)
Operating expenses	439	400	39
Pre-tax operating profit before write-downs	93	197	(104)
Net gains on fixed assets	(4)	9	(12)
Net write-downs on loans	1 041	250	791
Pre-tax operating profit	(951)	(45)	(907)
<i>Average balance sheet items in NOK billion</i>			
Net lending to customers	81.9	78.6	3.3
Deposits from customers	21.5	22.9	(1.3)
<i>Key figures in per cent</i>			
Return on allocated capital ¹⁾	(38.7)	(2.1)	
Cost/income ratio	82.0	67.1	
Ratio of deposits to lending	26.3	29.1	

1) Calculated on the basis of allocated risk-adjusted capital.

There was a rise in average lending compared with the third quarter of 2008, though growth has slowed during 2009. During the first nine months of the year, customer lending was down NOK 20 billion or 20.7 per cent measured in Norwegian kroner, corresponding to an 8.5 per cent reduction in euro.

Falling interest rate levels, rising funding costs and strong competition for deposits caused a reduction in net interest income compared with the third quarter of 2008.

DnB NORD is closely monitoring cost developments, and excluding write-downs on IT investments in connection with the downscaling of activities, operating expenses were brought down by 6.8 per cent compared with the third quarter of 2008. The number of full-time positions was reduced by 294 from end-December 2008, to 3 303 at end-September 2009.

Write-downs on loans totalled NOK 1 041 million in the third quarter of 2009, with NOK 949 million representing individual write-downs and NOK 92 million group write-downs. Relative to average lending during the period, the annual level of individual write-downs was 4.62 per cent, while total write-downs represented 5.04 per cent. During the third quarter of 2008, total write-downs represented 1.26 per cent of lending on an annual basis. The majority of the write-downs referred to operations in Lithuania and Latvia at NOK 516 million and NOK 351 million, respectively, for the quarter. There was a rising level of non-performing loans in the Baltic region, representing 19.2 per cent of total lending at end-September, up from 10.5 per cent at end-June 2009. Net impaired commitments were NOK 5.9 billion at end-September 2009, rising by NOK 3.7 billion during the third quarter. The corresponding figure at end-September 2008 was NOK 1.5 billion.

In the future, DnB NORD will focus on its Eastern European core markets Estonia, Latvia, Lithuania and Poland, where the bank has a strong market position and a possible long-term growth potential.

The Baltic States have experienced a serious economic cool-down over the past few quarters. DnB NORD expects a high level of write-downs in the region for some time and will concentrate on consolidating operations, following up high-risk commitments and improving cost efficiency.

Latvia is one of the European countries that has been most seriously affected by the economic downturn, with a 17.3 per cent reduction in GDP in the second quarter of 2009 compared with the year-earlier period. There is still a risk of devaluation. However, after negotiations with the International Monetary Fund, the EU and Sweden, the Latvian government has raised an emergency loan of EUR 7.5 billion to avoid defaulting on its foreign debt.

The economic situation is more favourable in Poland, and DnB NORD will continue to develop products and services for

retail customers in this market.

Macroeconomic developments

After the steep downturn towards the end of last year, which continued into the first quarter of 2009, the economic situation in industrialised countries looks brighter. Extensive measures in the financial markets and the significant monetary and fiscal policy stimulus employed to reduce the effects of the financial crisis have contributed to practically halting the fall in GDP. There were several signs of improvement in the third quarter. The international financial markets are functioning better and the future outlook for companies and households is more positive. Companies in many countries now need to increase production after a considerable reduction in stock levels during the winter. There could thus be moderate growth in global manufacturing production over the coming months. For the second time this year, the OECD has adjusted upwards the estimates for economic growth in member countries in 2009, but also draws attention to a number of factors which indicate that it will take some time before economic growth will regain momentum. In certain areas, for example in the Baltic States, there continue to be considerable economic challenges.

In Norway, the decline in investments and exports of traditional goods halted during the third quarter, whereas both households' private consumption and government spending increased. According to the most recent statistics from the second quarter, there was a decline in investment in the oil industry, though there has been a steep rise in total investment over the last few quarters. Activity levels continued to pick up during the third quarter and Norwegian households are more optimistic. The strong growth in private consumption continued in July and the trend in August was also positive. There has been a continuous increase in housing prices since end-December 2008. In addition, exports of traditional goods and manufacturing production have levelled off in recent months after a significant decline in the past year. The outlook for the labour market is also more positive. Employment levels have remained relatively stable in recent months and the increase in unemployment has significantly slowed down.

Future prospects

There is still great uncertainty surrounding future economic developments, but there are now several signs indicating that the negative trend may be about to reverse. So far, on account of Norway's strong economic position, the Norwegian economy has been better insulated from the financial crisis than many other countries. In DnB NOR's

primary market in the Baltic region, the possibility of continued high write-downs cannot be ruled out. In addition, the future outlook for the shipping industry and commercial property remains uncertain. A main challenge for the Group will be to follow up problem commitments in cooperation with customers.

The planned share capital increase will better equip the Group to pursue future market opportunities. The transaction will make DnB NOR well positioned to meet future capital requirements in the financial sector while enabling the Group to meet the future financing needs of its customers. The capital increase will also make it possible to capitalise on new profitable business opportunities within the current strategy. Altogether, this will provide a basis for a swifter return to the Group's long-term dividend policy.

A prolonged period of low interest rates will put pressure on interest income parallel to a narrowing in deposit spreads due to increasing competition for deposits. Lending spreads are expected to be maintained at minimum current levels.

Anticipated relatively low interest rate levels over several quarters, are likely to result in greater demand for alternative savings products. DnB NOR has a broad range of products to meet such demand, and together with the Group's large customer base and cross-sales opportunities this gives a significant income potential. However, other operating income is still expected to vary a great deal as a result of mark-to-market adjustments in unstable financial markets.

The Group will seek to reinforce its position as the strongest financial services group in the Norwegian market. Approximately 80 per cent of DnB NOR's activities are currently based in Norway. Continual efforts are being made to enhance the Group's corporate image and customer satisfaction scores. In the short term, international growth ambitions have been toned down.

The implementation of streamlining measures is continuing at full pace. The realisation of the 'One Group' concept, entailing the centralisation and standardisation of a number of group functions, will give cost savings with a total annualised effect of NOK 2 billion by the end of 2012. Adjusting Group operations to changes in the market situation will also have cost-saving effects.

The Group has a good chance to strengthen profits through selective growth. Together with the capital increase, this will give the Group a sound capital base to meet future challenges. The 2010 target of NOK 20 billion in pre-tax operating profits before write-downs remains firm, and previous estimates for write-downs are unchanged.

Oslo, 21 October 2009
The Board of Directors of DnB NOR ASA

Anne Carine Tanum
(chairman)

Bjørn Sund
(vice-chairman)

Gunilla Berg

Per Hoffmann

Jørn O. Kvilhaug

Bent Pedersen

Tore Olaf Rimmereid

Ingjerd Skjeldrum

Siri Pettersen Strandenes

Rune Bjerke
(group chief executive)

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Income statement ¹⁾

<i>Amounts in NOK million</i>	Note	DnB NOR Group				
		3rd quarter 2009	3rd quarter 2008	January-September 2009 2008		Full year 2008
Total interest income	7	13 317	21 314	45 696	59 278	81 953
Total interest expenses	7	7 577	15 622	28 669	43 548	60 044
Net interest income	7	5 740	5 691	17 027	15 730	21 910
Commissions and fees receivable etc.	8	2 312	2 241	6 587	7 056	9 207
Commissions and fees payable etc.	8	530	543	1 548	1 715	2 313
Net gains on financial instruments at fair value	8, 9	1 931	1 615	5 220	2 280	3 339
Net gains on assets in Vital	8	4 511	(1 766)	9 355	(3 021)	(701)
Guaranteed returns and allocations to policyholders in Vital	8	4 295	(1 596)	8 915	(2 667)	(1 027)
Premium income etc. included in the risk result in Vital	8	1 187	1 227	3 536	3 366	4 543
Insurance claims etc. included in the risk result in Vital	8	1 177	1 127	3 374	3 095	4 407
Premium income non-life insurance	6, 8	134	-	373	-	-
Insurance claims etc. non-life insurance	6, 8	125	-	337	-	-
Profit from companies accounted for by the equity method	8	(284)	(377)	142	(568)	632
Other income	8	286	268	795	854	1 111
Net other operating income	8	3 951	3 134	11 834	7 823	12 438
Total income		9 691	8 825	28 862	23 553	34 347
Salaries and other personnel expenses	10	2 454	2 425	7 423	7 047	9 463
Other expenses	10	1 672	1 725	5 338	5 238	7 040
Depreciation and write-downs of fixed and intangible assets	10	522	315	1 492	818	2 217
Total operating expenses	10	4 648	4 464	14 254	13 103	18 721
Net gains on fixed and intangible assets		(4)	13	7	47	52
Write-downs on loans and guarantees	12	2 277	725	6 193	1 195	3 509
Pre-tax operating profit		2 762	3 649	8 422	9 302	12 170
Taxes		1 002	839	3 085	2 012	3 252
Profit from discontinuing operations after taxes		0	0	0	0	0
Profit for the period		1 760	2 810	5 337	7 289	8 918
Profit attributable to shareholders		2 167	2 829	6 463	7 181	9 211
Profit attributable to minority interests		(408)	(20)	(1 126)	109	(293)
Earnings per share (NOK) ²⁾		1.63	2.12	4.85	5.39	6.91
Earnings per share for discontinuing operations (NOK) ²⁾		0.00	0.00	0.00	0.00	0.00

1) See note 5 Life and Asset Management for specification of income statement items in Vital.

2) DnB NOR has not issued options or other financial instruments that could cause dilution of earnings per share.

Comprehensive income statement according to IAS 1 ¹⁾

<i>Amounts in NOK million</i>	DnB NOR Group				
	3rd quarter 2009	3rd quarter 2008	January-September 2009 2008		Full year 2008
Profit for the period	1 760	2 810	5 337	7 289	8 918
Exchange differences arising from the translation of foreign operations	(502)	361	(1 092)	271	977
Comprehensive income for the period	1 258	3 170	4 245	7 560	9 895
Comprehensive income attributable to shareholders	1 873	3 083	5 907	7 326	9 636
Comprehensive income attributable to minority interests	(615)	87	(1 662)	234	259

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

Balance sheet ¹⁾

<i>Amounts in NOK million</i>	Note	DnB NOR Group		
		30 Sept. 2009	31 Dec. 2008	30 Sept. 2008
Assets				
Cash and deposits with central banks		29 899	51 147	45 792
Lending to and deposits with credit institutions		70 346	59 717	53 608
Lending to customers	13, 14	1 132 793	1 191 635	1 118 273
Commercial paper and bonds	15	229 441	125 571	89 728
Shareholdings	16	48 396	36 839	49 231
Financial assets, customers bearing the risk		20 044	16 454	17 330
Financial derivatives		86 116	136 552	78 588
Commercial paper and bonds, held to maturity	15	172 906	155 156	141 356
Investment property	17	33 303	32 558	32 796
Investments in associated companies		2 617	2 517	1 314
Intangible assets	18	8 409	8 480	8 944
Deferred tax assets		248	263	180
Fixed assets		5 634	5 326	4 339
Discontinuing operations		168	246	249
Other assets		8 727	9 236	13 007
Total assets		1 849 047	1 831 699	1 654 735
Liabilities and equity				
Loans and deposits from credit institutions		297 107	178 822	161 920
Deposits from customers		594 539	597 242	588 426
Financial derivatives		68 391	95 498	62 246
Securities issued	19	520 878	606 222	484 720
Insurance liabilities, customers bearing the risk		20 044	16 454	17 330
Liabilities to life insurance policyholders		191 423	184 791	183 595
Insurance liabilities, non-life insurance		635	-	-
Payable taxes		2 886	384	2 635
Deferred taxes		5 587	5 457	2 506
Other liabilities		16 333	15 410	27 452
Provisions		5 057	4 918	5 184
Subordinated loan capital	19	39 940	45 225	40 676
Total liabilities		1 762 819	1 750 424	1 576 689
Minority interests		3 265	4 211	3 287
Share capital		13 327	13 327	13 327
Share premium reserve		11 697	11 697	11 697
Other equity		57 939	52 041	49 736
Total equity		86 228	81 275	78 046
Total liabilities and equity		1 849 047	1 831 699	1 654 735
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1) See note 5 Life and Asset Management for specification of balance sheet items in Vital.

Statement of changes in equity

DnB NOR Group

<i>Amounts in NOK million</i>	Minority interests	Share capital	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 December 2007 ¹⁾	2 662	13 327	11 697	48 290	75 976
Comprehensive income for the period ¹⁾	234			7 326	7 560
Dividends 2007				(5 997)	(5 997)
Minority interests DnB NOR ²⁾	406			(13)	393
Other minority interests	(15)				(15)
New regulations for the life insurance industry				130	130
Balance sheet as at 30 September 2008 ¹⁾	3 287	13 327	11 697	49 736	78 046
Balance sheet as at 31 December 2008 ¹⁾	4 211	13 327	11 697	52 041	81 275
Comprehensive income for the period ¹⁾	(1 662)			5 907	4 245
Minority interests DnB NOR ²⁾	710				710
Other minority interests	6			(8)	(2)
Balance sheet as at 30 September 2009 ¹⁾	3 265	13 327	11 697	57 939	86 228
1) <i>Of which currency translation reserve :</i>					
<i>Balance sheet as at 31 December 2007</i>	(28)			(275)	(303)
<i>Comprehensive income for the period</i>	125			145	271
<i>Balance sheet as at 30 September 2008</i>	98			(130)	(32)
<i>Balance sheet as at 31 December 2008</i>	524			150	674
<i>Comprehensive income for the period</i>	(536)			(556)	(1 092)
<i>Balance sheet as at 30 September 2009</i>	(12)			(407)	(419)
2) <i>Minority interests DnB NOR :</i>					
<i>NORD/LB's share of capital increase in DnB NOR Denmark</i>	408				
<i>Other movements</i>	(3)				
<i>Movements January-September 2008</i>	406				
<i>NORD/LB's share of capital increase in DnB NOR Denmark</i>	832				
<i>Purchase of minority shares in Lithuania</i>	(122)				
<i>Movements January-September 2009</i>	710				

Cash flow statement

DnB NOR Group

<i>Amounts in NOK million</i>	January-September		Full year
	2009	2008	2008
Operations			
Net payments on loans to customers	(3 703)	(131 152)	(147 274)
Net receipts on deposits from customers	13 687	34 206	36 919
Interest received from customers	37 437	51 178	71 011
Interest paid to customers	(9 966)	(18 194)	(24 850)
Net receipts/payments on the sale/acquisition of financial assets for investment or trading	(107 855)	17 968	(7 563)
Net receipts on commissions and fees	4 976	5 310	6 896
Payments to operations	(13 830)	(9 669)	(14 005)
Taxes paid	(554)	(822)	(928)
Receipts on premiums	12 195	13 257	14 482
Net receipts/payments on premium reserve transfers	57	(280)	(629)
Payments of insurance settlements	(9 587)	(12 757)	(18 959)
Other receipts	827	750	1 108
Net cash flow relating to operations	(76 314)	(50 205)	(83 793)
Investment activity			
Net payments on the acquisition of fixed assets	(2 062)	(1 718)	(3 544)
Receipts on the sale of long-term investments in shares	0	133	139
Payments on the acquisition of long-term investments in shares	0	(2 583)	(2 724)
Dividends received on long-term investments in shares	118	129	147
Net cash flow relating to investment activity	(1 944)	(4 039)	(5 981)
Funding activity			
Net receipts on loans to/from credit institutions	111 318	21 713	19 497
Net receipts/payments on other short-term liabilities	853	(200)	996
Net receipts/payments on the issue of bonds and commercial paper	(40 995)	94 572	143 956
Issue of subordinated loan capital	0	8 854	8 747
Redemptions of subordinated loan capital	0	(3 199)	(3 196)
Dividend payments	0	(5 997)	(5 997)
Net interest payments on funding activity	(15 064)	(23 647)	(32 977)
Net cash flow from funding activity	56 112	92 097	131 027
Net cash flow	(22 146)	37 853	41 252
Cash as at 1 January	57 187	15 935	15 935
Net receipts/payments of cash	(22 146)	37 853	41 252
Cash at end of period ^{*)}	35 042	53 788	57 187
<i>*) Of which: Cash and deposits with central banks</i>	<i>29 899</i>	<i>45 792</i>	<i>51 147</i>
<i>Deposits with credit institutions with no agreed period of notice ¹⁾</i>	<i>5 143</i>	<i>7 996</i>	<i>6 040</i>

1) Recorded under "Lending to and deposits with credit institutions" in the balance sheet.

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

The third quarter accounts 2009 have been prepared according to IAS 34 Interim Financial Reporting. A description of the accounting principles applied by the Group is found in the annual report for 2008. The annual and interim accounts are prepared according to IFRS principles as approved by the EU. The Group's accounting principles and calculation methods are essentially the same as those used in the annual report for 2008. New or amended standards which have an impact on the accounts of the DnB NOR Group as from 1 January 2009 are described below.

IAS 1 – Presentation of Financial Statements (revised)

The Group has applied the revised IAS 1 with effect from 1 January 2009. The implementation has resulted in changes in the Group's statement of changes in equity and income statement. According to the revised standard, the statement of changes in equity shall only show details on transactions with owners. Other transactions recognised directly in equity should be presented on a separate line in the statement of changes in equity. In the income statement, these transactions should be shown in a statement of comprehensive income according to IAS 1 below the income statement.

Note 2 Important accounting estimates and discretionary assessments

When preparing the consolidated accounts, 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.

When calculating the fair value of margin-based loans in Norwegian kroner, the registered portfolio margin is measured against an estimated margin requirement at the end of the period. The difference between the estimated margin requirement and the registered margin represents a change in fair value, which is calculated by discounting the estimated margin loss. The discount period represents the expected time to the repricing of the portfolio. With effect from the first quarter of 2009, the margin requirement is calculated based on the bank's product profitability system. The margin requirement represents the bank's actual marginal funding costs, estimated operating expenses and risk costs (normalised losses and the cost of capital) based on the Group's total risk model.

Note 3 Changes in group structure

DnB NOR Skadeforsikring

DnB NOR Skadeforsikring is owned by DnB NOR ASA and included in the Retail Banking business area. The company, which delivers non-life insurance products to the retail market, was established in 2008 and initiated operations on 1 January 2009. The products are primarily distributed through other group companies and the Internet. The company bases its operations on ten years of experience within non-life insurance gained by the insurance agent Vital Skade and will take over more than 100 000 policyholders from this company in the course of 2009.

Svensk Fastighetsförmedling

The acquisition of Svensk Fastighetsförmedling was made with accounting effect from 30 June 2007. The agreement included a proviso regarding increased payment for the company if 40 per cent or more of negotiated sales result in loan applications to DnB NOR during the first two years after the agreement was entered into. At the time of acquisition, this was not considered to be a likely outcome based on experience from similar operations in Norway. However, the target was reached one year after the agreement date, resulting in an additional payment of SEK 43 million in July 2008. A corresponding assessment in July 2009 resulted in additional payments to former shareholders of SEK 29 million.

Nordisk Tekstil Holding Group

On 26 August 2009, DnB NOR Bank ASA took over the shares in Nordisk Tekstil Holding AS as part of the restructuring of the bank's commitment with the company. Nordisk Tekstil Holding AS owns 100 per cent of Kid Interiør AS and Kid Logistikk AS and 50 per cent of Kid Skeidar AS. The bank will seek to further develop the group, aiming for a future sale of these operations, but expects to retain ownership for several years, which means that a consolidation obligation exists.

As the company's owner, DnB NOR will continue the operations of Kid Interiør, which has 109 outlets and more than 900 employees. Kid Interiør has a dominant position in the Norwegian home textile market and had a total turnover of just over NOK 860 million in 2008.

The Nordisk Tekstil Holding Group was taken over at the price of NOK 1. At the time of the acquisition, the company's recorded equity was negative at NOK 663 million. Prior to the take-over, DnB NOR Bank ASA's exposure to the Nordisk Tekstil Holding Group was written down by NOK 384 million, which is included as an excess value under loans and deposits from credit institutions in the acquisition analysis below. The fair value of interest rate swaps entered into by the group was NOK 21 million lower than book value. Other excess values of NOK 559 million have been allocated to the Kid brand. The value of the brand will be subject to periodic impairment testing. Deferred taxes in the analysis represent taxation of the identified excess values. No excess values have been identified in the group's inventory, supplier contracts or leases. As the take-over took place relatively late in the third quarter, the acquisition analysis is preliminary.

Note 3 Changes in group structure (continued)

The Nordisk Tekstil Holding Group recorded a NOK 77 million loss for the January through August period, which equalled financial expenses. Other operating income was NOK 296 million, while operating expenses were NOK 297 million.

Preliminary acquisition analysis Nordisk Tekstil Holding Group	DnB NOR Group
<i>Amounts in NOK million</i>	26 August 2009
Cost price	
Purchase of shares, 100 per cent	0
Cost price	0
Excess of cost over book value	
Cost price	0
Equity capital	(663)
Excess of cost over book value	663
Allocation of excess values	
Fair value adjustment loans from DnB NOR Bank ASA	384
Fair value adjustment financial derivatives	(21)
Fair value of brand	559
Identified excess values	921
Deferred taxes	258
Excess of cost over book value	663

Balance sheet	DnB NOR Group	Nordisk Tekstil
<i>Amounts in NOK million</i>	Recorded value of Nordisk Tekstil Holding Group on the acquisition date 26 August 2009	(acc. to IFRS) immediately before the acquisition date
Assets		
Lending to and deposits with credit institutions	40	40
Intangible assets	887	328
Other assets	195	195
Total assets	1 122	563
Liabilities and equity		
Loan and deposits from credit institutions	743	1 127
Deferred taxes	258	0
Other liabilities	121	100
Equity	0	(663)
Total liabilities and equity	1 122	563

DnB NOR Næringskreditt

DnB NOR Næringskreditt is 100 per cent owned by DnB NOR Bank ASA. The mortgage institution was established to issue covered bonds secured by a cover pool comprising commercial property and is instrumental in the bank's asset and liability management as a source of short and long-term funding. The bonds will be used in swap schemes with the Norwegian government, as collateral for central banks loans or sold in the market.

The company started operations in the third quarter of 2009, and loans with a total value of NOK 2.8 billion were thus transferred from DnB NOR Bank ASA to the company. The transfers are made in agreement with the customers. The portfolio will be diversified with respect to property types, sizes and locations. Like DnB NOR Boligkreditt, DnB NOR Næringskreditt will purchase management and administrative services from DnB NOR Bank ASA.

Note 4 Segments

Business areas

The operational structure of DnB NOR includes four business areas and four staff and support units. In addition, DnB NOR is reported as a separate profit centre. The business areas carry responsibility for customer segments served by the Group, as well as the products offered. In the third quarter of 2009, DnB NOR's business areas comprised Retail Banking, Large Corporates and International, DnB NOR Markets and Life and Asset Management. As of 1 July 2009, operations were reorganised, whereby private individuals and small and medium-sized companies in Norway will be served by the same business area, Retail Banking, while the largest corporate clients in Norway and international clients will be served by the business area Large Corporates and International. Figures for previous periods have been restated. The other business areas were not directly affected by the change. In addition, DnB NOR, in which DnB NOR has a 51 per cent ownership interest, is regarded as a separate profit centre.

- Retail Banking** - offers a broad range of financial products and services through several brands and a wide distribution network. In cooperation with several of the Group's product areas, customers are offered various financing and leasing, deposit and investment alternatives, as well as insurance, real estate broking and financial advisory services. In addition, extensive everyday banking services are provided through the Internet bank, mobile banking, SMS services, branch offices, in-store banking outlets, in-store postal outlets and Norway Post.
- Large Corporates and International** - offers a broad range of financial products and services to large Norwegian and international corporates in cooperation with several of the Group's product areas, including various types of financing solutions, deposits and investments, insurance, e-commerce products, commercial property brokerage, foreign currency, interest rate products, trade finance and corporate finance services.
- DnB NOR Markets** - the key products include foreign exchange, interest rate and commodity products, securities and other investment products, debt and equity financing in capital markets, research and advisory services, as well as custodial and other securities services.
- Life and Asset Management** - is responsible for life insurance, pension savings and asset management.
- DnB NOR** - provides a broad range of products to both the retail and corporate markets.

The income statement and balance sheet for the business areas have been prepared on the basis of internal financial reporting for the functional organisation of the DnB NOR Group into business areas. Figures for the business areas are based on DnB NOR's management model and the Group's accounting principles. The figures have been restated in accordance with the Group's current principles for allocating costs and capital between business areas and are based on a number of assumptions, estimates and discretionary distribution. Internal transfer rates used between the business areas are determined based on observable market rates, e.g. NIBOR. Additional costs relating to the Group's long-term funding are charged to the business areas. According to the Group's liquidity management policy, 90 per cent of lending is financed through stable deposits and long-term funding. The additional costs thus arising are charged to the business areas.

Income statement, third quarter

	DnB NOR Group													
	Retail Banking		Large Corporates and International		DnB NOR Markets		Life and Asset Management		DnB NOR		Other operations/ eliminations ¹⁾		DnB NOR Group	
	3rd quarter 2009	3rd quarter 2008	3rd quarter 2009	3rd quarter 2008	3rd quarter 2009	3rd quarter 2008	3rd quarter 2009	3rd quarter 2008	3rd quarter 2009	3rd quarter 2008	3rd quarter 2009	3rd quarter 2008	3rd quarter 2009	3rd quarter 2008
<i>Amounts in NOK million</i>														
Net interest income - ordinary operations	3 783	3 095	1 355	1 151	291	352	(46)	(145)	359	347	(1)	891	5 740	5 691
Interest on allocated capital ²⁾	100	329	154	410	28	79	45	125	17	86	(345)	(1 030)		
Net interest income	3 883	3 425	1 509	1 561	319	431	(1)	(20)	376	433	(346)	(138)	5 740	5 691
Net other operating income	990	904	516	581	1 256	1 442	898	556	156	164	135	(513)	3 951	3 134
Total income	4 872	4 329	2 025	2 142	1 575	1 873	897	536	532	597	(210)	(651)	9 691	8 825
Operating expenses	2 648	2 385	417	469	455	426	539	600	439	400	150	184	4 648	4 464
Pre-tax operating profit before write-downs	2 224	1 944	1 608	1 673	1 120	1 447	358	(64)	93	197	(360)	(835)	5 043	4 361
Net gains on fixed and intangible assets	0	0	0	0	0	0	0	0	(4)	9	0	5	(4)	13
Write-downs on loans and guarantees ³⁾	459	343	297	55	0	0	0	0	1 041	250	480	77	2 277	725
Pre-tax operating profit	1 765	1 601	1 311	1 618	1 120	1 447	358	(64)	(951)	(45)	(840)	(907)	2 762	3 649

Note 4 Segments (continued)

1) Other operations/ eliminations:	Elimination of		Other		Group Centre		Total	
	double entries		eliminations		3rd quarter		3rd quarter	
	2009	2008	2009	2008	2009	2008	2009	2008
<i>Amounts in NOK million</i>								
Net interest income - ordinary operations	0	0	(49)	(55)	48	946	(1)	891
Interest on allocated capital					(345)	(1 030)	(345)	(1 030)
Net interest income	0	0	(49)	(55)	(297)	(84)	(346)	(138)
Net other operating income	(315)	(465)	(140)	(33)	590	(15)	135	(513)
Total income	(315)	(465)	(189)	(87)	293	(99)	(210)	(651)
Operating expenses	0	0	(188)	(87)	338	271	150	184
Pre-tax operating profit before write-downs	(315)	(465)	0	(1)	(45)	(369)	(360)	(835)
Net gains on fixed and intangible assets	0	0	0	0	(1)	5	0	5
Write-downs on loans and guarantees	0	0	0	0	480	77	480	77
Pre-tax operating profit	(315)	(465)	0	0	(526)	(441)	(840)	(907)

The eliminations refer mainly to internal services from support units to business areas and between business areas. Further, intra-group transactions and gains and losses on transactions between companies in the Group are eliminated. The elimination of double entries primarily concerns net profits on customer business carried out in cooperation between DnB NOR Markets and other business areas and taken to income in both areas.

The Group Centre includes Operations, HR (Human Resources), IT, Group Finance and Risk Management, Marketing and Communications, Corporate Centre, the partially owned company Eksportfinans, investments in IT infrastructure, shareholder-related expenses and new unit outside core operations. In addition, the Group Centre includes that part of the Group's equity that is not allocated to the business areas.

- 2) The interest is calculated on the basis of internal measurement of risk-adjusted capital. Figures for previous periods have been restated.
3) See note 12 Write-downs on loans and guarantees.

Main average balance sheet items

	DnB NOR Group													
	Retail Banking		Large Corporates and International		DnB NOR Markets		Life and Asset Management		DnB NOR		Other operations/ eliminations		DnB NOR Group	
	3rd quarter	2009	2008	3rd quarter	2009	2008	3rd quarter	2009	2008	3rd quarter	2009	2008	3rd quarter	2009
<i>Amounts in NOK billion</i>														
Net lending to customers ¹⁾	719.1	673.1	367.3	331.9	7.1	19.7	3.0	0.3	81.9	78.6	(21.8)	(1.3)	1 156.5	1 102.4
Deposits from customers ¹⁾	371.7	358.5	232.4	193.9	27.5	30.1			21.5	22.9	(16.7)	(14.2)	636.4	591.1
Assets under management ²⁾	0.1						495.3	543.2			(0.1)		495.3	543.2

Key figures

	DnB NOR Group													
	Retail Banking		Large Corporates and International		DnB NOR Markets		Life and Asset Management		DnB NOR		Other operations		DnB NOR Group	
	3rd quarter	2009	2008	3rd quarter	2009	2008	3rd quarter	2009	2008	3rd quarter	2009	2008	3rd quarter	2009
<i>Per cent</i>														
Cost/income ratio ³⁾	52.3	55.1	20.6	21.9	28.9	22.8	60.1	112.0	82.0	67.1			46.9	50.6
Ratio of deposits to lending ^{1) 4)}	51.7	53.3	63.3	58.4					26.3	29.1			55.0	53.6
Return on allocated capital, annualised ⁵⁾	26.0	23.0	12.3	18.6	58.2	85.1	10.9	(3.6)	(38.7)	(2.1)			12.9	18.5
Number of full-time positions as at 30 Sept. ⁶⁾	5 228	5 304	1 058	1 116	661	643	1 074	1 193	3 303	3 565	2 200	2 282	13 524	14 103

- 1) Based on nominal values and includes lending to and deposits from credit institutions.
2) Assets under management include total assets in Vital.
3) Total operating expenses relative to total income. Expenses exclude impairment losses for goodwill.
4) Deposits from customers relative to net lending to customers.
5) The return is calculated on the basis of internal measurement of risk-adjusted capital.
6) Includes 68 full-time positions in the Norwegian operations of SkandiBanken Bilfinans, which were acquired on 31 January 2008, and 52 full-time positions in the company's Swedish operations, which were acquired on 29 February 2008. Due to changes in the agreement with Norway Post, 162.6 full-time positions were transferred from Norway Post on 1 May 2009. Costs and corresponding head-count figures were included with effect from the first quarter of 2009. In addition, 432.6 full-time positions and 904 employees in new unit outside core operations were taken into the Group in September.

Comments to the income statement for the third quarter

Retail Banking

Due to stable money market rates combined with the effect of previously approved interest rate adjustments, there was a rise in margin income. The weighted interest rate spread, defined as total margin income on loans and deposits relative to average loans and deposits, was 1.32 per cent in the third quarter of 2009, up 0.18 percentage points from the third quarter of 2008. The widening spreads helped cover higher funding costs and guarantee fund levies. There was a rise in net other operating income, reflecting higher income from payment services and real estate broking in Norway. Impairment losses for goodwill relating to Svensk Fastighetsförmedling of SEK 120 million were recorded, corresponding to NOK 100 million, due to a new strategy in the Swedish retail market. Excluding impairment losses for goodwill, operating expenses increased by NOK 164 million or 6.9 per cent from the third quarter of 2008, reflecting a rise in IT development costs, general wage inflation and the transfer of financial advisers from Norway Post to DnB NOR with accounting effect from the first quarter of 2009. The establishment of Retail Banking entailed a reduction in staff functions and management levels. In addition, other streamlining measures resulting from the Group's cost programme will help curb cost growth. Retail Banking's staff numbered 5 228 full-time positions at end-September 2009.

Note 4 Segments (continued)

Large Corporates and International

Measured against the money market rate, average lending spreads in the third quarter of 2009 were 1.38 per cent, up 0.39 percentage points from the third quarter of 2008 and 0.14 percentage points from the second quarter of 2009. There was a rise in lending spreads in all segments. The widening spreads helped compensate for the increase in funding costs and higher guarantee fund levies. A reduction in money market rates and strong competition for deposits resulted in narrowing deposit spreads from the third quarter of 2008 to the corresponding period in 2009. Relative to the money market rate, average deposit spreads were reduced by 0.13 percentage points to 0.14 per cent during the period. The decline in other operating income from the third quarter of 2008 was partly due to a reduction in income from equities and lower income from foreign exchange and interest rate products. There was an 11.0 per cent reduction in operating expenses from the third quarter of 2008, while the decline was 4.1 per cent from the second to the third quarter of 2009. At end-September 2009, staff in the business area represented 1 058 full-time positions, including 588 positions in international units.

DnB NOR Markets

Customer-related income from the sale of securities and other investment products more than doubled compared with the third quarter of 2008. A high level of activity within bond brokerage generated healthy income. Income from trading in equities and equity derivatives remained at a satisfactory level, in spite of lower trading volumes on Oslo Børs. DnB NOR Markets has been the largest brokerage house on Oslo Børs through 2009, also within equities. During the third quarter, DnB NOR Markets established a separate unit for equities sales in Singapore to complement the existing equity research unit. A higher level of activity within share issues and mergers and acquisitions boosted customer-related income for Corporate Finance. Among other things, DnB NOR Markets acted as global coordinator and joint bookrunner for the share and bond issue of the Renewable Energy Corporation (REC). In Asia, DnB NOR Markets received the Leasing Deal of the Year Award presented by the Marine Money magazine. The decline in customer revenues from securities services reflects lower market values and interest rate levels, increased pressure on prices and a lower level of activity within custodial services. The level of activity within securities financing picked up during the July through September period. In the third quarter, the Global Custodian magazine ranked DnB NOR as the best provider of custody services for international clients in the Norwegian market. Earnings from market making and other proprietary trading totalled NOK 832 million, a NOK 260 million reduction from the year-earlier period. Extraordinary fluctuations in interest rates and exchange rates had an impact on income in 2008, and the decline in 2009 reflects a normalisation of the market situation.

Life and Asset Management

Vital:

The value-adjusted and recorded returns were 1.6 and 1.3 per cent respectively for the common portfolio in the third quarter of 2009, which represented an improvement from the year-earlier period, when both returns were negative at 0.1 per cent. Vital achieved a value-adjusted return of 1.1 per cent in its corporate portfolio, up from 0.7 per cent in the year-earlier period. Pre-tax profits were NOK 852 million for the January through September period before the application of additional allocations, an increase of NOK 5 524 million compared with 2008.

DnB NOR Kapitalforvaltning:

Commission income increased by 14.9 per cent from the third quarter of 2008. A decline in assets under management caused a reduction in management fees, which, however, was more than offset by an increase in performance-based fees due to improved asset management performance. Operating expenses were brought down relative to the third quarter of 2008 as a result of cost-cutting measures. Sound asset management performance gave a rise in allocations to performance-based pay, while costs relating to ordinary salaries were reduced during the quarter. Full-time positions numbered 247 at end-September 2009, with a reduction of 48 positions over the preceding 12-month period.

DnB NORD

Falling interest rate levels, rising funding costs and strong competition for deposits caused a reduction in net interest income compared with the third quarter of 2008. DnB NORD is closely monitoring cost developments, and excluding write-downs on IT investments in connection with the downscaling of activities, operating expenses were brought down by 6.8 per cent compared with the third quarter of 2008. The number of full-time positions was reduced by 294 from end-December 2008, to 3 303 at end-September 2009.

Income statement, January-September

	DnB NOR Group													
	Retail Banking		Large Corporates and international		DnB NOR Markets		Life and Asset Management		DnB NORD		Other operations/ eliminations		DnB NOR Group	
	Jan.-Sept. 2009	Jan.-Sept. 2008	Jan.-Sept. 2009	Jan.-Sept. 2008	Jan.-Sept. 2009	Jan.-Sept. 2008	Jan.-Sept. 2009	Jan.-Sept. 2008	Jan.-Sept. 2009	Jan.-Sept. 2008	Jan.-Sept. 2009	Jan.-Sept. 2008	Jan.-Sept. 2009	Jan.-Sept. 2008
<i>Amounts in NOK million</i>														
Net interest income - ordinary operations	10 980	8 976	4 001	3 097	812	420	(205)	(452)	1 108	1 017	330	2 672	17 027	15 730
Interest on allocated capital ¹⁾	403	921	640	1 130	116	196	185	374	82	217	(1 426)	(2 838)		
Net interest income	11 383	9 896	4 641	4 227	928	616	(20)	(78)	1 190	1 235	(1 095)	(166)	17 027	15 730
Net other operating income	2 793	2 911	1 939	1 647	5 056	2 544	2 659	1 861	501	478	(1 114)	(1 619)	11 834	7 823
Total income	14 176	12 808	6 580	5 874	5 984	3 160	2 639	1 784	1 691	1 712	(2 209)	(1 785)	28 862	23 553
Operating expenses	7 775	7 207	1 313	1 362	1 454	1 223	1 653	1 709	1 821	1 161	237	441	14 254	13 103
Pre-tax operating profit before write-downs	6 400	5 600	5 266	4 513	4 531	1 937	986	75	(130)	551	(2 445)	(2 226)	14 608	10 450
Net gains on fixed and intangible assets	0	1	0	17	0	0	0	0	2	16	4	12	7	47
Write-downs on loans and guarantees ²⁾	1 242	635	939	74	0	0	0	0	3 084	335	928	151	6 193	1 195
Pre-tax operating profit	5 159	4 966	4 327	4 456	4 531	1 937	986	75	(3 211)	232	(3 369)	(2 365)	8 422	9 302

1) The interest is calculated on the basis of internal measurement of risk-adjusted capital. Figures for previous periods have been restated.

2) See note 12 Write-downs on loans and guarantees.

Note 5 Life and Asset Management

The business area Life and Asset Management in DnB NOR comprises Vital Forsikring ASA and DnB NOR Kapitalforvaltning Holding AS, both with subsidiaries. The tables below marked "Life and Asset Management" show selected income statement items and key figures for the whole area.

Vital Forsikring ASA including subsidiaries, hereinafter referred to as "Vital", is fully consolidated in the DnB NOR Group's accounts. Vital's lines of business are life insurance and pension savings. Profit sharing between policyholders and the owner in life insurance companies is based on special accounting regulations for such operations stipulated by the Norwegian Ministry of Finance. Regulations relating to profit sharing between the owner and policyholders in life insurance companies limit the DnB NOR Group's access to revenues and assets from life insurance operations. The tables below marked "Vital" describe the income statement and balance sheet for Vital as included in the DnB NOR Group's accounts.

Income statement

Amounts in NOK million	Life and Asset Management				
	3rd quarter 2009	3rd quarter 2008	January-September		Full year 2008
Total income	897	536	2 639	1 784	2 902
Total operating expenses	539	600	1 653	1 709	2 153
Pre-tax operating profit	358	(64)	986	75	748
Taxes	114	4	630	40	493
Profit after taxes	245	(68)	356	35	256

Key figures

	Life and Asset Management				
	3rd quarter 2009	3rd quarter 2008	January-September		Full year 2008
Assets under management at end of period (NOK billion)	474	530	474	530	533
Return on allocated capital, annualised (%) ¹⁾	10.9	(3.6)	5.4	0.6	3.2
Cost/income ratio (%)	60.1	112.0	62.6	95.8	74.2
Number of full-time positions at end of period	1 074	1 193	1 074	1 193	1 169

1) The return is calculated on the basis of internal measurement of risk-adjusted capital.

Income statement ¹⁾

Amounts in NOK million	Vital				
	3rd quarter 2009	3rd quarter 2008	January-September		Full year 2008
Total interest income					
Total interest expenses					
Net interest income					
Commissions and fees receivable etc.	568	551	1 656	1 686	2 237
Commissions and fees payable etc.	87	77	256	324	456
Net gains on financial instruments at fair value					
Net gains on assets in Vital	4 487	(1 798)	9 350	(3 101)	(813)
Guaranteed returns and allocations to policyholders in Vital	4 295	(1 596)	8 915	(2 667)	(1 027)
Premium income etc. included in the risk result in Vital	1 187	1 227	3 536	3 366	4 543
Insurance claims etc. included in the risk result in Vital	1 177	1 127	3 374	3 095	4 407
Premium income non-life insurance					
Insurance claims etc. non-life insurance					
Profit from companies accounted for by the equity method					
Other income					
Net other operating income	684	371	1 998	1 199	2 132
Total income	684	371	1 998	1 199	2 132
Salaries and other personnel expenses	185	168	537	552	714
Other expenses	155	181	537	494	682
Depreciation and write-downs of fixed and intangible assets	24	68	72	105	90
Total operating expenses	363	416	1 146	1 150	1 487
Net gains on fixed and intangible assets					
Write-downs on loans and guarantees					
Pre-tax operating profit	320	(45)	852	48	644
Taxes	102	0	596	0	427
Profit from discontinuing operations after taxes					
Profit for the period ²⁾	219	(45)	256	48	218

1) The figures encompass Vital Forsikring ASA including subsidiaries as included in the DnB NOR Group accounts before eliminations for intra-group transactions and balances.

Note 5 Life and Asset Management (continued)

2) Breakdown of income statement

Amounts in NOK million	3rd quarter	3rd quarter	January-September		Vital
	2009	2008	2009	2008	Full year 2008
Interest result	995	(1 826)	1 690	(5 055)	(2 623)
Application of/(transferred to) additional allocations	(8)	1 649	0	4 720	2 993
Risk result	13	100	162	271	136
Administration result	(9)	(47)	(110)	(109)	(143)
Profit on risk and guaranteed rate of return	128	106	364	321	437
Transferred from security reserve	(9)	(18)	(25)	(7)	(68)
Profit for distribution within Vital	1 109	(36)	2 082	141	733
Funds transferred to policyholders	789	9	1 230	93	89
Pre-tax operating profit in Vital	320	(45)	852	48	644
Taxes	102	0	596	0	427
Profit for the period in Vital	219	(45)	256	48	218

Balance sheets ¹⁾

Amounts in NOK million	30 Sept. 2009	31 Dec. 2008	Vital 30 Sept. 2008
Assets			
Cash and deposits with central banks			
Lending to and deposits with credit institutions	4 064	6 723	10 335
Lending to customers	2 892	2 623	2 027
Commercial paper and bonds	57 127	72 841	58 358
Shareholdings ²⁾	37 794	26 964	37 952
Financial assets, customers bearing the risk	20 044	16 454	17 330
Financial derivatives	3 092	5 644	4 952
Commercial paper and bonds, held to maturity	68 912	57 089	53 330
Investment property ³⁾	32 719	32 392	32 620
Investments in associated companies	19	19	19
Intangible assets	278	243	219
Deferred tax assets			
Fixed assets	39	45	36
Discontinuing operations			
Other assets	2 095	3 093	3 927
Total assets	229 075	224 129	221 104
Liabilities and equity			
Loans and deposits from credit institutions			
Deposits from customers			
Financial derivatives	2 505	7 950	3 518
Securities issued			
Insurance liabilities, customers bearing the risk	20 044	16 454	17 330
Liabilities to life insurance policyholders	191 423	184 791	183 595
Insurance liabilities, non-life insurance			
Payable taxes	599	28	644
Deferred taxes	584	584	4 771
Other liabilities	2 330	2 851	
Provisions	157	157	154
Subordinated loan capital	2 491	2 575	2 522
Total liabilities	220 134	215 389	212 534
Minority interests			
Revaluation reserve			
Share capital	1 321	1 321	1 321
Other reserves and retained earnings	7 621	7 420	7 250
Total equity	8 942	8 740	8 571
Total liabilities and equity	229 075	224 129	221 104

1) The figures encompass Vital Forsikring ASA including subsidiaries as included in the DnB NOR Group accounts before eliminations for intra-group transactions and balances.

2) Investments in Private Equity, PE, totalled NOK 2.1 billion at end-September 2009. See note 16 Investments in shares.

3) Vital's property portfolio was written down by NOK 0.3 billion in the third quarter of 2009. See note 17 Investment property.

Note 5 Life and Asset Management (continued)

Key figures

Per cent	3rd quarter	3rd quarter	January-September		Vital
	2009	2008	2009	2008	Full year 2008
Recorded return, excluding unrealised gains on financial instruments ¹⁾	1.3	(0.1)	3.2	(0.1)	1.7
Value-adjusted return, excluding changes in unrealised gains on commercial paper and bonds, held to maturity ¹⁾	1.6	(0.1)	3.5	(1.8)	0.0
Value-adjusted return, including changes in unrealised gains on commercial paper and bonds, held to maturity, and unrealised gains on current assets ¹⁾	1.9	0.1	3.7	(2.5)	0.8
Expenses in per cent of insurance provisions ²⁾	0.86	0.95	1.36	0.95	0.95
Capital adequacy ratio at end of period ³⁾	10.7	10.8	10.7	10.8	12.3
Core capital ratio at end of period ³⁾	8.7	8.6	8.7	8.6	9.8
Policyholders' funds from products with guaranteed returns at end of period (NOK billion)	191	184	191	184	185
Policyholders' funds from products with a choice of investment profile at end of period (NOK billion)	20	17	20	17	16
Solvency margin capital in per cent of requirement at end of period ^{3) 4)}	157	157	157	157	162

1) Refers to the common portfolio.

2) Figures are annualised.

3) Kredittilsynet (the Financial Supervisory Authority of Norway) and the Ministry of Finance have not adapted capital adequacy or solvency margin capital regulations to IFRS.

4) Solvency margin capital is measured against the solvency margin requirement, which is linked to the company's insurance commitments. The solvency margin capital requirements for Norwegian life insurance companies are subject to regulations laid down by the Ministry of Finance on 19 May 1995.

Note 6 DnB NOR Skadeforsikring

Income statement

Amounts in NOK million	DnB NOR Skadeforsikring	
	3rd quarter 2009	Jan.-Sept. 2009
Net interest income	5	14
Commissions and fees receivable etc.	2	2
Commissions and fees payable etc.	13	38
Net gains on financial instruments at fair value	(1)	(2)
Premium income	134	373
Insurance claims etc. ¹⁾	125	337
Net other operating income	(3)	(2)
Total income	2	11
Salaries and other personnel expenses	14	41
Other expenses	13	37
Total operating expenses	27	78
Pre-tax operating profit	(25)	(67)
Taxes	(7)	(19)
Profit for the period	(18)	(48)
1) Of which contingency reserve	22	57

Balance sheets

Amounts in NOK million	DnB NOR Skadeforsikring	
	30 Sept. 2009	
Assets		
Lending to and deposits with credit institutions	28	
Commercial paper and bonds	546	
Commercial paper and bonds, held to maturity	99	
Deferred tax assets	19	
Other assets	202	
Total assets	893	
Liabilities and equity		
Insurance liabilities	635	
Other liabilities	14	
Provisions	27	
Total liabilities	676	
Total equity	217	
Total liabilities and equity	893	

Note 7 Net interest income

<i>Amounts in NOK million</i>	DnB NOR Group				
	3rd quarter 2009	3rd quarter 2008	January-September 2009	January-September 2008	Full year 2008
Interest on loans to and deposits with credit institutions	190	1 017	1 418	3 144	4 012
Interest on loans to customers	10 668	18 337	37 352	51 104	70 921
Interest on impaired commitments	29	16	81	69	82
Interest on commercial paper and bonds	1 930	1 955	6 109	4 945	7 312
Front-end fees etc.	98	154	289	344	440
Other interest income	402	(165)	446	(326)	(815)
Total interest income	13 317	21 314	45 696	59 278	81 953
Interest on loans and deposits from credit institutions	1 103	1 838	3 776	5 440	7 262
Interest on demand deposits from customers	2 469	6 577	9 949	18 164	24 838
Interest on securities issued	2 936	5 369	11 188	15 201	21 583
Interest on subordinated loan capital	223	573	891	1 518	2 125
Other interest expenses ¹⁾	845	1 265	2 864	3 225	4 235
Total interest expenses	7 577	15 622	28 669	43 548	60 044
Net interest income	5 740	5 691	17 027	15 730	21 910

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

Note 8 Net other operating income

<i>Amounts in NOK million</i>	DnB NOR Group				
	3rd quarter 2009	3rd quarter 2008	January-September 2009		Full year 2008
Money transfer fees receivable	811	754	2 270	2 172	2 887
Fees on asset management services	263	267	740	888	1 105
Fees on custodial services	62	92	201	296	382
Fees on securities broking	65	66	206	258	334
Corporate finance	110	64	263	299	378
Interbank fees	24	31	77	89	117
Credit broking commissions	99	109	299	287	406
Sales commissions on insurance products	621	640	1 835	1 982	2 612
Sundry commissions and fees receivable on banking services	257	218	696	785	985
Total commissions and fees receivable etc.	2 312	2 241	6 587	7 056	9 207
Money transfer fees payable	270	238	770	700	942
Commissions payable on fund management services	12	39	32	114	104
Fees on custodial services payable	24	34	83	104	134
Interbank fees	37	46	115	135	180
Credit broking commissions	21	19	36	85	119
Commissions payable on the sale of insurance products	30	26	85	144	232
Sundry commissions and fees payable on banking services	136	142	427	433	602
Total commissions and fees payable etc.	530	543	1 548	1 715	2 313
Net gains on financial instruments at fair value	1 931	1 615	5 220	2 280	3 339
Net gains on assets in Vital ¹⁾	4 511	(1 766)	9 355	(3 021)	(701)
Guaranteed returns and allocations to policyholders in Vital	4 295	(1 596)	8 915	(2 667)	(1 027)
Premium income etc. included in the risk result in Vital	1 187	1 227	3 536	3 366	4 543
Insurance claims etc. included in the risk result in Vital	1 177	1 127	3 374	3 095	4 407
Premium income non-life insurance	134	-	373	-	-
Insurance claims etc. non-life insurance	125	-	337	-	-
Profit from companies accounted for by the equity method ²⁾	(284)	(377)	142	(568)	632
Income from owned/leased premises	16	13	48	28	33
Fees on real estate broking	203	164	575	537	658
Net unrealised gains on investment property	1	0	(111)	0	0
Miscellaneous operating income	66	92	282	289	419
Total other income	286	268	795	854	1 111
Net other operating income	3 951	3 134	11 834	7 823	12 438

1) In consequence of improved recorded and value-adjusted returns in the third quarter of 2009 compared with the year-earlier period, net gains on assets in Vital rose by NOK 6 277 million to NOK 4 511 million. The recorded value-adjusted returns were 1.3 and 1.6 per cent respectively for the common portfolio in the third quarter of 2009, compared with a negative return of 0.1 per cent in the third quarter of 2008. Vital achieved a value-adjusted return of 1.1 per cent in its corporate portfolio, up from 0.7 per cent in the year-earlier period.

2) Widening credit spreads have had a negative effect on Eksportfinans' liquidity portfolio of bonds. The company has entered into an agreement with a syndicate comprising most of Eksportfinans' owners. With effect from 1 March 2008, the agreement will protect Eksportfinans from further value reductions in the portfolio. Taking the guarantee into account, there was a negative profit contribution of NOK 482 million from the company in the third quarter of 2009. Liabilities in Eksportfinans are largely recorded at fair value, and narrowing credit margins have a negative effect on the company's profits. At end-september 2009, the accumulated effect of widening credit margins raised DnB NOR's share of profits in the company by approximately NOK 661 million.

Note 9 Net gains on financial instruments at fair value

Amounts in NOK million	DnB NOR Group				
	3rd quarter 2009	3rd quarter 2008	January-September 2009 2008		Full year 2008
Dividends	22	(1)	134	124	172
Net gains on commercial paper and bonds	64	167	503	(1 517)	(760)
Net gains on shareholdings	118	(324)	60	(722)	(1 299)
Net gains on other financial assets	1 727	1 773	4 522	4 395	5 225
Net gains on financial instruments at fair value	1 931	1 615	5 220	2 280	3 339

Note 10 Operating expenses

Amounts in NOK million	DnB NOR Group				
	3rd quarter 2009	3rd quarter 2008	January-September 2009 2008		Full year 2008
Ordinary salaries	1 802	1 792	5 451	5 121	6 876
Employer's national insurance contributions	261	252	801	747	1 018
Pension expenses	245	274	737	814	1 042
Restructuring expenses ¹⁾	36	4	72	45	106
Other personnel expenses	110	104	363	320	421
Total salaries and other personnel expenses	2 454	2 425	7 423	7 047	9 463
Fees	344	278	1 086	944	1 462
EDP expenses	412	478	1 295	1 299	1 559
Postage and telecommunications	98	102	319	304	421
Office supplies	21	27	76	83	118
Marketing and public relations	140	177	453	557	725
Travel expenses	40	56	159	185	272
Reimbursement to Norway Post for transactions executed	51	50	154	161	207
Training expenses	11	19	53	67	89
Operating expenses on properties and premises	324	304	982	928	1 233
Operating expenses on machinery, vehicles and office equipment	36	32	113	107	147
Other operating expenses ¹⁾	196	200	648	604	807
Other expenses	1 672	1 725	5 338	5 238	7 040
Depreciation and write-downs of fixed and intangible assets ²⁾	522	315	1 492	818	2 217
Total operating expenses	4 648	4 464	14 254	13 103	18 721

1) Restructuring costs relating to the cost programme were NOK 49 million in the third quarter of 2009.

2) In consequence of a change of strategy for retail operations in Sweden, impairment losses for goodwill of NOK 100 million relating to Svensk Fastighetsförmedling AB were recorded in the third quarter of 2009. DnB NOR recorded impairment losses for goodwill of NOK 391 million for the January through September period in 2009, including DnB NOR's NOK 291 million share of total impairment losses in DnB NOR's operations in Latvia and Lithuania in the second quarter of 2009.

Note 11 Number of employees/full-time positions

	DnB NOR Group				
	3rd quarter 2009 ¹⁾	3rd quarter 2008 ²⁾	January-September 2009 ¹⁾ 2008 ²⁾		Full year 2008 ²⁾
Number of employees at end of period	13 904	14 476	13 904	14 476	14 454
- of which number of employees abroad	4 657	4 932	4 657	4 932	4 973
Number of employees calculated on a full-time basis at end of period	13 524	14 103	13 524	14 103	14 057
- of which number of employees calculated on a full-time basis abroad	4 570	4 856	4 570	4 856	4 877
Average number of employees	13 984	14 378	14 247	14 139	14 223
Average number of employees calculated on a full-time basis	13 598	14 029	13 856	13 778	13 859

1) Due to changes in the agreement with Norway Post, 162.6 full-time positions were transferred from Norway Post on 1 May 2009. Costs and corresponding head-count figures were included with effect from the first quarter of 2009. In addition, 432.6 full-time positions and 904 employees in new unit outside core operations were taken into the Group from September.

2) Includes 68 full-time positions in the Norwegian operations of SkandiaBanken Bilfinans, which were acquired on 31 January 2008, and 52 full-time positions in the company's Swedish operations, which were acquired on 29 February 2008.

Note 12 Write-downs on loans and guarantees

<i>Amounts in NOK million</i>	DnB NOR Group				
	3rd quarter 2009	3rd quarter 2008	January-September 2009 2008		Full year 2008
Write-offs	68	76	244	129	335
New individual write-downs	1 855	657	5 300	1 268	2 925
Total new individual write-downs	1 923	733	5 544	1 397	3 260
Reassessed individual write-downs	155	63	539	181	246
Total individual write-downs	1 768	670	5 005	1 216	3 014
Recoveries on commitments previously written off	63	71	241	236	335
Change in group write-downs on loans	572	126	1 429	215	830
Write-downs on loans and guarantees ¹⁾	2 277	725	6 193	1 195	3 509
Write-offs covered by individual write-downs made in previous years	767	116	1 512	438	678
Reduction in write-downs due to the consolidation of a new unit outside core operations ²⁾	384		384		
1) <i>Of which individual write-downs on guarantees</i>	4	(29)	16	9	5

2) See note 3 Changes in group structure.

The weak trend in the international economy has resulted in higher credit risk due to somewhat reduced credit quality and thus rising write-downs on loans in 2009. The increase in write-downs in DnB NOR primarily refers to the Baltic States, where the Group is exposed through DnB NORD. However, there has also been a certain rise in write-downs within shipping and port terminals. There have been moderate losses in the portfolio of Norwegian-related loans, and the portfolio appears to be robust. Losses remained very low in the Norwegian retail market due to the low interest rate levels and the continued low level of unemployment in Norway. This can be partly explained by the extensive stimulus measures implemented by the Norwegian authorities.

The reduced credit quality affected shipping and commercial property in particular. In spite of an increase in freight rates in some segments, the shipping industry is expected to have a potential high loss exposure for some time due to the slow recovery of the global economy. The downward revision in market values increases the risk for commercial property, though prices now seem to have stabilised. DnB NOR's commercial property loans are primarily granted based on cash flow analyses.

The effect of write-downs on loans in the income statement was NOK 2 277 million, a slight decline from the second quarter and within estimated write-downs of NOK 8-10 billion for the whole of 2009. There was a decline in write-downs in DnB NORD compared with the second quarter. There was a stable level of write-downs in other operations, with a certain increase in group write-downs and a reduction in individual write-downs. Over the past year, the Group has stepped up its efforts considerably to ensure the value of problem commitments. DnB NORD's markets continued to experience problems during the quarter, though certain indicators suggest a modest recovery.

Note 13 Lending to customers

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 Sept. 2009	31 Dec. 2008	30 Sept. 2008
Lending to customers, nominal amount	949 536	1 016 887	943 341
Individual write-downs	6 850	4 256	2 678
Lending to customers, after individual write-downs	942 686	1 012 631	940 663
+ Accrued interest and amortisation	1 907	3 593	3 559
- Individual write-downs of accrued interest and amortisation	577	478	456
- Group write-downs	2 856	1 625	896
Lending to customers, at amortised cost	941 160	1 014 121	942 870
Lending to customers, nominal amount	190 431	175 099	174 350
+ Accrued interest	770	1 711	1 637
+ Adjustment to fair value	432	704	(584)
Lending to customers, at fair value ¹⁾	191 633	177 513	175 403
Lending to customers	1 132 793	1 191 635	1 118 273

1) The fair value of loans in Norwegian kroner has been reduced by NOK 49 million from 31 December 2008 due to widening credit margins.

Note 14 Net non-performing and impaired commitments for principal sectors ¹⁾

Amounts in NOK million	DnB NOR Group		
	30 Sept. 2009	31 Dec. 2008	30 Sept. 2008
Private individuals	3 173	2 893	3 323
International shipping	1 459	37	43
Real estate	1 930	1 938	854
Manufacturing	4 680	1 965	408
Services	1 210	677	459
Trade	858	156	165
Oil and gas	0	172	189
Transportation and communication	618	131	173
Building and construction	789	174	151
Power and water supply	23	26	1
Seafood	39	367	60
Hotels and restaurants	77	65	62
Agriculture and forestry	411	141	160
Central and local government	0	0	0
Other sectors	679	63	33
Total customers	15 946	8 807	6 080
Credit institutions	0	0	0
Total impaired loans and guarantees	15 946	8 807	6 080
Non-performing loans and guarantees not subject to write-downs	6 872	3 115	867
Total non-performing and impaired commitments	22 818	11 922	6 947

1) Includes loans and guarantees subject to individual write-downs. The breakdown into principal sectors is based on standardised sector and industry categories set up by Statistics Norway. With effect from the second quarter of 2009, a new standard for industry codes has been introduced which corresponds to the new EU standard, NACE Rev. 2. Customers are classified according to their main line of business.

Note 15 Investments in bonds

Information about the portfolios

The DnB NOR Group has investments in bonds through several of the Group's entities. DnB NOR Bank, DnB NOR Markets, Vital Forsikring and the associated company Eksportfinans all have their own bond portfolios for a variety of purposes.

As part of ongoing liquidity management, DnB NOR Bank needs to maintain a holding of securities that can be used in different ways to regulate the liquidity requirement and as a basis for furnishing collateral for operations in various countries. Among other things, the securities serve as collateral for short and long-term borrowing in a number of central banks and as a basis for liquidity buffers to meet regulatory requirements.

The bank has chosen to cover its need for liquid securities by investing in high-quality international bonds. As at 30 September 2009, the liquidity portfolio in DnB NOR Markets represented the equivalent of NOK 105.5 billion. 98.1 per cent of the securities had an AAA rating, while 1.8 per cent are rated AA. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs.

Asset class	Rating	DnB NOR Group	
		Per cent 30 Sept. 2009	NOK million 30 Sept. 2009
Consumer credit	AAA	3	3 337
Residential mortgages	AAA/AA	58	62 761
Corporate loans	AAA/AA	7	7 643
Government-related	AAA	31	33 803
Insurance	AAA/AA/A/BB	0	108
Total liquidity portfolio DnB NOR Markets, nominal values		100	107 652
Accrued interest, including amortisation effects			(2 185)
Total liquidity portfolio DnB NOR Markets			105 467

In addition, DnB NOR Bank had Norwegian bonds and fixed-income securities equivalent to a balance sheet value of NOK 171.4 billion, mainly used for customer trading and position taking in Norwegian interest rate instruments. The bank had a holding of Treasury bills used in swap agreements with Norges Bank of NOK 110.8 billion at end-September 2009. See further information on swap agreements in note 22 Information on related parties.

Note 15 Investment in bonds (continued)

Like DnB NOR Bank, DnB NOR and Eksportfinans use investments in bonds and fixed-income securities for liquidity purposes and as a basis for furnishing collateral to central banks. At end-September 2009, the value of the DnB NOR portfolio was equivalent to NOK 5.9 billion. Eksportfinans had a liquidity portfolio of NOK 58.4 billion. The Eksportfinans portfolio was structured largely in line with DnB NOR Bank's portfolio, though it contained a larger share of financial sector investments. Through its ownership interest and the issue of guarantees, DnB NOR Bank is exposed to 40.4 per cent of value changes in the portfolio. In addition, a guarantee of up to NOK 142 million has been issued to one of the other owners of Eksportfinans. Eksportfinans had a short-term liquidity portfolio of NOK 23.2 billion.

Vital Forsikring's investments in bond portfolios are both in the form of ordinary financial investments and investments securing the company's long-term guaranteed rates of return to policyholders. At end-September 2009, Vital Forsikring had investments in fixed-income securities for a total of NOK 126.0 billion. NOK 7.2 billion of this was invested in bonds issued by DnB NOR Boligkreditt. Vital has a conservative bond portfolio where a large share of interest-bearing bonds have an explicit or implicit government guarantee (municipalities). For a long period, Vital has had a relatively low exposure in the credit markets and has limited exposure to bonds in higher-risk market segments. Vital has not invested in high-yield bonds, emerging markets debt or credit derivatives.

Vital Forsikring's portfolio of held-to-maturity bonds represents bonds issued by highly creditworthy borrowers. At end-September 2009, bonds with government guarantees represented approximately 27 per cent of the portfolio. The remaining bonds are generally issued by municipalities/county municipalities and finance companies with sound creditworthiness. All investments in bonds issued by finance companies represent senior debt, which has the highest ranking in the capital structure and first priority if the issuer goes bankrupt. Only in exceptional cases does Vital invest in bonds issued by traditional manufacturing companies.

Vital Forsikring's bond portfolio carried at fair value in the income statement comprises bonds with sound ratings. 67 per cent of the rated bonds carry an AAA rating, while 18 per cent are rated AA. Vital Forsikring has only invested in investment grade bonds, which means that the company has no bonds rated lower than BBB. Few Norwegian bond issuers are rated. 16 per cent of the unrated bonds are invested in enterprises with government guarantees, while 16 per cent are invested in municipalities or county municipalities and 50 per cent invested within banking/finance.

Classification

On 13 October 2008, the International Accounting Standards Board, IASB, approved amendments to IAS 39 Financial Instruments - Recognition and Measurements and IFRS 7 Financial Instruments - Disclosures. Following the amendments, it is permitted to reclassify financial assets in the categories "fair value through profit or loss" and "available for sale" to other categories for financial assets. To qualify for reclassification, special circumstances must have occurred and according to the IASB, the situation in the credit markets could be regarded as rare circumstances. Reclassification in the third quarter of 2008 could be made with accounting effect from 1 July 2008. The EU approved the amendments on 15 October 2008. On 16 October 2008, the Ministry of Finance adopted regulations implementing amendments to the Norwegian rules in the accounting standards IAS 39 and IFRS 7.

In the third quarter accounts 2008, the DnB NOR Group chose to reclassify the liquidity portfolio in DnB NOR Markets from the "fair value through profit or loss" category to the "held to maturity" category. This resulted in an accumulated rise in profits of NOK 854 million compared with the result if the previous valuation principle had been retained. For the third quarter of 2009, there would have been a NOK 685 million rise in profits if the portfolio had not been reclassified. On the reclassification date, the book value of the portfolio was NOK 88.0 billion, compared with NOK 105.5 billion at end-September 2009.

Effects of the reclassification of the liquidity portfolio

<i>Amounts in NOK million</i>	DnB NOR Group				
	3rd quarter 2009	3rd quarter 2008	January-September 2009	September 2008	Full year 2008
Amortisation effect	228	282	662	282	487
Net interest income	228	282	662	282	487
Value adjustment	0	0	0	(1 827)	(1 827)
Maturity effects	0	0	0	494	494
Net gains on financial instruments at fair value	0	0	0	(1 333)	(1 333)

Effects of reclassification on profits

Recorded amortisation effect	228	282	662	282	487
Net gain if valued at fair value	913	(1 199)	2 809	(1 199)	(2 514)
Effects of reclassification on profits	(685)	1 481	(2 147)	1 481	3 001

Effects of reclassification on the balance sheet

Recorded, unrealised losses at end of period	1 437	2 304	1 437	2 304	2 099
Unrealised losses, if valued at fair value	2 291	3 785	2 291	3 785	5 100
Effects of reclassification on the balance sheet	854	1 481	854	1 481	3 001

Development in the liquidity portfolio after the reclassification

<i>Beløp i millioner kroner</i>	DnB NOR Group				
	30 Sept. 2009	30 June 2009	31 March 2009	31 Dec. 2008	30 Sept. 2008
Liquidity portfolio, recorded value	105 467	102 892	91 146	99 106	88 008
Liquidity portfolio, if valued at fair value	104 613	101 352	88 369	96 105	86 527
Effects of reclassification on the balance sheet	854	1 539	2 777	3 001	1 481

Note 15 Investment in bonds (continued)

Measurement

With effect from 1 July 2008, the liquidity portfolio in DnB NOR Markets is reclassified as held-to-maturity investments. Vital's held-to-maturity portfolio represented NOK 68.9 billion at end-September 2009. In addition, the bank had a commercial paper portfolio valued at NOK 0.2 billion. Portfolios in this category are recorded at amortised cost and written down if there is objective evidence of a decrease in value.

Other bond portfolios in the Group are classified as securities carried at fair value with changes in value recognised in profit or loss. If there are no observable prices in the market, the value is set by using models which incorporate relevant market information.

The reclassification in accordance with the amendments to IAS 39, as described above, requires that the value of the liquidity portfolio based on the principles applied before the reclassification must be reported. In a normal market situation, the liquidity portfolio would have been recorded at external observable prices before the reclassification. Due to the financial turmoil, such prices have been virtually non-existent. In order to meet the disclosure requirement at end-September 2009, the liquidity portfolio has been measured at fair value according to models used for financial instruments not traded in an active market. The model applied is based on a regression analysis whereby historical market data (explanatory variables) which have been observable even during the financial turmoil are used to explain historical changes in value in the liquidity portfolio. During the period from the fourth quarter of 2006 up to and including the second quarter of 2008, the model shows a high level of correlation between changes in given market data and changes in value in the liquidity portfolio, which at the time was priced in an active market or through broker quotes which were believed to be fairly reliable. If the model had been applied to the liquidity portfolio in the first nine months of 2009, profits would have risen by NOK 2 147 million. A corresponding model has also been used for valuing part of the bond portfolio in Eksportfinans.

The remaining term to maturity of DnB NOR Markets' liquidity portfolio is estimated at three years, and the value of one basis point was NOK 25 million at end-September 2009.

Note 16 Investments in shares

Investments in shares are carried at fair value. Measurement at fair value is described in note 1 Accounting principles in the annual report for 2008.

When determining the fair value of Private Equity investments, the "International Private Equity and Venture Capital Valuation Guidelines" and similar guidelines are used. The method used is one of several instruments to determine the best estimate of fair values for investments in not very liquid equity instruments and is based on reports on returns from portfolio companies, with a time lag of approximately three months. This could represent a challenge during periods of considerable stock market volatility. On each reporting date, the need to adapt valuations due to lags in information will be considered.

Private Equity investments

<i>Amounts in NOK million</i>	DnB NOR Group	
	30 Sept. 2009	31 Dec. 2008
Private Equity and Management Buyout Funds in DnB NOR Bank	377	325
Private Equity investments in Vital	2 113	2 440
Total Private Equity investments	2 490	2 764

Note 17 Investment property

Investment properties owned by the Group are principally owned by Vital Forsikring. At end-September 2009, a complete review was made of the investment properties, based on the company's own valuation model. As a supplement to the values in the internal model, appraisals were obtained from two independent, external appraisers for properties representing 24 per cent of the values in the property portfolio in Norway. Calculations in the model and balance sheet values are 5.8 per cent higher than the average of the external appraisals. In the current illiquid market, this is considered to be within an acceptable reliability interval. The lack of relevant transactions which can document market prices has caused increasing uncertainty. The Group's valuations are based on the best available information regarding the properties' characteristics and values. In line with established practice, properties in Sweden and the portfolio in Vital Eiendomsfond have been subject to an external valuation.

From end-June 2009, there were clear indications of changes in the property market. Among other things, transactions were completed which served as relevant references for valuations in parts of the market. Parallel to this, investor interest in property generally seems to have picked up. There is also a higher level of activity in the rental market. In spite of this, the market is still characterised by uncertainty and expectations of a further drop in rental levels and an increase in vacancy levels. An overall decline in value of 0.9 per cent or NOK 269 million is estimated for Vital's wholly-owned portfolio in Norway for the third quarter of 2009. The office portfolio showed a 1.6 per cent reduction, which can mainly be ascribed to a downward adjustment in future market rent levels. Values in the shopping centre and hotel portfolios were virtually unchanged from the previous quarter. Recorded values were reduced by NOK 272 million or 0.8 per cent in the third quarter. The value of Vital's property portfolio was reduced by a total of NOK 1 190 million or 3.6 per cent since end-December 2008.

Valuations are particularly sensitive to changes in required rates of return and assumptions regarding future income flows. Other things equal, a 0.25 percentage point change in the required rate of return will change the value of the property portfolio by 3.5 per cent. Other things equal, a 5 per cent change in future market rents will change the value of the property portfolio by 4.1 per cent.

Changes in the value of investment properties

DnB NOR Group

<i>Amounts in NOK million</i>	Investment property
Recorded value as at 31 December 2007	33 078
Additions, purchases of new properties	1 190
Additions, capitalised investments	462
Additions, acquired companies	-
Net gains resulting from adjustment to fair value	(2 031)
Value changes due to restructuring	839
Disposals	855
Exchange rate movements	113
Recorded value as at 30 September 2008 ¹⁾	32 796
Recorded value as at 31 December 2008	32 558
Additions, purchases of new properties	2 270
Additions, capitalised investments	434
Additions, acquired companies	488
Net gains resulting from adjustment to fair value	(1 005)
Disposals	1 079
Exchange rate movements	(364)
Recorded value as at 30 September 2009 ¹⁾	33 303

1) The value of investment properties in Vital was NOK 32 620 million as at 30 September 2008 and NOK 32 719 million as at 30 September 2009.

Note 18 Intangible assets

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 Sept. 2009	31 Dec. 2008	30 Sept. 2008
Goodwill	5 854	6 665	7 621
Postbanken brand name	51	51	51
Systems development	1 303	1 108	811
Other intangible assets	1 201	656	461
Total intangible assets	8 409	8 480	8 944

Svensk Fastighetsförmedling AB, SFAB, was acquired with effect from 30 June 2007. Goodwill relating to the acquisition represented the value of greater distribution power in the Swedish market for the sale of housing loans and other products from the DnB NOR Group. At year-end 2008, impairment losses for goodwill of SEK 116 million relating to the investment were recorded due to the financial crisis and assumptions of a reduction in housing sales and lower demand for housing loans. DnB NOR has now decided to change its strategy for retail market operations in Sweden, whereby the ambition to establish a full-service bank for Swedish personal customers has been abandoned. Still, the sale of housing loans to Swedish customers buying their homes through SFAB will continue as before. A new impairment test has been carried out based on updated expected cash flows from operations, entailing somewhat lower estimated volumes and an adjustment of anticipated margins to reflect the prevailing market situation. The test identified an impairment loss of SEK 120 million, which is the equivalent of NOK 100 million. The remaining goodwill relating to SFAB, including the portfolio of housing loans, thus totalled SEK 232 million, the equivalent of NOK 193 million.

Developments in the Group's other cash-generating units are in line with expectations, and there have been no events indicating a major reduction in earnings relative to previous plans.

Based on the preliminary acquisition analysis, the take-over of the Nordisk Tekstil Holding Group on 26 August 2009 gave a NOK 559 million increase in intangible assets relating to the Kid brand. See note 3 Changes in group structure.

Note 19 Securities issued and subordinated loan capital

As an element in liquidity management, the DnB NOR Group issues and redeems own securities.

<i>Amounts in NOK million</i>	DnB NOR Group		
	30 Sept. 2009	31 Dec. 2008	30 Sept. 2008
Commercial paper issued, nominal amount	170 564	194 852	115 838
Bond debt, nominal amount ¹⁾	337 338	397 443	366 202
Adjustments	12 976	13 927	2 680
Total securities issued	520 878	606 222	484 720

<i>Amounts in NOK million</i>						DnB NOR Group	
	Balance sheet 30 Sept. 2009	Issued 2009	Matured/ redeemed 2009	Exchange rate movements 2009	Other adjustments 2009	Balance sheet 31 Dec. 2008	
Commercial paper issued, nominal amount	170 564	169 524	193 706	(106)		194 852	
Bond debt, nominal amount ¹⁾	337 338	45 141	61 954	(43 292)		397 443	
Adjustments	12 976				(951)	13 927	
Total securities issued	520 878	214 665	255 660	(43 398)	(951)	606 222	

<i>Amounts in NOK million</i>						DnB NOR Group	
	Balance sheet 30 Sept. 2009	Issued 2009	Matured/ redeemed 2009	Exchange rate movements 2009	Other adjustments 2009	Balance sheet 31 Dec. 2008	
Term subordinated loan capital, nominal amount	22 644			(2 789)		25 432	
Perpetual subordinated loan capital, nominal amount	6 904			(1 103)		8 007	
Perpetual subordinated loan capital securities, nominal amount ²⁾	8 539			(1 203)		9 742	
Adjustments	1 853				(190)	2 044	
Total subordinated loan capital and perpetual subordinated loan capital securities	39 940	0	0	(5 095)	(190)	45 225	

1) Minus own bonds. Outstanding covered bonds in DnB NOR Boligkreditt totalled NOK 229.5 billion as at 30 September 2009. The cover pool represented NOK 291.5 billion.

2) Perpetual subordinated loan capital securities are eligible for inclusion in core capital by an amount not exceeding 15 per cent of total core capital. Kredittilsynet may require that the securities should be written down proportionally to equity if the bank's core capital ratio falls below 5 per cent or capital adequacy ratio falls below 6 per cent. Amounts written down on the securities must be revalued before the distribution of dividends to shareholders or revaluation of equity.

Note 20 Capital adequacy

The DnB NOR Group follows the Basel II regulations for capital adequacy calculations. Valuation rules used in the statutory accounts form the basis for the consolidation, which is subject to special consolidation rules governed by the Consolidation Regulations.

Primary capital	DnB NOR Bank ASA		DnB NOR Bank Group		DnB NOR Group	
	30 Sept. 2009	31 Dec. 2008	30 Sept. 2009	31 Dec. 2008	30 Sept. 2009	31 Dec. 2008
<i>Amounts in NOK million</i>						
Share capital	17 514	17 514	17 514	17 514	13 327	13 327
Other equity	51 233	51 702	59 661	59 969	67 564	67 949
Total equity	68 748	69 217	77 175	77 483	80 890	81 275
Deductions						
Pension funds above pension commitments	0	0	(3)	(1)	(161)	(152)
Goodwill	(1 651)	(1 657)	(4 146)	(4 737)	(6 042)	(6 854)
Deferred tax assets	(9)	(10)	(292)	(306)	(302)	(316)
Other intangible assets	(569)	(516)	(2 293)	(1 584)	(2 582)	(1 842)
Dividends payable etc.	0	0	0	0	0	0
Unrealised gains on fixed assets	0	0	(30)	(30)	(30)	(30)
50 per cent of investments in other financial institutions	(1 030)	(1 070)	(1 030)	(1 070)	0	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(16)	(288)	(118)	(339)	(118)	(339)
Adjustments for unrealised losses/(gains) on liabilities recorded at fair value	397	(323)	(371)	(2 284)	(371)	(2 284)
Additions						
Portion of unrecognised actuarial gains/losses, pension costs ¹⁾	-	555	-	594	-	608
Equity Tier 1 capital	65 869	65 908	68 893	67 726	71 285	70 066
Perpetual subordinated loan capital securities ^{2) 3)}	8 539	9 742	8 725	9 945	8 725	9 945
Tier 1 capital	74 408	75 649	77 618	77 671	80 010	80 010
Perpetual subordinated loan capital	6 904	8 007	6 904	8 007	6 904	8 007
Term subordinated loan capital ³⁾	21 267	23 843	23 204	26 083	23 204	26 083
Deductions						
50 per cent of investments in other financial institutions	(1 030)	(1 070)	(1 030)	(1 070)	0	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(16)	(288)	(118)	(339)	(118)	(339)
Additions						
45 per cent of unrealised gains on fixed assets	0	0	18	18	18	18
Tier 2 capital	27 125	30 492	28 980	32 700	30 009	33 770
Total eligible primary capital ⁴⁾	101 533	106 141	106 598	110 371	110 019	113 780
Risk-weighted volume	868 975	965 059	1 003 286	1 120 428	1 093 934	1 200 590
Minimum capital requirement	69 518	77 205	80 263	89 634	87 515	96 047
Equity Tier 1 capital ratio (%)	7.6	6.8	6.9	6.0	6.5	5.8
Tier 1 capital ratio (%)	8.6	7.8	7.7	6.9	7.3	6.7
Capital ratio (%)	11.7	11.0	10.6	9.9	10.1	9.5
Equity Tier 1 capital ratio including 50 per cent of profit for the period	7.9	-	7.1	-	6.8	-
Tier 1 capital ratio including 50 per cent of profit for the period (%)	8.9	-	8.0	-	7.6	-
Capital ratio including 50 per cent of profit for the period (%)	12.1	-	10.9	-	10.3	-

- 1) Upon implementation of NRS 6A (IAS 19) in 2005, unrecognised actuarial gains/losses for pension commitments were charged to equity in the accounts. The Ministry of Finance established a transitional rule for the years 2005 to 2008 meant to reduce the negative effect when calculating capital adequacy.
- 2) Perpetual subordinated loan capital securities can represent up to 15 per cent of core capital. The excess will qualify as perpetual supplementary capital.
- 3) As at 30 September 2009, calculations of capital adequacy included a total of NOK 747 million in subordinated loan capital in associated companies, in addition to subordinated loan capital in the balance sheets of the banking group and the DnB NOR Group.
- 4) Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the DnB NOR Group's accounts, as associated companies which are assessed according to the equity method in the accounts, are assessed according to the gross method in capital adequacy calculations.

Due to transitional rules, the minimum capital adequacy requirements for 2008 and 2009 cannot be reduced below 90 and 80 per cent respectively relative to the Basel I requirements. Risk-weighted volume for the Group at end-September represented 91.5 per cent of the corresponding volume based on the Basel I rules.

Note 20 Capital adequacy (continued)

Basel II implementation

Further progress

A major reduction in risk-weighted assets is expected upon full implementation of the IRB system. The IRB system is defined as the models, work processes, decision-making processes, control mechanisms, IT systems and internal guidelines and routines used to classify and quantify credit risk. Below is a time schedule for the implementation of the different reporting methods used for the Group's portfolios.

Portfolios	31 Dec. 2008			31 Dec. 2009			31 Dec. 2010		
	Approaches			Approaches			Approaches		
	Stand- ardised	Founda- tion IRB	Ad- vanced IRB	Stand- ardised	Founda- tion IRB	Ad- vanced IRB	Stand- ardised	Founda- tion IRB	Ad- vanced IRB
Retail:									
- mortgage loans, DnB NOR Bank and DnB NOR Boligkreditt			X			X			X
- qualifying revolving retail exposure, DnB NOR Kort	X			X					X
- mortgage loans and other portfolios, Nordlandsbanken	X			X					X
Corporates:									
- small and medium-sized corporates, DnB NOR Bank		X				X			X
- leasing and loans in Norway, DnB NOR Finans excluding the portfolio from SkandiaBanken Bilfinans	X					X			X
- large clients in Norway and SkandiaBanken Bilfinans Norway	X			X					X
- large corporate customers in Norway, DnB NOR Bank	X			X					X
- other corporate clients, DnB NOR Bank	X			X					X
- all corporate portfolios, Nordlandsbanken	X			X					X
- factoring and the car portfolio in Sweden	X			X			X		
Institutions:									
- banks and financial institutions	X			X			X		
Exceptions:									
- approved exceptions: government and municipalities, equity positions, commercial papers	X			X			X		
- temporary exceptions: DnB NOR, DnB NOR Luxembourg, Monchebank and various other portfolios	X			X			X		

Note 21 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations. Liquidity management in the DnB NOR Group is organised whereby DnB NOR Bank ASA is responsible for funding subsidiaries such as Nordlandsbanken and DnB NOR Finans, as well as international branches and subsidiaries. DnB NOR is funded with a share corresponding to the DnB NOR Group's holding in the bank. Liquidity risk is managed and measured by means of various measurement techniques.

The Board of Directors has established internal limits which restrict the short-term net maturity of the bank's liabilities during various time periods. In addition, limits have been approved for structural liquidity risk, which implies that lending to the general public should largely be financed through customer deposits, subordinated capital and long-term funding. The Group's ratio of deposits to lending was 52.5 per cent at end-September 2009, unchanged from end-June. The ratio of deposits to lending in DnB NOR Bank ASA was 85.6 per cent at end-September 2009.

The short-term financial markets are currently stable and sound. Access to funding has practically returned to normalised levels, and the pricing of short-term funding is only marginally higher than before the start of the financial turmoil. Nevertheless, investors in general still show little risk willingness, and strong emphasis continues to be placed on ratings. Due to the more normalised money market situation, the level of money market rates is now closer to central bank rates, though there is still a larger differential than prior to the financial crisis. This reflects a generally low level of activity in the traditional, unsecured interbank markets and the fact that this activity has largely been replaced by funding backed by securities portfolios.

Long-term funding costs declined during the summer, but are still considerably higher than before the financial turmoil. During the third quarter, DnB NOR ensured long-term funding by availing itself of the Norwegian authorities' measures to stabilise the liquidity situation and by raising small-size loans in the private market to cover parts of next year's funding requirement.

DnB NOR's liquidity situation at end-September 2009 can be characterised as sound. In consequence of wider credit margins in financial markets, however, costs relating to capital market funding have increased. At end-September 2009, the average remaining term to maturity for the portfolio of senior bond debt was 3.0 years, compared with 2.8 years a year earlier. The Group aims to achieve a sound and stable maturity structure for funding over the next five years.

Note 22 Information on related parties

Major transactions and agreements with related parties:

Eksportfinans

DnB NOR Bank ASA has a 40 per cent ownership interest in Eksportfinans. Financial market turbulence resulted in sizeable unrealised losses in Eksportfinans' liquidity portfolio in the first quarter of 2008. In order to ensure an adequate capital base for the company, its Board of Directors implemented three measures:

- A share issue of NOK 1.2 billion aimed at the company's owners was implemented, and all owners participated based on their proportional shares.
- A portfolio hedge agreement was entered into, and the owners were invited to participate. DnB NOR Bank ASA's share of the agreement corresponded to 40.43 per cent. The agreement secures Eksportfinans against further decreases in portfolio values of up to NOK 5 billion effective from 29 February 2008. Any recovery of values relative to nominal values will accrue to the participants in the portfolio hedge agreement as payment for their hedging commitment.
- During the first quarter of 2008, Eksportfinans' largest owner banks, DnB NOR Bank ASA, Nordea Bank AB and Danske Bank A/S approved a committed credit line giving the company access to a liquidity reserve of up to USD 4 billion. The agreement was renewed in June 2009. DnB NOR Bank ASA's share of this agreement represents approximately USD 2.2 billion. At end-September 2009, Eksportfinans had not availed itself of this credit line.

The transactions with Eksportfinans have been entered into on ordinary market terms as if they had taken place between independent parties.

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 last 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. As an additional requirement, there must be a spread of minimum 40 basis points between the agreed interest rate and the Treasury bill yield. 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 bank 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 39.20 Financial Instruments – Recognition and Measurement. The bank 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.

In practice, the swap agreements imply that the bank purchases Treasury bills from Norges Bank. These are initially recorded as investments in Treasury bills. The obligation to repurchase the bonds at a price corresponding to the value of the Treasury bills is recorded as funding from Norges Bank. At end-September 2009, this funding represented NOK 115.9 billion. The bank's investment in Treasury bills used in the swap agreements amounted to NOK 110.8 billion as at 30 September 2009.

Note 23 Off-balance sheet transactions and contingencies

Off-balance sheet transactions and additional information	DnB NOR Group		
	30 Sept. 2009	31 Dec. 2008	30 Sept. 2008
<i>Amounts in NOK million</i>			
Unutilised ordinary credit lines	297 118	337 818	337 683
Documentary credit commitments	14 565	24 896	25 206
Other commitments	461	540	595
Total commitments	312 143	363 254	363 484
Performance guarantees	25 988	34 367	29 170
Payment guarantees	20 395	24 582	21 013
Loan guarantees ¹⁾	10 569	16 202	15 441
Guarantee to the Norwegian Banks' Guarantee Fund	939	0	0
Guarantees for taxes etc.	5 211	4 801	5 797
Other guarantee commitments	3 920	5 448	4 831
Total guarantee commitments ²⁾	67 022	85 399	76 253
Support agreements	3 901	4 499	3 219
Total guarantee commitments etc. ^{*)}	70 923	89 899	79 472
*) Of which:			
Counter-guaranteed by financial institutions	225	566	614
Securities	123 481	202 611	95 521
are pledged as security for: Loans ³⁾	123 345	202 464	95 404
Other activities	136	147	117

1) DnB NOR carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DnB NOR has issued guarantees. According to the agreement, DnB NOR still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 8 773 million were recorded in the balance sheet as at 30 september 2009. These loans are not included under guarantees in the table.

2) Liabilities included in issued financial guarantees are measured at fair value and recorded in the balance sheet.

3) As at 30 September 2009 NOK 47 260 million in securities has been pledged as collateral for credit facilities with Norges Bank (the Norwegian central bank). According to regulations, these loans must be fully collateralised by a mortgage on interest-bearing securities and/or the bank's deposits with Norges Bank.

Contingencies

Due to its extensive operations in Norway and abroad, the DnB NOR Group will regularly be party to a number of legal actions. None of the current disputes are expected to have any material impact on the Group's financial position.

Reference is made to the previous reported dispute between HeidelbergCement Pensjonskasse/Norcem AS and Vital Forsikring concerning a claim for damages of up to NOK 110 million. It was alleged that Vital Forsikring gave incorrect advice in connection with the transfer of assets from a premium fund under the company's pension scheme. Legal proceedings were held in the Bergen District Court in May 2009. Vital Forsikring was held not liable on all counts and awarded full costs in the judgment passed on 16 June 2009. The judgment is final and enforceable.

Bovista ApS in Copenhagen, which is a wholly-owned subsidiary of RC Real Estate, has sued Bank DnB NOR for up to DKK 180 million plus interest, claiming that the bank has wrongfully used proceeds from the sale of properties as loan repayments without consulting the company. The bank contests the claim.

DnB NOR Markets Inc. in New York has been sued for up to USD 25 million plus interest and charges in connection with the underwriting of a bond issue (Lehman Brothers). The company contests the claim.

Ivar Petter Røeggen has instituted legal proceedings against DnB NOR Bank ASA, claiming that two investment agreements for structured products be declared null and void and that the bank be ordered to pay costs of NOK 266 000 plus interest on late payments. It is not the size of the amount disputed that is significant, rather whether this will serve as a test case for similar cases. The bank contests the claim.

In addition to the above-mentioned civil action brought against DnB NOR Bank ASA by Ivar Petter Røeggen, two additional actions have been brought against the bank relating to the sale of structured products, of which one is a group action with 19 plaintiffs comprising the same products as the action by Røeggen, while the other is an action brought by Bjarne Voster relating to another structured product, with a claim totalling NOK 500 000. The bank maintains that there is no legal basis for a group action and contests the claims.

DnB NOR Bank ASA has brought an action against seven Norwegian municipalities for the settlement of interest swaps on commercial terms. The municipalities have stopped their payments under the agreements citing that full settlement took place upon payment of the residual value of the investments made. The bank's total claim in the civil action is NOK 968 million plus interest on overdue payments.

DnB NOR ASA

Income statement

<i>Amounts in NOK million</i>	DnB NOR ASA				
	3rd quarter 2009	3rd quarter 2008	January-September 2009	January-September 2008	Full year 2008
Total interest income	21	78	98	189	261
Total interest expenses	95	189	430	354	538
Net interest income	(73)	(111)	(331)	(165)	(277)
Commissions and fees payable etc.	1	1	3	4	5
Other income ¹⁾	0	0	0	0	179
Net other operating income	(1)	(1)	(3)	(4)	173
Total income	(74)	(112)	(335)	(169)	(104)
Salaries and other personnel expenses	2	1	4	4	5
Other expenses	55	56	159	190	241
Depreciation and write-downs of fixed and intangible assets	0	0	0	0	850
Total operating expenses	57	57	163	193	1 097
Pre-tax operating profit	(131)	(169)	(498)	(362)	(1 201)
Taxes	(37)	(47)	(139)	(101)	(736)
Profit for the period	(94)	(121)	(358)	(261)	(465)
Earnings per share (NOK) ²⁾	(0.07)	(0.09)	(0.27)	(0.20)	(0.35)
Earnings per share for discontinuing operations (NOK) ²⁾	0.00	0.00	0.00	0.00	0.00

1) Dividends from group companies/group contributions.

2) DnB NOR has not issued options or other financial instruments that could cause dilution of earnings per share.

Balance sheet

<i>Amounts in NOK million</i>	DnB NOR ASA		
	30 Sept. 2009	31 Dec. 2008	30 Sept. 2008
Assets			
Deposits with DnB NOR Bank ASA	3 740	4 426	4 398
Lending to other group companies	228	231	231
Investments in group companies	51 058	51 058	51 908
Other receivables due from group companies	94	179	5
Other assets	264	125	101
Total assets	55 384	56 019	56 644
Liabilities and equity			
Loans from DnB NOR Bank ASA	10 167	10 598	10 459
Loans from other group companies	881	727	675
Other liabilities and provisions	0	0	612
Paid-in capital	24 994	24 994	24 994
Retained earnings	19 341	19 700	19 904
Total liabilities and equity	55 384	56 019	56 644

Statement of changes in equity

<i>Amounts in NOK million</i>	DnB NOR ASA			
	Share capital	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 December 2007	13 327	11 668	20 165	45 159
Profit for the period			(261)	(261)
Balance sheet as at 30 September 2008	13 327	11 668	19 904	44 898
Balance sheet as at 31 December 2008	13 327	11 668	19 700	44 694
Profit for the period			(358)	(358)
Balance sheet as at 30 September 2009	13 327	11 668	19 341	44 336

Accounting principles

DnB NOR ASA has prepared accounts according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-5, on the use of IFRS (International Financial Reporting Standards), hereinafter called the Norwegian IFRS regulations. These regulations give permission to record provisions for dividends and group contributions in subsidiaries as income and record the Board of Directors' proposed dividends and group contributions as liabilities on the balance sheet date. According to IFRS, dividends should be classified as equity until approved by the general meeting. A description of the accounting principles applied by DnB NOR ASA in preparing the accounts is found in the annual report for 2008 and in note 1 Accounting principles.

Key figures

	DnB NOR Group				
	3rd quarter 2009	3rd quarter 2008	January-September 2009	January-September 2008	Full year 2008
Interest rate analysis					
1. Combined weighted total average spread for lending and deposits (%)	1.16	1.04	1.16	1.01	1.04
2. Spread for ordinary lending to customers (%)	1.63	0.97	1.60	0.89	1.01
3. Spread for deposits from customers (%)	0.29	1.16	0.31	1.23	1.08
Rate of return/profitability					
4. Net other operating income, per cent of total income	40.8	35.5	41.0	33.2	36.2
5. Cost/income ratio (%)	46.9	50.6	48.0	55.6	51.4
6. Return on equity, annualised (%)	10.6	15.5	10.7	13.0	12.4
7. RARORAC, annualised (%)	18.8	18.2	17.7	13.6	17.3
8. RORAC, annualised (%)	12.9	18.5	12.6	15.3	14.9
9. Average equity including allocated dividend (NOK million)	81 986	73 224	80 013	73 369	74 044
10. Return on average risk-weighted volume, annualised (%)	0.64	1.04	0.62	0.90	0.79
Financial strength					
11. Core (Tier 1) capital ratio at end of period (%)	7.3	6.3	7.3	6.3	6.7
12. Core (Tier 1) capital ratio incl. 50 per cent of profit for the period (%)	7.6	6.7	7.6	6.7	-
13. Capital adequacy ratio at end of period (%)	10.1	9.1	10.1	9.1	9.5
14. Capital adequacy ratio incl. 50 per cent of profit for the period (%)	10.3	9.4	10.3	9.4	-
15. Core capital at end of period (NOK million)	80 010	70 513	80 010	70 513	80 010
16. Risk-weighted volume at end of period (NOK million)	1 093 934	1 110 669	1 093 934	1 110 669	1 200 590
Loan portfolio and write-downs					
17. Individual write-downs relative to average net lending to customers, annualised	0.59	0.22	0.55	0.13	0.25
18. Write-downs relative to average net lending to customers, annualised	0.79	0.27	0.71	0.15	0.33
19. Net non-performing and impaired commitments, per cent of net lending	2.00	0.61	2.00	0.61	0.99
20. Net non-performing and impaired commitments at end of period (NOK million)	22 818	6 947	22 818	6 947	11 922
Liquidity					
21. Ratio of customer deposits to net lending to customers at end of period (%)	52.5	52.6	52.5	52.6	50.1
Total assets owned or managed by DnB NOR					
22. Customer assets under management at end of period (NOK billion)	456	510	456	510	510
23. Total combined assets at end of period (NOK billion)	2 094	1 964	2 094	1 964	2 141
24. Average total assets (NOK billion)	1 927	1 626	1 896	1 573	1 635
25. Customer savings at end of period (NOK billion)	1 051	1 099	1 051	1 099	1 108
Staff					
26. Number of full-time positions at end of period	13 524	14 103	13 524	14 103	14 057
The DnB NOR share					
27. Number of shares at end of period (1 000)	1 332 654	1 332 654	1 332 654	1 332 654	1 332 654
28. Average number of shares (1 000)	1 332 654	1 332 654	1 332 654	1 332 654	1 332 654
29. Earnings per share (NOK)	1.63	2.12	4.85	5.39	6.91
30. Dividend per share (NOK)	-	-	-	-	0.00
31. Total shareholders' return (%)	36.5	(31.5)	147.8	(43.4)	(65.6)
32. Dividend yield (%)	-	-	-	-	0.00
33. Equity per share including allocated dividend at end of period (NOK)	62.25	56.10	62.25	56.10	57.83
34. Share price at end of period (NOK)	66.90	44.40	66.90	44.40	27.00
35. Price/earnings ratio	10.28	5.23	10.35	6.18	3.91
36. Price/book value	1.07	0.79	1.07	0.79	0.47
37. Market capitalisation (NOK billion)	89.2	59.2	89.2	59.2	36.0

For definitions of selected key figures, see next page.

Key figures (continued)

Definitions

- 1, 2, 3 Based on nominal values excluding lending to and deposits with credit institutions and impaired loans, measured against the 3-month money market rate.
- 5 Total operating expenses relative to total income. Expenses exclude impairment losses for goodwill.
- 6 Profit for the period, excluding profit attributable to minority interests, adjusted for the period's change in fair value recognised in equity. Average equity is calculated on the basis of recorded equity excluding minority interests.
- 7 RARORAC (Risk-Adjusted Return On Risk-Adjusted Capital) is defined as risk-adjusted profits relative to the risk-adjusted capital requirement. Risk-adjusted profits indicate the level of profits in a normalised situation. The risk-adjusted capital requirement is described in further detail in the chapter "Management in DnB NOR" in the DnB NOR Group's annual report for 2008.
- 8 RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to risk-adjusted capital requirement. Profits for the period exclude profits attributable to minority interests and are adjusted for the period's change in fair value recognised directly in equity and for the difference between recorded interest on average equity and interest on risk-adjusted capital.
- 10 Profit for the period relative to average risk-weighted volume.
- 22 Total assets under management for customers in Life and Asset Management.
- 23 Total assets and customer assets under management.
- 25 Total deposits from customers, assets under management and equity-linked bonds.
- 29 Excluding discontinuing operations and profits attributable to minority interests. Holdings of own shares are not included in calculations of the number of shares.
- 31 Closing price at end of period less closing price at beginning of period, including dividends reinvested in DnB NOR shares on the dividend payment date, relative to closing price at beginning of period.
- 33 Equity at end of period excluding minority interests relative to number of shares at end of period.
- 35 Closing price at end of period relative to annualised earnings per share.
- 36 Closing price at end of period relative to recorded equity at end of period.
- 37 Number of shares multiplied by the closing share price at end of period.

Profit and balance sheet trends

Income statement

<i>Amounts in NOK million</i>	DnB NOR Group				
	3rd quarter 2009	2nd quarter 2009	1st quarter 2009	4th quarter 2008	3rd quarter 2008
Total interest income	13 317	14 692	17 687	22 675	21 314
Total interest expenses	7 577	9 038	12 054	16 496	15 622
Net interest income	5 740	5 654	5 633	6 179	5 691
Commissions and fees receivable etc.	2 312	2 217	2 058	2 151	2 241
Commissions and fees payable etc.	530	549	469	597	543
Net gains on financial instruments at fair value	1 931	1 059	2 229	1 059	1 615
Net gains on assets in Vital	4 511	3 578	1 266	2 320	(1 766)
Guaranteed returns and allocations to policyholders in Vital	4 295	3 418	1 201	1 641	(1 596)
Premium income etc. included in the risk result in Vital	1 187	1 169	1 180	1 177	1 227
Insurance claims etc. included in the risk result in Vital	1 177	1 101	1 096	1 312	1 127
Premium income non-life insurance	134	149	89	-	-
Insurance claims etc. non-life insurance	125	135	78	-	-
Profit from companies accounted for by the equity method	(284)	(471)	897	1 201	(377)
Other income	286	195	315	257	268
Net other operating income	3 951	2 694	5 190	4 615	3 134
Total income	9 691	8 347	10 823	10 794	8 825
Salaries and other personnel expenses	2 454	2 417	2 553	2 416	2 425
Other expenses	1 672	1 843	1 823	1 802	1 725
Depreciation and write-downs of fixed and intangible assets	522	632	338	1 400	315
Total operating expenses	4 648	4 891	4 714	5 618	4 464
Net gains on fixed and intangible assets	(4)	7	4	5	13
Write-downs on loans and guarantees	2 277	2 318	1 598	2 314	725
Pre-tax operating profit	2 762	1 146	4 514	2 868	3 649
Taxes	1 002	503	1 580	1 240	839
Profit from discontinuing operations after taxes	0	0	0	0	0
Profit for the period	1 760	643	2 934	1 629	2 810
Earnings per share (NOK)	1.63	0.90	2.32	1.52	2.12

Profit and balance sheet trends (continued)

Balance sheet	DnB NOR Group				
<i>Amounts in NOK million</i>	30 Sept. 2009	30 June 2009	31 March 2009	31 Dec. 2008	30 Sept. 2008
Assets					
Cash and deposits with central banks	29 899	58 524	58 185	51 147	45 792
Lending to and deposits with credit institutions	70 346	63 789	75 977	59 717	53 608
Lending to customers	1 132 793	1 164 270	1 173 547	1 191 635	1 118 273
Commercial paper and bonds	229 441	157 479	120 641	125 571	89 728
Shareholdings	48 396	37 397	35 484	36 839	49 231
Financial assets, customers bearing the risk	20 044	18 031	16 448	16 454	17 330
Financial derivatives	86 116	87 416	112 930	136 552	78 588
Commercial paper and bonds, held to maturity	172 906	168 201	154 808	155 156	141 356
Investment property	33 303	32 215	32 136	32 558	32 796
Investments in associated companies	2 617	2 940	3 410	2 517	1 314
Intangible assets	8 409	7 862	8 028	8 480	8 944
Deferred tax assets	248	395	249	263	180
Fixed assets	5 634	5 356	5 182	5 326	4 339
Discontinuing operations	168	164	201	246	249
Other assets	8 727	11 380	12 017	9 236	13 007
Total assets	1 849 047	1 815 419	1 809 242	1 831 699	1 654 735
Liabilities and equity					
Loans and deposits from credit institutions	297 107	233 723	230 256	178 822	161 920
Deposits from customers	594 539	611 386	595 246	597 242	588 426
Financial derivatives	68 391	66 256	78 312	95 498	62 246
Securities issued	520 878	526 954	548 867	606 222	484 720
Insurance liabilities, customers bearing the risk	20 044	18 031	16 448	16 454	17 330
Liabilities to life insurance policyholders	191 423	189 047	187 994	184 791	183 595
Insurance liabilities, non-life insurance	635	552	359	-	-
Payable taxes	2 886	1 893	1 707	384	2 635
Deferred taxes	5 587	5 825	5 547	5 457	2 506
Other liabilities	16 333	28 112	13 506	15 410	27 452
Provisions	5 057	4 992	4 923	4 918	5 184
Subordinated loan capital	39 940	43 629	42 624	45 225	40 676
Total liabilities	1 762 819	1 730 399	1 725 788	1 750 424	1 576 689
Minority interests	3 265	4 010	3 644	4 211	3 287
Share capital	13 327	13 327	13 327	13 327	13 327
Share premium reserve	11 697	11 697	11 697	11 697	11 697
Other equity	57 939	55 987	54 786	52 041	49 736
Total equity	86 228	85 020	83 453	81 275	78 046
Total liabilities and equity	1 849 047	1 815 419	1 809 242	1 831 699	1 654 735

Information about the DnB NOR Group

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Bjørn Sund, vice-chairman
Gunilla Berg
Per Hoffmann
Jørn O. Kvilhaug
Bent Pedersen
Tore Olaf Rimmereid
Ingjerd Skjeldrum
Siri Pettersen Strandenes

Group management

Rune Bjerke	Group chief executive
Bjørn Erik Næss	Chief financial officer
Karin Bing Orgland	Group executive vice president, Retail Banking
Leif Teksum	Group executive vice president, Large Corporates and International
Ottar Ertzeid	Group executive vice president, DnB NOR Markets
Tom Rathke	Group executive vice president, Life and Asset Management
Liv Fiksdahl	Group executive vice president, Operations
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Financial calendar 2010

Preliminary results 2008	11 February
Annual General Meeting	27 April
Ex-dividend date	28 April
First quarter	29 April
Second quarter	9 July
Third quarter	28 October

Other sources of information

Annual reports

Annual reports for the DnB NOR Group are available on dnbnor.com. Separate annual reports are prepared for the DnB NOR Bank Group and Vital.

Quarterly publications

Quarterly reports and supplementary information for investors and analysts are available on dnbnor.com. Separate quarterly reports are prepared for the DnB NOR Bank Group and Vital.

The publications can be ordered by sending an e-mail to investor.relations@dnbnor.no.

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