

Third quarter report 2008

Unaudited



DnB NOR Bank ASA

DnB NOR

Financial highlights

Third quarter 2008

- Pre-tax operating profits before write-downs were NOK 4.6 billion (3.1)
- Profit for the period was NOK 2.8 billion (2.8)
- Return on equity was 16.4 per cent (20.0)
- The cost/income ratio was 46.1 per cent (52.7)
- The core capital ratio, including 50 per cent of interim profits, was 7.1 per cent (7.2)

January through September 2008

- Pre-tax operating profits before write-downs were NOK 10.6 billion (9.9)
- Profit for the period was NOK 7.0 billion (7.7)
- Return on equity was 13.9 per cent (18.0)
- The cost/income ratio was 52.0 per cent (50.4)

Figures for the DnB NOR Bank Group.
Comparable figures for 2007 in parentheses.

There has been no full or partial *external* audit of the third quarter report and the third quarter accounts, though the report has been reviewed and major accounting items and notes audited by DnB NOR's Group Audit.

Report for the third quarter of 2008

Satisfactory performance in a highly challenging market

- Significant increase in net interest income
- Continued, but slowing, lending growth
- Improved spreads
- Cost developments under control
- Increase in write-downs on loan
- The authorities' measures have a stabilising effect
- The financial turmoil is not over

Introduction

The DnB NOR Bank Group's ¹⁾ operations and profit performance were influenced by the financial market turmoil and the economic downturn during the third quarter of 2008. There was a marked shift, especially towards the end of the quarter. On 15 September, Lehman

¹⁾ *DnB NOR Bank ASA is a subsidiary of DnB NOR ASA and part of the DnB NOR Group. The DnB NOR Bank Group, hereinafter called "the banking group", comprises the bank and the bank's subsidiaries. Other companies owned by DnB NOR ASA, including Vital Forsikring and DnB NOR Kapitalforvaltning, are not part of the banking group. Operations in DnB NOR ASA and the total DnB NOR Group are not covered in this report but described in a separate report and presentation.*

Brothers filed for creditor protection, which resulted in increased financial market turbulence, whereby parts of the financial markets ceased to function parallel to a rise in non-performing commitments and write-downs on loans. In consequence of extensive financial market turmoil, access to long-term funding became more restricted, and the price of such funding soared. The stock market plunge curtailed earnings in several of the banking group's business areas through recorded losses on equities and a reduction in assets under management.

In spite of the challenges in financial markets, the banking group recorded a satisfactory level of profits in the third quarter. The banking group achieved pre-tax operating profits before write-downs of NOK 4 566 million in the third quarter of 2008, up from NOK 3 063 million in the year-earlier period. Pre-tax operating profits were NOK 3 854 million and NOK 3 868 million respectively. Profits for the quarter were NOK 2 814 million, down from NOK 2 823 million in

the third quarter of 2007. Third-quarter profits in 2007 included a NOK 865 million gain from the sale of the banking group's premises at Aker Brygge in Oslo. Return on equity was 16.4 per cent and 20.0 per cent respectively.

Net interest income showed a very healthy trend, reflecting both rising volumes and recoveries on previous margin shortfalls through price adjustments. In addition, the amortisation of previous write-downs on the bank's bond portfolio had a positive effect of NOK 282 million.

Cost developments during the quarter were satisfactory relative to comparable operations, and the banking group's cost programme yielded good results in the third quarter. In line with adopted growth strategies, there was a certain increase in staff levels both in Norway and internationally.

High interest rate levels and a decline in economic activity resulted in a rise in both non-performing commitments and write-downs during the quarter, especially in DnB NOR. However, the increase took place from a very low level. The volume of non-performing and impaired commitments relative to the total portfolio rose to the same level as in mid-2006, but was below the long-term, normalised level. There was a rise in group write-downs during the quarter due to higher volumes and more sluggish economic activity.

On 16 October 2008, the Norwegian Ministry of Finance laid down regulations based on changes in the accounting standards IAS 39 and IFRS 7 established by the IASB and approved by the EU. The changes open for the reclassification of portfolios previously classified as trading portfolios, to held-to-maturity investments. DnB NOR Bank has considered this change in relation to the so-called liquidity portfolio in DnB NOR Markets. The banking group has decided to reclassify the liquidity portfolio with effect from 1 July 2008, as provided by the new regulations. The reclassification implies that the portfolio will be recorded at so-called amortised cost. The shift to a new category will be based on the portfolio's book value as at 30 June this year. Following the reclassification, the accounting treatment of the portfolio will be in keeping with the portfolio's characteristics, as it is used for collateral in central banks, inter alia in connection with securities settlements. Previous accumulated write-downs for unrealised losses in the portfolio were NOK 2 586 million as at 30 June 2008. After the reclassification, the accumulated write-downs will be reversed over the residual maturity of the portfolio, which averages 3.25 years, and will be recorded under net interest income. If no reclassification had been made, the banking group would alternatively have charged NOK 1 199 million to the 2008 third quarter accounts due to a further widening in margins. There have been no actual losses or events of default in the portfolio since the start of the financial turmoil, and the portfolio is still of superior quality. There will be no reclassification of other portfolios in the banking group's balance sheet.

There was strong growth in total assets in the banking group's balance sheet during the third quarter of 2008, which was not least due to a significant rise in US dollar and euro rates. In addition, there was continued underlying growth in volumes, albeit with a diminishing growth rate. There was a 5.2 per cent increase in the loan portfolio from the second quarter of the year, of which two-thirds can be ascribed to exchange rate movements. Deposits were up 4.3 per cent from the second to the third quarter.

In consequence of the brisk growth, the core capital ratio declined to 7.1 per cent when 50 per cent of interim profits is included.

The banking group's liquidity situation was sound, partly due to the raising of long-term loans earlier in the year. However, access to new long-term funding became more difficult towards the end of the quarter, and prices were very high. In October, the Norwegian government adopted new funding schemes which will inject new long-term liquidity into the market. The banking group assumes that the measures will contribute to a stabilisation in the Norwegian financial markets.

The performance of all business areas was affected by a greater

or lesser degree by the financial market turmoil, resulting in rising money market rates, higher funding costs, increased write-downs on loans and falling market values in the third quarter of 2008.

Credit demand in Corporate Banking and Payment Services remained high throughout the third quarter, though growth was somewhat curbed as a result of the increase in interest rate levels. The quality of the loan portfolio was sound, but is expected to deteriorate somewhat due to the macroeconomic slowdown. Pre-tax operating profits before write-downs were NOK 2 322 million, up NOK 246 million from the year-earlier period. Adjusted for a negative change in the profit contribution from associated companies, profits rose by NOK 580 million.

In Retail Banking, net interest income from ordinary operations was roughly on a level with income in the third quarter of 2007. Changes in the interest rate structure compensated for higher funding costs. Streamlining measures, based on the Group's cost programme, ensured a stable cost level and a reduction in staff numbers in the business area's Norwegian operations compared with the third quarter of 2007. Pre-tax operating profits before write-downs came to NOK 1 132 million, down NOK 80 million from the third quarter of 2007.

Customer-related income in DnB NOR Markets was maintained roughly on a level with the third quarter of 2007. The financial turmoil generated strong demand for currency, interest rate and commodity hedges, while income from other products was negatively influenced by the financial turmoil and falling stock markets. Strong fluctuations in both exchange rates and interest rates helped increase income from own-account trading. Due to the reclassification of the bond portfolio, no further changes in market values on bonds were reflected in the third quarter accounts. Pre-tax operating profits before write-downs were NOK 1 471 million in the third quarter of 2008, up NOK 1 420 million from the year-earlier period.

Performance in DnB NOR was influenced by a sharp rise in funding costs and higher write-downs on loans. Net customer lending showed continued brisk growth, though the growth rate was somewhat more sluggish in the Baltic region and is expected to slow further. DnB NOR achieved pre-tax operating profits before write-downs of NOK 188 million in the third quarter of 2008, up NOK 61 million compared with the year-earlier period.

Income statement for the third quarter

Income

Income totalled NOK 8 475 million for the July through September period in 2008, up NOK 1 992 million or 30.7 per cent from the third quarter of 2007.

Net interest income

<i>Amounts in NOK million</i>	3rd quarter		3rd quarter
	2008	Change	2007
Net interest income	5 857	1 167	4 690
Lending and deposit volumes			612
Lending and deposit spreads			99
Exchange rate movements			(69)
Guarantee fund levy			(52)
Amortisation effects in the liquidity portfolio			282
Other net interest income			296

Net interest income was NOK 5 857 million in the third quarter of 2008, up 24.9 per cent from the year-earlier period.

Net interest income reflected the increase in lending, representing NOK 185 billion or 20.6 per cent on an average basis from the third quarter of 2007. Deposit growth averaged NOK 35 billion or 6.5 per cent. Lending spreads widened by 0.12 percentage points compared with the year-earlier period, standing at 0.96 per cent. The rise in spreads was a consequence of price adjustments

which compensated for consecutive interest rate increases in the money market and lags in the repricing of loans. Deposit spreads declined by 0.13 percentage points during the period, to 1.14 per cent, reflecting intensifying competition.

Due to widening credit risk margins in global financial markets, the banking group's funding costs were NOK 136 million higher than in the third quarter of 2007.

With effect from 2008, Norwegian banks once again pay guarantee fund levies. For the banking group, there was an overall increase in levy payments of NOK 52 million from the third quarter of 2007. Full levy payments have been announced as from 2009, which is expected to result in a tripling of these costs.

Net other operating income

Amounts in NOK million	3rd quarter		3rd quarter
	2008	Change	2007
Net other operating income	2 618	824	1 793
Net gains on foreign exchange and interest rate instruments ¹⁾		859	
Net other commissions and fees		106	
Changes in credit margins		204	
Other operating income		102	
Stock market-related income including financial instruments		(448)	

1) Excluding guarantees and changes in credit margins.

Net other operating income amounted to NOK 2 618 million, up 46.0 per cent from the third quarter of 2007.

Other operating income in the third quarter reflected the stock market turbulence and falling property prices, while sound earnings in the foreign exchange and interest rate markets had a positive effect. Due to market volatility, there was a high level of income from market making and proprietary trading, including sizeable gains from the conversion of currency loans.

The change in principle for recording DnB NOR Markets' liquidity portfolio in the accounts resulted in a NOK 666 million rise in net other operating income compared with the third quarter of 2007.

Operating expenses

Amounts in NOK million	3rd quarter		3rd quarter
	2008	Change	2007
Operating expenses	3 909	489	3 420
Norwegian units		254	
Of which:			
IT expenses		129	
Wage settlements		56	
Operational leasing		50	
Properties		34	
Cost programme		(52)	
Restructuring expenses, cost programme		11	
Other operating expenses		25	
International units		235	
Of which:			
DnB NORD		70	
Banking operations in Sweden		63	
SalusAnsvar		52	
DnB NOR Finans in Sweden, new operations		22	
Other units		28	

Operating expenses totalled NOK 3 909 million, up 14.3 per cent from the third quarter of 2007. The increase reflected, among other things, the acquisition and establishment of new international operations.

Costs in Norwegian units rose by a total of NOK 254 million from the third quarter of 2007. Staff numbers declined by 77 full-time positions in Norwegian operations during the same period, in spite of

the acquisition of leasing operations during the first quarter of the year, which resulted in 60 new full-time positions in the banking group.

The banking group's cost programme yielded results during the third quarter, and measures implemented up till end-September will ensure lasting, annual cost reductions of approximately NOK 243 million. The quarterly accounting effect of the measures from the third quarter of 2007 to the corresponding period in 2008 was NOK 52 million. Restructuring costs in the third quarter were NOK 11 million.

Ongoing efforts are made to improve operational stability and modernise the Group's IT infrastructure and systems, resulting in a NOK 129 million rise in IT costs from the third quarter of 2007. In the longer term, these initiatives will ensure greater customer satisfaction and higher productivity.

The transition from financial to operational leasing and the expansion of leasing operations gave a NOK 50 million rise in depreciation on leasing objects.

The sale of bank properties and the transition to lease agreements caused a NOK 34 million increase in costs during the quarter compared with the year-earlier period, while financing costs were brought down.

Costs in the banking group's international units rose by NOK 235 million during the third quarter compared with the year-earlier period, reflecting expansion and the acquisition of operations. The number of full-time positions in international units rose by 913 from the third quarter of 2007.

Net gains on fixed and intangible assets

Net gains on fixed and intangible assets were NOK 13 million in the third quarter of 2008, compared with NOK 874 million in the year-earlier period, reflecting the banking group's sale of its premises at Aker Brygge in Oslo.

Write-downs on commitments

Net write-downs on loans and guarantees came to NOK 725 million for the quarter, compared with NOK 70 million in the year-earlier period. NOK 250 million of the write-downs referred to DnB NORD. In consequence of a long, stable cyclical upturn, there has been a low level of write-downs for several years. However, there was a marked shift in the third quarter of 2008, and write-downs neared the average expected level in a normal economic situation.

Individual write-downs totalled NOK 599 million. The level of individual write-downs increased, especially towards the end of the quarter, and represented 0.22 per cent of lending on an annual basis. The rise was particularly steep in DnB NORD.

Group write-downs increased by NOK 132 million from the third quarter of 2007, mainly due to volume growth and a decline in economic activity.

After deductions for individual write-downs, net non-performing and impaired commitments came to NOK 6.9 billion as at 30 September 2008, up NOK 2.9 billion from end-September 2007. The increase reflected a general worsening of the economic situation. Non-performing and impaired commitments represented 0.60 per cent of lending volume at end-September 2008, compared with 0.43 per cent a year earlier.

Taxes

The banking group's tax charge for the third quarter of 2008 was NOK 1 041 million. The tax charge is based on an anticipated average tax rate of 27 per cent of pre-tax operating profits. The estimate is based on the assumption that the stock markets will normalise during the fourth quarter.

Balance sheet and liquidity

Balance sheet

Total assets in the banking group's balance sheet were NOK 1 456 billion at end-September 2008, an increase from NOK 1 206 billion

a year earlier.

Net lending to customers rose by NOK 215 billion or 23.4 per cent during the twelve-month period, partly due to a number of small-scale acquisitions, strategic initiatives and general growth in the international corporate portfolio. Deposit volume was up NOK 56 billion or 10.3 per cent during the same period.

Liquidity

Due to the financial turmoil, the cost of long-term funding in the market rose considerably during the third quarter. New loans were raised at exceptionally high cost. At end-September 2008, the long-term funding market was, for all practical purposes, not functioning. The 90 per cent long-term funding limit set by the Board of Directors remained unchanged and was met during the third quarter. After the end of the quarter, the Norwegian government opened for long-term funding through the exchange of Treasury bills for covered bonds and mortgage-backed collateral. DnB NOR Boligkreditt issues such bonds based on the banking group's housing loan portfolio. These bonds have become an important tool to ensure favourable funding of the banking group's operations. As part of the banking group's long-term plan to strengthen its funding capability, extensive transfers of loan portfolios were made to DnB NOR Boligkreditt during the third quarter. At end-September 2008, conditions were fulfilled for issuing new bonds for a total of approximately NOK 30 billion, and additional issues for approximately NOK 60 billion will be arranged over the next three to four months. This will cover long-term loans maturing during the same period. The transfer of loan portfolios as a basis for long-term funding from Norges Bank will help the banking group maintain its conservative liquidity profile. During the third quarter, Norges Bank also provided liquid funds for Norwegian banks in the form of US dollar and thus contributed to reducing foreign currency liquidity risk.

In order to keep the banking group's liquidity risk at a low level, the majority of loans are financed through customer deposits, long-term securities, subordinated loan capital and equity. The banking group's ratio of deposits to lending was 52.7 per cent at end-September 2008, down from 59.0 per cent a year earlier. The ratio of deposits to lending was 69.9 per cent in the bank in the third quarter.

Securities issued by the banking group increased by NOK 174 billion or 54.8 per cent from end-September 2007, totalling NOK 491 billion as at 30 September 2008. Covered bonds represented 34 per cent of the bonds issued. The majority of the securities were issued in international capital markets.

Risk and capital adequacy

The banking group quantifies risk by measuring risk-adjusted capital. The table below shows developments in risk-adjusted capital:

<i>Amounts in NOK billion</i>	30 Sept. 2008	30 June 2008	31 March 2008	31 Dec. 2007
Credit risk	50.7	48.6	47.5	42.6
Market risk	5.1	4.2	4.2	3.6
Operational risk	4.9	4.8	4.8	4.4
Business risk	2.2	2.4	2.4	2.2
Gross risk-adjusted capital requirement	62.8	60.1	58.8	52.8
Diversification effect ¹⁾	(7.3)	(6.7)	(6.8)	(6.4)
Net risk-adjusted capital requirement	55.5	53.4	52.1	46.4
Diversification effect in per cent of gross risk-adjusted capital requirement ¹⁾	11.7	11.1	11.5	12.1

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

Risk-adjusted capital for credit increased by NOK 2.1 billion from end-September 2007, to NOK 50.7 billion. The increase largely reflected a weaker NOK exchange rate against the dollar and the euro, resulting in an increase in foreign currency loans measured in Norwegian kroner. The measured credit quality remained stable in Corporate Banking and Payment Services and in Retail Banking. There was impaired credit quality in DnB NOR, and risk-adjusted capital relative to total exposure rose from 5.9 per cent to 6.4 per cent during the quarter. The calculations of risk-adjusted capital for credit are largely based on companies' accounting information, which implies that there might be a lag in risk measurement relative to actual developments.

There was a higher level of non-performance in Retail Banking's ordinary loan portfolio, from 0.48 per cent in the second quarter to 0.56 per cent in the third quarter. In Corporate Banking and Payment Services, the volume of non-performing and doubtful commitments rose by NOK 1 billion from the second to the third quarter, while DnB NOR recorded an increase of NOK 0.7 billion to NOK 1.9 billion during the corresponding period.

The increase in the measured market risk is due to a higher interest rate level and greater utilisation of limits.

Risk-adjusted capital for operational risk and business risk increased by NOK 0.1 billion and decreased by NOK 0.2 billion respectively. These calculations are updated twice a year with effect for the first and third quarter of the year.

Risk-weighted volume included in the calculation of the capital adequacy requirement increased by NOK 74 billion during the quarter, to NOK 1 019 billion. Including 50 per cent of interim profits, the core capital ratio was 7.1 per cent, while the capital adequacy ratio was 10.0 per cent.

Business areas

The activities of the banking group are organised in three business areas according to the customer segments served by the banking group and the products offered. In addition, DnB NOR is regarded as a separate profit centre.

The performance of the business areas was affected by the financial market turmoil through high funding costs and rising write-downs on loans.

Corporate Banking and Payment Services

<i>Amounts in NOK million</i>	3rd quarter 2008	3rd quarter 2007	Change in per cent	
Net interest income	3 106	2 427	679	28.0
Other operating income	436	657	(221)	(33.7)
Total income	3 542	3 084	458	14.8
Operating expenses	1 220	1 008	212	21.0
Pre-tax operating profit before write-downs	2 322	2 076	246	11.9
Net gains on fixed assets	0	3	(3)	(112.2)
Net write-downs on loans	216	(10)	226	0.0
Pre-tax operating profit	2 106	2 089	17	0.8

Average balance sheet items in NOK billion

	3rd quarter 2008	3rd quarter 2007	Change in per cent	
Net lending to customers	544.5	417.3	127.2	30.5
Deposits from customers	312.1	294.8	17.3	5.9

Key figures in per cent

	3rd quarter 2008	3rd quarter 2007
Return on BIS capital	14.0	19.4
Cost/income ratio	34.4	32.7
Ratio of deposits to lending	57.3	70.6

Corporate Banking and Payment Services achieved pre-tax operating profits of NOK 2 106 million in the third quarter of 2008, an increase of NOK 17 million or 0.8 per cent from the year-earlier period. Adjusted for the negative profit contribution from Eksportfinans, the increase was NOK 343 million or 15.9 per cent. Third quarter per-

formance was strongly influenced by the financial market turmoil, and the business area's operations reflected the rise in funding costs.

Credit demand was high throughout the third quarter of 2008, but growth was somewhat curbed as a result of the financial turmoil and an increase in interest rate levels. Nevertheless, rising exchange rates throughout the quarter entailed an increase in the NOK value of foreign currency loans and led to high lending growth in the third quarter. Average loans and guarantees grew by 29.8 per cent or NOK 144 billion from the year-earlier period, to NOK 629 billion. Lending to operations outside Norway accounted for a large proportion of the growth, primarily within the strategic priority areas of shipping, energy and seafood.

The rise in deposits has levelled off over the past few quarters, but there was a slight rebound in the third quarter of 2008 of 5.5 per cent from the previous quarter. Relatively weak deposit growth combined with brisk lending growth resulted in a 13.3 percentage point reduction in the ratio of deposits to lending from the third quarter of 2007.

Strong credit demand combined with rising funding costs gave a challenging pricing situation and created a need for a stricter lending policy. Relative to the money market rate, average lending spreads in the third quarter of 2008 were 1.16 per cent, an increase of 0.09 percentage points from the year-earlier period. Rising funding costs sharpened the competition for deposits and put pressure on deposit spreads. Average deposit spreads in the period were 0.63 per cent, a decline of 0.13 percentage points compared with the year-earlier period.

The turmoil in financial markets led to a 15 per cent increase in income from the sale of foreign exchange and interest rate products compared with the second quarter of 2008, while income was unchanged from the third quarter of 2007. Syndication opportunities became more limited, but overall syndication activity remained at the same level as in the third quarter of 2007, and income from these operations rose during the period. Contributions from associated companies were considerably lower in the third quarter of 2008 than in the corresponding period in 2007, and the weak financial performance of Eksportfinans was the main reason for the negative profit contribution of NOK 375 million in the July through September period in 2008.

Strong expansion in strategic priority areas contributed to a rise in operating expenses compared with the year-earlier period. DnB NOR Finans' acquisition of operations in early 2008 also contributed to the increase, mainly in the form of depreciation on operational leasing, which increased by NOK 49.8 million from the third quarter of 2007. At end-September 2008, staff in the business area represented 2 550 full-time positions, including 723 positions in international units and 656 positions in Norwegian subsidiaries.

The quality of the loan portfolios remained sound during the quarter, but is expected to deteriorate somewhat due to expectations of a macroeconomic slowdown. There was an increase in net write-downs on loans in the third quarter of 2008 relative to a low level in the year-earlier period, reflecting that a growing number of corporate clients are noticing the changes in the economic situation. Net write-downs represented 0.16 per cent of net customer lending on an annual basis.

Customer satisfaction showed a positive trend. The market share of total lending in Norway increased by 0.3 percentage points from end-September 2007, to 15.1 per cent at end-August 2008. Compared with other commercial and savings banks, the market share declined and was one percentage point lower at end-August 2008 than at end-September 2007. An important reason for this development was a reduced exposure towards commercial property, where the market share has been reduced by 5.2 percentage points since December 2004. The market share of deposits in Norway increased for the fifth consecutive month, to 36.4 per cent in August 2008.

The consequences of the extensive global financial turmoil are expected to be a sharp levelling off of general credit growth and pressure on deposit spreads. However, if the markets normalise,

Corporate Banking and Payment Services sees opportunities for future growth within its priority areas, and the business area is well equipped to meet the challenges and opportunities thus generated.

Retail Banking

<i>Amounts in NOK million</i>	3rd	3rd	Change in	
	quarter	quarter	Change	per cent
Net interest income	1 916	1 985	(70)	(3.5)
Other operating income	864	751	113	15.1
Total income	2 780	2 736	44	1.6
Operating expenses	1 648	1 524	124	8.1
Pre-tax operating profit before write-downs	1 132	1 212	(80)	(6.6)
Net gains on fixed assets	0	0	0	0.0
Net write-downs on loans	182	54	128	239.8
Pre-tax operating profit	950	1 158	(209)	(18.0)
<u>Average balance sheet items in NOK billion</u>				
Net lending to customers	460.5	430.3	30.2	7.0
Deposits from customers	240.3	224.9	15.4	6.8
<u>Key figures in per cent</u>				
Return on BIS capital	43.3	25.3		
Cost/income ratio	59.3	55.7		
Ratio of deposits to lending	52.2	52.3		

Retail Banking recorded pre-tax operating profits of NOK 950 million in the third quarter of 2008, down NOK 209 million from the corresponding period in 2007. The decline in profits can be partly ascribed to the increase in funding costs and guarantee fund levies, higher costs due to international expansion and a rise in net write-downs on loans.

Deposits increased by 6.8 per cent from the third quarter of 2007, whereas lending volume was up 7.0 per cent. The ratio of deposits to lending remained stable. Stricter loan criteria were implemented in the last part of the quarter, parallel to a decline in demand for housing loans.

Adjusted customer prices compensated for higher funding costs and contributed to keeping net interest income from ordinary operations on a level with income in the year-earlier period. The weighted interest rate margin, defined as total margin income on loans and deposits relative to average loans and deposits, was 1.04 per cent in the third quarter of 2008, unchanged from the third quarter of 2007, but up 0.09 percentage points from the second quarter of 2008.

Other operating income reflected the turbulent financial markets. The quarter was characterised by reduced sales of mutual fund and insurance products and lower income from real estate broking activities in Norway. Recorded changes in the value of financial instruments in DnB NOR Boligkredit's accounts made a positive contribution, together with income from payment services and from operations in Sweden.

There is good control over underlying costs through streamlining measures and staff reductions in the Group's Norwegian operations. Operating expenses rose by NOK 124 million from the third quarter of 2007 due to an increase in IT development activity and new operations in Sweden. Retail Banking staff numbered 3 944 full-time positions at end-September 2008.

Net write-downs on loans and guarantees rose by NOK 128 million from the year-earlier period, to NOK 182 million. Relative to average net lending, there was an increase in annualised write-downs from 0.05 per cent in the third quarter of 2007 to 0.16 per cent in the third quarter of 2008.

At end-August 2008, the market share of credit to retail customers was 28.5 per cent, down from 29.1 per cent at end-September 2007. The market share of savings was 35.7 per cent at end-August 2008. After the charge on all DnB NOR customer loyalty programmes was removed with effect from 1 May, the number of customers with loyalty programmes increased by approximately

40 000, which has helped increase lending and deposit volumes.

From 1 January 2009, DnB NOR will be responsible for all bank services at Oslo Airport. The agreement has a duration of five years. As the airport handles 20 million passengers annually, this gives DnB NOR a good platform for marketing its services.

DnB NOR is streamlining its daily banking services and branch network. In-store banking outlets are being introduced according to plan and are now also available for Nordlandsbanken customers. The Internet banks dnbnor.no and postbanken.no have received high scores for being user-friendly compared with other banks. The SMS services are popular and in the course of nine months the use of these services doubled. In August, approximately 1.5 million SMS messages were received, and the number is expected to increase to some 2 million SMS messages per month during the year. Account balance requests is the most popular service and accounts for approximately 90 per cent of the SMS messages.

Given the market situation, many customers regard bank deposits as the best investment alternative, and the offer of fixed-rate deposits has been well received.

DnB NOR Markets

<i>Amounts in NOK million</i>	3rd quarter 2008	3rd quarter 2007	Change	Change in per cent
FX, interest rate and commodity derivatives	381	373	8	2.1
Investment products	105	107	(2)	(1.7)
Corporate finance	144	150	(6)	(4.0)
Securities services	71	96	(25)	(26.2)
Total customer revenues	702	727	(25)	(3.5)
Total market making/trading revenues	1 092	(422)	1 514	(358.7)
Interest income on allocated capital	103	50	53	106.7
Total income	1 897	355	1 542	434.2
Operating expenses	426	304	122	40.1
Pre-tax operating profit	1 471	51	1 420	2786.5
<u>Key figures in per cent</u>				
Return on BIS capital	66.6	3.8		
Cost/income ratio	22.5	85.7		

DnB NOR Markets achieved healthy profits in the July through September period in spite of the continued global financial turmoil throughout the quarter. The business area recorded pre-tax operating profits of NOK 1 471 million, an increase of NOK 1 420 million from the third quarter of 2007. With effect from 1 July 2008, DnB NOR has availed itself of the opportunity to reclassify a bond portfolio of NOK 88 billion as held-to-maturity investments. As pointed out in the introduction, the portfolio would alternatively have been written down by NOK 1 199 million during the quarter.

Customer-related income totalled NOK 702 million in the third quarter, down NOK 25 million compared with the third quarter of 2007. New operations and products, an increase in IT development costs and higher salary costs resulted in an overall rise in costs.

Customer-related income from foreign exchange and interest rate and commodity derivatives was NOK 381 million, an increase of NOK 8 million from the year-earlier period. Due to highly volatile exchange rates, there was healthy demand for currency products. In addition, the high Norwegian money market rates and lower long-term interest rates increased demand for long-term interest rate hedges. Volatile commodity prices helped generate sound interest in the hedging of various commodity contracts. During the third quarter, the branch in Shanghai was granted a licence to offer derivatives in local currency.

Customer-related income from the sale of securities and other investment products came to NOK 105 million, on a level with the figure for the third quarter of 2007. Income from the sale of equities was reduced due to the fall in stock markets, while income from the sale of equity derivatives and bonds remained at a high level. There

was a sharp drop in the sale of structured savings products due to changes in external parameters and the stock market downturn. In September, a research unit was established at the Singapore branch.

Customer-related revenues from corporate finance services totalled NOK 144 million, down NOK 6 million from the year-earlier period. Due to the financial market turmoil, there was a lower level of activity relating to stock exchange listings and share and bond issues. Financial advisory services, valuations and mergers and acquisitions thus grew in significance.

Customer-related revenues from custodial and other securities services came to NOK 71 million, a reduction of NOK 25 million from the year-earlier period, reflecting reduced prices and a lower level of activity in the stock market.

Earnings from market making and other proprietary trading were NOK 1 092 million, up NOK 1 514 million from the third quarter of 2007, when the portfolio was written down to fair value by a total of NOK 666 million. Extraordinarily strong fluctuations in interest rates and exchange rates due to the financial market turmoil helped increase income, partly through significant gains from converting foreign currency loans into the preferred currency.

DnB NOR

<i>Amounts in NOK million</i>	3rd quarter 2008	3rd quarter 2007	Change	Change in per cent
Net interest income	424	321	103	32.0
Other operating income	164	136	28	20.6
Total income	588	457	131	28.6
Operating expenses	400	330	70	21.2
Pre-tax operating profit before write-downs	188	127	61	47.7
Net gains on fixed assets	9	5	3	60.0
Net write-downs on loans	250	37	213	583.1
Pre-tax operating profit	(53)	96	(149)	(155.7)
<u>Average balance sheet items in NOK billion</u>				
Net lending to customers	78.6	51.5	27.1	52.7
Deposits from customers	22.9	19.6	3.3	16.6
<u>Key figures in per cent</u>				
Return on BIS capital	(2.8)	8.4		
Cost/income ratio	68.1	72.2		
Ratio of deposits to lending	29.1	38.1		

DnB NOR recorded a pre-tax operating loss of NOK 53 million in the third quarter of 2008, a reduction of NOK 149 million compared with the year-earlier period. Performance was influenced by a sharp rise in funding costs and higher write-downs on loans. DnB NOR benefits from a stable access to funding through its owners DnB NOR and NORD/LB.

Net customer lending showed continued brisk growth, though the growth rate was somewhat more sluggish in the Baltic region and is expected to slow further. The market for customer deposits was characterised by fierce competition and narrower spreads, resulting in a relatively weak development in deposits.

There was a 29 per cent increase in total income from the third quarter of 2007. Net interest income was affected by rising funding costs.

At end-September 2008, DnB NOR staff represented 3 565 full-time positions, up from 3 144 a year earlier.

Net individual write-downs on loans represented 1.02 per cent relative to net lending, up from 0.25 per cent in the year-earlier period. The rise in write-downs can be ascribed to the economic slowdown, and this trend is expected to last for some time. The most pronounced increase refers to commercial property in Denmark with write-downs of NOK 107 million.

DnB NOR is well represented in the Baltic region and Poland, serving both retail and corporate customers. In Denmark and Finland, DnB NOR is a full-service bank for corporate customers. DnB NOR had more than 820 000 customers and 174 branches at end-

September 2008.

Economic growth in the Baltic countries is expected to remain sluggish in the fourth quarter of 2008 and in 2009, and DnB NORD expects a rise in write-downs for these operations. Developments in Denmark represent a challenge. In spite of the economic slowdown, there are some positive signals. The Latvian government budget is in balance, while the relatively diversified Lithuanian economy will facilitate a better adjustment to the lower growth rate. DnB NORD will have a prudent approach to these markets.

Macroeconomic developments

The world economy has experienced dramatic changes in 2008, and the strong growth of previous years has reversed. The problems in the US financial markets escalated during the quarter and became particularly acute after Lehman Brothers filed for bankruptcy in September. Several financial institutions in the United States and Europe have gone into insolvent liquidation or have been rescued by their governments. Extensive measures have been implemented to stabilise the financial system and improve access to credit. The risk of a protracted recession has increased.

In Norway, the economic turnaround is now being felt. The property market has weakened, and household demand has stagnated. Norwegian companies expect considerably lower future activity. The financial turmoil has led to higher lending rates and stricter collateral requirements for companies and households. Investment and credit growth remains high, but is expected to decline further during the autumn. High oil prices have generated solid profits for the oil industry and a high level of activity for sub-contractors. This sector has forecast sound investment growth for both 2008 and 2009. A continued fall in oil prices will influence future investment willingness. Inflation has risen in consequence of high energy and commodity prices and strong wage growth. An inter-

national economic slowdown is expected to curb price inflation, but a weakening of the Norwegian krone may contribute to limiting the possibility of a reduction in interest rates. It is expected that weaker growth prospects, risk premiums in the money market and lower international key interest rates will lead to several reductions in the Norwegian key rate over the next twelve months. Lower corporate earnings are expected to curb deposit growth, but an increase in household savings is expected to counteract this to a certain extent.

Future prospects

At end-September, the financial markets were practically non-functioning. In such a situation, an analysis of future prospects must be based on fundamental macroeconomic conditions and be seen in light of the fact that the Norwegian economy is stronger than in many other countries. The Norwegian government has the required financial flexibility to implement measures to partially counteract the negative trend in the Norwegian financial market. In October, the government established schemes which will help increase the access to long-term funding. It must be expected that the authorities will introduce more stringent capital adequacy requirements for banks and financial institutions.

The considerable financial turmoil is expected to weaken the level of economic activity among the banking group's customers. This will probably result in a steep decline in general credit growth and an increase in write-downs on loans. Nevertheless, ordinary operations in the banking group are stable and sound, with a solid and growing customer base. DnB NOR Bank also sees future growth opportunities within the banking group's priority areas when the markets begin to function close to normal again.

Macroeconomic forecasts indicate that the downturn currently affecting the world economy will probably be protracted. The banking group is well equipped to meet such a period of recession.

Oslo, 29 October 2008
The Board of Directors of DnB NOR Bank ASA

Anne Carine Tanum
(chairman)

Bent Pedersen
(vice-chairman)

Per Hoffmann

Kari Lotsberg

Kai Nyland

Torill Rambjør

Ingjerd Skjeldrum

Rune Bjerke
(group chief executive)

Contents – quarterly accounts

Income statement DnB NOR Bank ASA	12
Balance sheet DnB NOR Bank ASA	13
Income statement DnB NOR Bank Group	14
Balance sheet DnB NOR Bank Group	15
Statement of changes in equity	16
Cash flow statement	17
Key figures	18

Notes to the accounts

Note 1	Accounting principles etc.....	19
Note 2	Estimates and special circumstances during the quarter	19
Note 3	Changes in group structure	20
Note 4	Business areas.....	20
Note 5	Net interest income	22
Note 6	Net other operating income	23
Note 7	Net gains on financial instruments at fair value	24
Note 8	Operating expenses.....	25
Note 9	Number of employees/full-time positions	26
Note 10	Write-downs on loans and guarantees	26
Note 11	Lending to customers	27
Note 12	Net non-performing and impaired commitments for principal sectors	27
Note 13	Investments in bonds	28
Note 14	Investments in shares	29
Note 15	Intangible assets	30
Note 16	Securities issued and subordinated loan capital	30
Note 17	Capital adequacy	32
Note 18	Liquidity risk	33
Note 19	Information on related parties	34
Note 20	Off-balance sheet transactions and contingencies	35
Note 21	Profit and balance sheet trends.....	36

Income statement

DnB NOR Bank ASA						
<i>Amounts in NOK million</i>	Note	3rd quarter 2008	3rd quarter 2007	January - September 2008	2007	Full year 2007
Total interest income	5	18 343	14 583	51 440	40 528	56 598
Total interest expenses	5	13 736	10 765	38 859	29 863	41 748
Net interest income	5	4 607	3 818	12 582	10 665	14 850
Commissions and fees receivable etc.	6	1 289	1 373	4 075	4 397	5 916
Commissions and fees payable etc.	6	463	496	1 407	1 419	1 923
Net gains on financial instruments at fair value	6, 7	1 064	370	1 258	2 391	3 009
Net realised gains on investment securities (AFS)	6	0	0	0	0	0
Profit from companies accounted for by the equity method	6	0	0	0	0	0
Other income	6	279	227	787	739	2 621
Net other operating income	6	2 169	1 474	4 714	6 108	9 624
Total income		6 776	5 292	17 295	16 773	24 474
Salaries and other personnel expenses	8	1 633	1 455	4 649	4 377	6 347
Other expenses	8	1 211	1 057	3 721	3 197	4 364
Depreciation and write-downs of fixed and intangible assets	8	79	120	246	315	409
Total operating expenses	8	2 924	2 632	8 616	7 888	11 119
Net gains on fixed and intangible assets		5	706	45	704	1 566
Write-downs on loans and guarantees	10	370	44	676	199	75
Pre-tax operating profit		3 486	3 321	8 049	9 390	14 846
Taxes		976	930	2 127	2 629	3 705
Profit from discontinuing operations after taxes		0	0	0	0	0
Profit for the period		2 510	2 391	5 922	6 761	11 141

Balance sheet

		DnB NOR Bank ASA		
		30 Sept.	31 Dec.	30 Sept.
<i>Amounts in NOK million</i>	Note	2008	2007	2007
Assets				
Cash and deposits with central banks		42 544	6 602	6 189
Lending to and deposits with credit institutions	12	216 137	178 742	174 214
Lending to customers	11, 12	805 129	763 472	747 925
Commercial paper and bonds	13	33 665	112 273	110 573
Shareholdings	14	10 718	8 731	7 406
Financial derivatives		77 219	65 135	65 811
Shareholdings, available for sale		0	0	0
Commercial paper and bonds, held to maturity	13	88 008	0	0
Investment property		0	0	0
Investments in associated companies		1 060	585	584
Investments in subsidiaries		16 512	12 716	10 981
Intangible assets	15	2 091	2 087	2 066
Deferred tax assets		9	8	459
Fixed assets		809	882	663
Biological assets		0	0	0
Discontinuing operations		0	0	882
Other assets		7 623	13 087	5 329
Total assets		1 301 524	1 164 320	1 133 082
Liabilities and equity				
Loans and deposits from credit institutions		132 622	129 162	132 062
Deposits from customers		562 457	510 745	510 792
Financial derivatives		67 920	63 257	72 455
Securities issued	16	404 258	335 772	300 153
Payable taxes		2 109	343	5 094
Deferred taxes		1 079	1 100	3
Other liabilities		20 110	25 711	22 629
Discontinuing operations		0	0	0
Provisions		4 438	4 566	3 992
Subordinated loan capital	16	39 296	32 491	32 092
Total liabilities		1 234 289	1 103 147	1 079 271
Minority interests		0	0	0
Revaluation reserve		0	0	0
Share capital		17 514	17 514	17 214
Other reserves and retained earnings		49 721	43 659	36 597
Total equity		67 236	61 173	53 811
Total liabilities and equity		1 301 524	1 164 320	1 133 082
Off-balance sheet transactions and contingencies	20			

Income statement

		DnB NOR Bank Group				
		3rd quarter	3rd quarter	January - September		Full year
<i>Amounts in NOK million</i>		2008	2007	2008	2007	2007
	Note					
Total interest income	5	21 589	16 141	59 825	44 543	62 214
Total interest expenses	5	15 731	11 451	43 790	31 563	44 199
Net interest income	5	5 857	4 690	16 034	12 980	18 015
Commissions and fees receivable etc.	6	1 521	1 536	4 779	4 846	6 632
Commissions and fees payable etc.	6	502	534	1 512	1 513	2 040
Net gains on financial instruments at fair value	6, 7	1 602	436	2 244	2 489	3 187
Net realised gains on investment securities (AFS)	6	0	0	0	0	0
Profit from companies accounted for by the equity method	6	(377)	(40)	(568)	18	9
Other income	6	373	396	1 167	1 213	1 628
Net other operating income	6	2 618	1 793	6 110	7 053	9 416
Total income		8 475	6 483	22 144	20 033	27 431
Salaries and other personnel expenses	8	2 140	1 893	6 160	5 626	8 144
Other expenses	8	1 523	1 297	4 657	3 849	5 296
Depreciation and write-downs of fixed and intangible assets	8	245	229	707	616	860
Total operating expenses	8	3 909	3 420	11 524	10 091	14 300
Net gains on fixed and intangible assets		13	874	47	888	2 481
Write-downs on loans and guarantees	10	725	70	1 195	260	220
Pre-tax operating profit		3 854	3 868	9 471	10 569	15 392
Taxes		1 041	1 044	2 430	2 854	4 010
Profit from discontinuing operations after taxes		0	0	0	0	0
Profit for the period		2 814	2 823	7 041	7 715	11 382
Profit attributable to shareholders		2 833	2 773	6 932	7 532	11 139
Profit attributable to minority interests		(20)	50	109	183	242

Balance sheet

		DnB NOR Bank Group		
		30 Sept.	31 Dec.	30 Sept.
<i>Amounts in NOK million</i>	Note	2008	2007	2007
Assets				
Cash and deposits with central banks		45 792	9 816	8 805
Lending to and deposits with credit institutions	12	44 189	52 302	75 624
Lending to customers	11, 12	1 132 757	980 239	918 116
Commercial paper and bonds	13	37 288	114 542	112 132
Shareholdings	14	11 056	9 104	7 761
Financial derivatives		75 368	64 445	65 996
Shareholdings, available for sale		0	0	0
Commercial paper and bonds, held to maturity	13	88 008	0	0
Investment property		175	170	169
Investments in associated companies		1 295	1 416	1 380
Investments in subsidiaries		-	-	-
Intangible assets	15	5 869	4 733	4 057
Deferred tax assets		172	128	278
Fixed assets		4 293	3 439	3 259
Biological assets		0	0	0
Discontinuing operations		249	225	1 641
Other assets		9 608	9 067	6 964
Total assets		1 456 119	1 249 625	1 206 182
Liabilities and equity				
Loans and deposits from credit institutions		161 641	144 228	148 800
Deposits from customers		597 173	542 307	541 317
Financial derivatives		60 359	61 731	72 712
Securities issued	16	490 871	371 784	317 082
Payable taxes		2 419	767	5 323
Deferred taxes		1 892	1 381	70
Other liabilities		22 402	23 205	24 682
Discontinuing operations		0	0	0
Provisions		4 942	4 930	4 239
Subordinated loan capital	16	40 676	33 226	32 759
Total liabilities		1 382 375	1 183 558	1 146 984
Minority interests		3 287	2 662	2 467
Revaluation reserve		0	0	0
Share capital		17 514	17 514	17 214
Other reserves and retained earnings		52 943	45 891	39 516
Total equity		73 744	66 068	59 197
Total liabilities and equity		1 456 119	1 249 625	1 206 182
Off-balance sheet transactions and contingencies	20			

Statement of changes in equity

Amounts in NOK million	DnB NOR Bank ASA					
	Revalu- ation reserve	Share capital	Share premium reserve	Other equity ¹⁾	Total other reserves and retained earnings	Total equity ¹⁾
Balance sheet as at 1 January 2007	0	17 214	9 995	20 039	30 035	47 249
Net change in currency translation reserve				(198)	(198)	(198)
Profit for the period				6 761	6 761	6 761
Net income for the period				6 562	6 562	6 562
Balance sheet as at 30 September 2007	0	17 214	9 995	26 602	36 597	53 811
Balance sheet as at 31 December 2007	0	17 514	12 695	30 964	43 659	61 173
Net change in currency translation reserve				141	141	141
Profit for the period				5 922	5 922	5 922
Net income for the period				6 063	6 063	6 063
Balance sheet as at 30 September 2008	0	17 514	12 695	37 026	49 721	67 236

1) Of which currency translation reserve:

<i>Balance sheet as at 1 January 2007</i>				(32)		(32)
<i>Net change in currency translation reserve</i>				(198)		(198)
<i>Balance sheet as at 30 September 2007</i>				(230)		(230)
<i>Balance sheet as at 31 December 2007</i>				(248)		(248)
<i>Net change in currency translation reserve</i>				141		141
<i>Balance sheet as at 30 September 2008</i>				(107)		(107)

Amounts in NOK million	DnB NOR Bank Group						
	Minority interests ¹⁾	Revalu- ation reserve	Share capital	Share premium reserve	Other equity ¹⁾	Total other reserves and retained earnings	Total equity ¹⁾
Balance sheet as at 1 January 2007	2 201	0	17 214	10 711	27 054	37 765	57 181
Net change in currency translation reserve	(147)				(237)	(237)	(384)
Profit for the period	183				7 532	7 532	7 715
Net income for the period	36				7 295	7 295	7 332
Dividends/group contribution paid for 2006					(5 544)	(5 544)	(5 544)
Minority interests DnB NORD	229						229
Balance sheet as at 30 September 2007	2 467	0	17 214	10 711	28 805	39 516	59 197
Balance sheet as at 31 December 2007	2 662	0	17 514	13 411	32 480	45 891	66 068
Net change in currency translation reserve	125				132	132	257
Profit for the period	109				6 932	6 932	7 041
Net income for the period	234				7 064	7 064	7 299
Net dividends/group contribution paid for 2007						0	0
Minority interests DnB NORD	406				(13)	(13)	393
Other minority interests	(15)						(15)
Balance sheet as at 30 September 2008	3 287	0	17 514	13 411	39 531	52 943	73 744

1) Of which currency translation reserve:

<i>Balance sheet as at 1 January 2007</i>	44				(39)		6
<i>Net change in currency translation reserve</i>	(147)				(237)		(384)
<i>Balance sheet as at 30 September 2007</i>	(103)				(276)		(378)
<i>Balance sheet as at 31 December 2007</i>	(28)				(206)		(234)
<i>Net change in currency translation reserve</i>	125				132		257
<i>Balance sheet as at 30 September 2008</i>	97				(74)		23

Cash flow statement

DnB NOR Bank ASA			DnB NOR Bank Group			
Full year 2007	January - September 2007	September 2008	Amounts in NOK million	January - September 2008	September 2007	Full year 2007
			Operations			
(49 089)	(33 240)	(35 579)	Net payments on loans to customers	(135 878)	(84 743)	(146 922)
59 589	53 428	36 030	Net receipts on deposits from customers	38 781	56 452	63 859
41 105	36 450	38 078	Interest received from customers	51 723	40 306	50 680
(17 296)	(12 362)	(17 647)	Interest paid to customers	(18 437)	(12 912)	(18 052)
26 919	36 472	4 942	Net receipts/payments on the sale/acquisition of financial assets for investment or trading	7	9 874	(967)
4 027	4 428	2 638	Net receipts on commissions and fees	3 237	4 877	4 625
(13 087)	(9 089)	(5 754)	Payments to operations	(8 201)	(11 084)	(15 816)
(2 671)	(233)	(352)	Taxes paid	(791)	(330)	(2 832)
993	501	683	Other receipts	1 063	1 089	1 607
50 489	76 355	23 040	Net cash flow relating to operations	(68 495)	3 529	(63 819)
			Investment activity			
2 857	1 449	(131)	Net receipts/payments on the sale/acquisition of fixed assets	(1 585)	928	3 187
9	0	65	Receipts on the sale of long-term investments in shares	133	0	9
(4 080)	(2 379)	(4 345)	Payments on the acquisition of long-term investments in shares	(2 569)	(3 463)	(4 080)
1 347	197	126	Dividends received on long-term investments in shares	129	174	248
133	(732)	(4 285)	Net cash flow relating to investment activity	(3 892)	(2 361)	(636)
			Funding activity			
(49 164)	(42 059)	(30 817)	Net receipts/payments on loans to/from credit institutions	18 862	11 094	29 435
(7 064)	477	9 560	Net receipts/payments on other short-term liabilities	10 577	4 357	(2 416)
25 377	(7 720)	50 772	Net issue of bonds and commercial paper ¹⁾	100 723	6 322	58 281
5 436	4 310	8 229	Issue of subordinated loan capital	8 854	4 310	5 583
(3 917)	(2 186)	(3 199)	Redemptions of subordinated loan capital	(3 199)	(2 186)	(4 017)
3 000	0	0	Receipts of increase in share capital	0	0	3 000
(7 700)	(7 700)	(1 262)	Dividend/group contribution payments	(1 807)	(7 700)	(7 700)
(14 553)	(20 059)	(14 023)	Net interest payments on funding activity	(23 645)	(21 205)	(20 420)
(48 586)	(74 937)	19 259	Net cash flow from funding activity	110 364	(5 008)	61 745
2 036	685	38 014	Net cash flow	37 977	(3 839)	(2 710)
21 783	21 783	23 819	Cash as at 1 January	15 520	18 230	18 230
2 036	685	38 014	Net receipts/payments of cash	37 977	(3 839)	(2 710)
23 819	22 469	61 833	Cash at end of period ¹⁾	53 497	14 391	15 520
			<i>*) Of which:</i>			
6 602	6 189	42 544	Cash and deposits with central banks	45 792	8 805	9 816
17 217	16 280	19 289	Deposits with credit institutions with no agreed period of notice ²⁾	7 704	5 586	5 703

1) A significant share of the banking group's operations was funded by issuing bonds and commercial paper in 2007 and the first three quarters of 2008.

2) 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 year. 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.

Key figures

						DnB NOR Bank Group				
						3rd quarter	3rd quarter	January - September		Full year
						2008	2007	2008	2007	2007
Interest rate analyses										
1.	Combined weighted total average spread for lending and deposits (%)					1.02	1.00	1.00	0.98	0.98
2.	Spread for ordinary lending to customers (%)					0.96	0.84	0.88	0.84	0.83
3.	Spread for deposits from customers (%)					1.14	1.27	1.22	1.21	1.25
Rate of return/profitability										
4.	Net other operating income, per cent of total income					30.9	27.7	27.6	35.2	34.3
5.	Cost/income ratio (%)					46.1	52.7	52.0	50.4	50.6
6.	Return on equity, annualised (%)					16.4	20.0	13.9	18.0	19.7
Financial strength										
7.	Core (Tier 1) capital ratio at end of period (%)					6.7	7.2	6.7	7.2	7.9
8.	Core (Tier 1) capital incl. 50 per cent of profit for the period (%)					7.1	7.2	7.1	7.2	-
9.	Capital adequacy ratio at end of period (%)					9.6	10.0	9.6	10.0	10.5
10.	Capital adequacy ratio incl. 50 per cent of profit for the period (%)					10.0	10.0	10.0	10.0	-
11.	Core capital at end of period (NOK million)					68 686	59 652	68 686	59 652	69 579
12.	Risk-weighted volume at end of period (NOK million)					1 019 119	831 346	1 019 119	831 152	886 099
Loan portfolio and write-downs										
13.	Individual write-downs relative to average net lending to customers, annualised					0.22	0.03	0.13	0.04	0.05
14.	Write-downs relative to average net lending to customers, annualised					0.27	0.03	0.15	0.04	0.02
15.	Net non-performing and impaired commitments, per cent of net lending					0.60	0.43	0.60	0.43	0.42
16.	Net non-performing and impaired commitments at end of period (NOK million)					6 947	4 078	6 947	4 078	4 174
Liquidity										
17.	Ratio of customer deposits to net lending to customers at end of period (%)					52.7	59.0	52.7	59.0	55.3
Staff										
18.	Number of full-time positions at end of period					12 854	12 065	12 854	12 065	12 290

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 expenses relative to total income. Expenses are excluding allocations to employees.
- 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.

Note 1 Accounting principles etc.

Accounting principles

The third quarter accounts have been prepared according to IAS 34 Interim Financial Reporting. A description of the accounting principles applied in preparing the accounts of the bank and the banking group is found in the annual report for 2007 and in the description under 'Change in principle' below. The annual and interim accounts are prepared according to IFRS principles as approved by the EU.

Change in principle

On 13 October 2008 the International Accounting Standards Board, IASB, approved amendments to IAS 39 Financial Instruments and IFRS 7 Financial Instruments – Disclosure, permitting the reclassification of 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 prevailing situation in the credit markets can be regarded as rare circumstances. The reclassification can be made with accounting effect from 1 July 2008. The EU approved the amendments on 15 October 2008. On 16 October 2008, the Norwegian Ministry of Finance laid down regulations resulting in changes in the accounting standards IAS 39 and IFRS 7.

In the accounts for the third quarter of 2008, the DnB NOR Bank Group chose to reclassify the liquidity portfolio in DnB NOR Markets from "fair value through profit or loss" to the "held to maturity" category.

On initial recognition, the liquidity portfolio was listed in an active market and was included in the "fair value through profit or loss" category. In an active market, it is possible to obtain external observable prices, exchange rates or volatilities which represents actual, frequent market transactions. During the ongoing financial turmoil, the bond markets, with the exception of the market for government papers, have gradually become inactive and illiquid. In this situation, it has been difficult to judge what represents forced sales (fire sales) of bonds from banks and investors who have had to liquidate their positions and what are normal transactions which are representative for valuation purposes. Against this background, DnB NOR Bank Group reviewed a classification to the category "held to maturity". The new classification is in keeping with the portfolio's original characteristics, as it is, inter alia, used for collateral in central banks. With effect from 1 July 2008, the Group intends to hold the liquidity portfolio to maturity. The reclassification implies that the portfolio will be recorded at amortised cost on the reclassification date, which represents fair value as at 1 July 2008.

Due to changes in IFRS 7 the reclassification, as described above, requires that the value of the liquidity portfolio based on the principles applied before the reclassification must be reported. See note 13 Investments in bonds for a description of the effects of the reclassification.

Comparable figures

Comparable figures have not been restated following the acquisitions of SkandiaBanken Bilfinans in 2008 and SalusAnsvar in 2007 or in consequence of the reclassification of financial instruments in the liquidity portfolio in the third quarter of 2008.

Note 2 Estimates and special circumstances during the quarter

Estimates

When preparing the consolidated accounts, management makes assessments and estimates 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 notes 1 and 3 in the annual report for 2007.

Estimate uncertainty

Estimates and discretionary assessments are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date.

The banking group makes estimates and assumptions concerning the future, and the resulting accounting estimates will rarely be fully consistent with the final outcome.

The current financial turmoil increases the uncertainty surrounding some of the assumptions and expectations underlying the preparation of the various estimates. See also notes 7, 13, 14 and 15.

Write-downs on loans

Loans to customers and loans to and deposits with credit institutions are carried at amortised cost, apart from fixed-rate loans, which are carried at fair value. If objective evidence of a decrease in value can be found and has occurred on the balance sheet date, write-downs on loans are calculated as the difference between the value of the loan in the balance sheet and the discounted value of estimated future cash flows. The discount rate used is the internal rate of return on the loan before objective evidence of impairment was identified. In principle, all cash flows relating to the commitment should be identified, and an assessment must be made as to which cash flows are at risk. Given the large number of commitments that are reviewed at both individual and group level, such estimates must be based on approximations and empirical data.

Note 2 Estimates and special circumstances during the quarter (continued)

The assumptions made about the future will affect the calculation of expected cash flows. Due to the financial turmoil, great uncertainty surrounds future economic developments. This is reflected in the calculation of the present value of estimated future cash flows.

The group write-down model and the factors included therein are under continuous review. In the third quarter, a new assessment of the loss rates in the model has been made to make adjustments for the economic situation.

Special circumstances during the quarter

In the days preceding the end of the quarter, the foreign exchange and interest rate markets were unusually volatile, resulting in high income from trading activities based on the bank's interest rate position. See also note 20 Liquidity risk.

Note 3 Changes in group structure

SkandiaBanken Bilfinans

In order to further strengthen its market position, DnB NOR Bank, through its subsidiary DnB NOR Finans, acquired SkandiaBanken Bilfinans in Norway and Sweden and has thus become one of the key providers of car financing in Scandinavia. The operations in Norway were taken over with effect from 31 January 2008, while the company's operations in Sweden were taken over on 29 February 2008.

Information about the acquisitions, including preliminary acquisition analyses, was presented in DnB NOR Bank's report for the first quarter of 2008. This information remained unchanged at end-September 2008.

Svensk Fastighetförmedling

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. Goodwill relating to the acquisition has consequently increased by SEK 43 million. Due to changes in prices and other adjustments in the Swedish market, no corresponding additional payment is expected.

Note 4 Business areas

The activities of the DnB NOR Bank Group, which include DnB NOR Bank ASA and subsidiaries, are organised into three functional 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 banking group, as well as the products offered.

The income statement and balance sheets for business areas have been prepared on the basis of internal financial reporting for the functional organisation of the DnB NOR Bank Group into business areas. Figures for the business areas are based on DnB NOR's management model and the banking group's accounting principles. The figures have been restated in accordance with the banking group's current principles for allocating costs and capital between business areas and are based on a number of assumptions, estimates and discretionary distribution.

Income statement, third quarter

Amounts in NOK million	DnB NOR Bank Group											
	Corporate Banking and Payment Services		Retail Banking		DnB NOR Markets		DnB NOR DnB NOR		Other operations/ eliminations ¹⁾		DnB NOR Bank Group	
	3rd quarter 2008	3rd quarter 2007	3rd quarter 2008	3rd quarter 2007	3rd quarter 2008	3rd quarter 2007	3rd quarter 2008	3rd quarter 2007	3rd quarter 2008	3rd quarter 2007	3rd quarter 2008	3rd quarter 2007
Net interest income - ordinary operations	2 399	2 029	1 812	1 817	352	53	347	281	948	510	5 857	4 690
Interest on allocated capital	708	398	104	169	103	50	77	41	(992)	(658)	0	0
Net interest income	3 106	2 427	1 916	1 985	455	103	424	321	(44)	(148)	5 857	4 690
Net other operating income	436	657	864	751	1 442	252	164	136	(287)	(2)	2 618	1 793
Total income	3 542	3 084	2 780	2 736	1 897	355	588	457	(332)	(149)	8 475	6 483
Operating expenses ²⁾	1 220	1 008	1 648	1 524	426	304	400	330	215	254	3 909	3 420
Pre-tax operating profit before write-downs	2 322	2 076	1 132	1 212	1 471	51	188	127	(547)	(403)	4 566	3 063
Net gains on fixed and intangible assets	0	3	0	0	0	0	9	5	5	865	13	874
Write-downs on loans and guarantees	216	(10)	182	54	0	0	250	37	77	(11)	725	70
Pre-tax operating profit	2 106	2 089	950	1 158	1 471	51	(53)	96	(619)	473	3 854	3 868

^{*)} Of which group overhead

39 37 24 14 8 6 0 0 (71) (57) 0 0

Note 4 Business areas (continued)

Income statement January - September

	DnB NOR Bank Group														
	Corporate Banking and Payment Services				Retail Banking		DnB NOR Markets		DnB NOR		Other operations/ eliminations		DnB NOR Bank Group		
	January - September 2008		September 2007		January - September 2008		September 2007		January - September 2008		September 2007		January - September 2008		September 2007
<i>Amounts in NOK million</i>															
Net interest income - ordinary operations	6 642	5 556	5 294	5 053	420	162	1 017	790	2 661	1 418	16 034	12 980			
Interest on allocated capital	1 920	1 049	320	444	260	132	200	106	(2 699)	(1 730)	0	0			
Net interest income	8 562	6 605	5 614	5 497	680	294	1 217	896	(38)	(312)	16 034	12 980			
Net other operating income	1 799	2 196	2 513	2 323	2 544	2 154	478	425	(1 224)	(44)	6 110	7 053			
Total income	10 360	8 801	8 127	7 820	3 224	2 448	1 695	1 321	(1 262)	(357)	22 144	20 033			
Operating expenses ¹⁾	3 575	2 978	5 052	4 671	1 223	1 098	1 161	904	513	439	11 524	10 091			
Pre-tax operating profit before write-downs	6 786	5 822	3 075	3 149	2 001	1 350	534	417	(1 776)	(796)	10 620	9 942			
Net gains on fixed and intangible assets	27	11	0	0	0	(1)	16	12	4	866	47	888			
Write-downs on loans and guarantees	382	47	327	194	0	22	335	73	151	(76)	1 195	260			
Pre-tax operating profit	6 431	5 787	2 747	2 955	2 001	1 326	215	356	(1 923)	146	9 471	10 569			

*) Of which group overhead

1) Of which elimination of double entries:

<i>Amounts in NOK million</i>	3rd quarter 2008		2007	
	Net interest income - ordinary operations	0	(7)	0
Interest on allocated capital	0	0	0	0
Net interest income	0	(7)	0	(7)
Net other operating income	(456)	(425)	(456)	(432)
Total income	(456)	(432)	0	0
Operating expenses	0	0	(456)	(432)
Pre-tax operating profit before write-downs	(456)	(432)	0	0
Net gains on fixed and intangible assets	0	0	0	0
Write-downs on loans and guarantees	0	0	(456)	(432)
Pre-tax operating profit	(456)	(432)		

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.

Main average balance sheet items

	DnB NOR Bank Group														
	Corporate Banking and Payment Services				Retail Banking		DnB NOR Markets		DnB NOR		Other operations/ eliminations		DnB NOR Bank Group		
	3rd quarter 2008		2007		3rd quarter 2008		2007		3rd quarter 2008		2007		3rd quarter 2008		2007
<i>Amounts in NOK billion</i>															
Net lending to customers ¹⁾	544.5	417.3	460.5	430.3	19.7	16.7	78.6	51.5	13.0	2.2	1 116.3	918.0			
Deposits from customers ¹⁾	312.1	294.8	240.3	224.9	30.1	22.5	22.9	19.6	(7.2)	(2.6)	598.0	559.3			

Key figures

	DnB NOR Bank Group														
	Corporate Banking and Payment Services				Retail Banking		DnB NOR Markets		DnB NOR		Other operations		DnB NOR Bank Group		
	3rd quarter 2008		2007		3rd quarter 2008		2007		3rd quarter 2008		2007		3rd quarter 2008		2007
<i>Per cent</i>															
Cost/income ratio ²⁾	34.4	32.7	59.3	55.7	22.5	85.7	68.1	72.2					46.1	52.7	
Ratio of deposits to lending ^{1) 3)}	57.3	70.6	52.2	52.3			29.1	38.1					53.6	60.9	
Return on capital, annualised ^{4) 5)}	14.0	19.4	43.3	25.3	66.6	3.8	(2.8)	8.4					16.4	20.0	
Number of full-time positions as at 30 September ⁶⁾	2 550	2 291	3 944	3 696	643	599	3 565	3 144	2 152	2 334	12 854	12 065			

1) Based on nominal values and includes lending to and deposits from credit institutions.

2) Total operating expenses relative to total income.

3) Deposits from customers relative to net lending to customers.

4) Return on capital is calculated on the basis of allocated capital. Allocated capital for Corporate Banking and Payment Services, Retail Banking, DnB NOR Markets and DnB NOR is calculated as 6.5 per cent of risk-weighted volume.

5) Estimated return on capital is based on profit after tax. A tax rate of 28 per cent is applied for Corporate Banking and Payment Services, Retail Banking and DnB NOR Markets. A tax rate of 20 per cent has been used for DnB NOR.

6) An increase of 218 full-time positions in Retail Banking resulting from the acquisition of SalusAnsvar in December 2007.

Note 5 Net interest income

<i>Amounts in NOK million</i>	DnB NOR Bank ASA				
	3rd quarter 2008	3rd quarter 2007	January - September 2008 2007		Full year 2007
Interest on loans to and deposits with credit institutions	3 166	2 264	8 640	6 565	9 060
Interest on loans to customers	13 332	10 831	38 032	29 442	41 292
Interest on impaired commitments	2	27	41	84	112
Interest on commercial paper and bonds	1 853	1 407	4 726	4 169	5 699
Front-end fees etc.	136	139	334	314	427
Other interest income	(146)	(87)	(331)	(46)	7
Total interest income	18 343	14 583	51 440	40 528	56 598
Interest on loans and deposits from credit institutions	1 504	1 579	4 501	4 461	6 169
Interest on demand deposits from customers	6 384	4 783	17 617	12 401	17 703
Interest on securities issued	4 072	3 742	12 194	11 399	15 410
Interest on subordinated loan capital	561	489	1 484	1 460	1 959
Other interest expenses ¹⁾	1 215	172	3 063	142	507
Total interest expenses	13 736	10 765	38 859	29 863	41 748
Net interest income	4 607	3 818	12 582	10 665	14 850

<i>Amounts in NOK million</i>	DnB NOR Bank Group				
	3rd quarter 2008	3rd quarter 2007	January - September 2008 2007		Full year 2007
Interest on loans to and deposits with credit institutions	1 019	1 208	3 145	3 868	4 898
Interest on loans to customers	18 611	13 362	51 648	35 922	50 850
Interest on impaired commitments	16	29	69	95	129
Interest on commercial paper and bonds	1 955	1 463	4 945	4 322	5 912
Front-end fees etc.	154	145	344	338	445
Other interest income	(165)	(64)	(326)	(3)	(19)
Total interest income	21 589	16 141	59 825	44 543	62 214
Interest on loans and deposits from credit institutions	1 841	1 790	5 440	4 965	6 792
Interest on demand deposits from customers	6 683	4 994	18 407	12 939	18 459
Interest on securities issued	5 369	3 975	15 201	11 939	16 322
Interest on subordinated loan capital	573	501	1 518	1 492	2 001
Other interest expenses ¹⁾	1 265	191	3 224	228	626
Total interest expenses	15 731	11 451	43 790	31 563	44 199
Net interest income	5 857	4 690	16 034	12 980	18 015

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

Note 6 Net other operating income

<i>Amounts in NOK million</i>	DnB NOR Bank ASA				
	3rd quarter 2008	3rd quarter 2007	January - September 2008	September 2007	Full year 2007
Money transfer fees receivable	706	645	2 019	1 935	2 594
Fees on asset management services	7	18	30	60	78
Fees on custodial services	88	100	288	302	407
Fees on securities broking	66	88	257	299	398
Corporate finance	55	105	257	475	693
Interbank fees	30	31	85	91	123
Credit broking commissions	107	63	284	263	335
Sales commissions on insurance products	67	63	224	216	283
Sundry commissions and fees receivable on banking services	162	260	631	755	1 006
Total commissions and fees receivable etc.	1 289	1 373	4 075	4 397	5 916
Money transfer fees payable	225	239	658	699	943
Commissions payable on fund management services	21	11	46	29	98
Fees on custodial services payable	34	34	105	108	140
Interbank fees	44	46	130	140	188
Credit broking commissions	19	34	83	54	61
Commissions payable on the sale of insurance products	2	3	4	8	5
Sundry commissions and fees payable on banking services	119	130	382	382	490
Total commissions and fees payable etc.	463	496	1 407	1 419	1 923
Net gains on financial instruments at fair value	1 064	370	1 258	2 391	3 009
Net realised gains on investment securities (AFS)	0	0	0	0	0
Profit from companies accounted for by the equity method	0	0	0	0	0
Income from owned/leased premises	28	49	74	93	122
Miscellaneous operating income ¹⁾	250	178	713	646	2 499
Total other income	279	227	787	739	2 621
Net other operating income	2 169	1 474	4 714	6 108	9 624

1) Of which dividends/group contributions from subsidiaries represented NOK 1 721 million in the fourth quarter of 2007.

Note 6 Net other operating income (continued)

Amounts in NOK million	DnB NOR Bank Group				
	3rd quarter	3rd quarter	January - September		Full year
	2008	2007	2008	2007	2007
Money transfer fees receivable	755	689	2 173	2 063	2 807
Fees on asset management services	17	20	57	65	87
Fees on custodial services	92	104	296	308	415
Fees on securities broking	66	89	258	301	400
Corporate finance	64	112	299	496	792
Interbank fees	31	32	89	95	127
Credit broking commissions	109	64	287	265	338
Sales commissions on insurance products	109	66	350	226	297
Sundry commissions and fees receivable on banking services	279	360	970	1 027	1 368
Total commissions and fees receivable etc.	1 521	1 536	4 779	4 846	6 632
Money transfer fees payable	238	251	700	724	995
Commissions payable on fund management services	21	11	46	29	98
Fees on custodial services payable	34	34	105	108	140
Interbank fees	46	47	135	145	194
Credit broking commissions	19	33	85	50	55
Commissions payable on the sale of insurance products	4	3	12	8	5
Sundry commissions and fees payable on banking services	141	157	429	451	555
Total commissions and fees payable etc.	502	534	1 512	1 513	2 040
Net gains on financial instruments at fair value	1 602	436	2 244	2 489	3 187
Net realised gains on investment securities (AFS)	0	0	0	0	0
Profit from companies accounted for by the equity method ¹⁾	(377)	(40)	(568)	18	9
Income from owned/leased premises	14	42	33	73	95
Fees on real estate broking	164	189	537	570	782
Net unrealised gains on investment property	0	0	0	(2)	(2)
Miscellaneous operating income	195	165	597	572	753
Total other income	373	396	1 167	1 213	1 628
Net other operating income	2 618	1 793	6 110	7 053	9 416

1) 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 396 million from the company in the third quarter of 2008.

Note 7 Net gains on financial instruments at fair value

Amounts in NOK million	DnB NOR Bank ASA				
	3rd quarter	3rd quarter	January - September		Full year
	2008	2007	2008	2007	2007
Dividends	(3)	11	135	136	163
Net gains on commercial paper and bonds ¹⁾	206	(715)	(1 466)	(691)	(1 252)
Net gains on shareholdings	(278)	22	(624)	423	528
Net gains on other financial assets ²⁾	1 139	1 053	3 213	2 523	3 571
Net gains on financial instruments at fair value	1 064	370	1 258	2 391	3 009

Amounts in NOK million	DnB NOR Bank Group				
	3rd quarter	3rd quarter	January - September		Full year
	2008	2007	2008	2007	2007
Dividends	(3)	11	117	147	176
Net gains on commercial paper and bonds ¹⁾	167	(729)	(1 517)	(890)	(1 233)
Net gains on shareholdings	(324)	24	(722)	409	515
Net gains on other financial assets ²⁾	1 761	1 130	4 367	2 822	3 730
Net gains on financial instruments at fair value	1 602	436	2 244	2 489	3 187

1) The reclassification of the liquidity portfolio in DnB NOR Markets in the third quarter of 2008 resulted in a NOK 666 million rise in net gains on financial instruments at fair value compared with the third quarter of 2007.

2) Due to highly volatile interest rate markets in the third quarter of 2008, there was a significant rise in value of swap contracts used to convert foreign currency loans into the preferred currency. No corresponding gains can be expected in subsequent quarters.

Note 8 Operating expenses

<i>Amounts in NOK million</i>	DnB NOR Bank ASA				
	3rd quarter 2008	3rd quarter 2007	January - September 2008	September 2007	Full year 2007
Ordinary salaries	1 145	1 016	3 265	3 071	4 212
Employer's national insurance contributions	204	129	492	406	550
Pension expenses	206	223	622	669	923
Allocation to employees ¹⁾	0	0	0	0	341
Restructuring expenses ²⁾	4	9	45	34	48
Other personnel expenses	74	78	224	197	273
Total salaries and other personnel expenses	1 633	1 455	4 649	4 377	6 347
Fees	161	168	593	475	589
EDP expenses	380	260	1 023	817	1 143
Postage and telecommunications	66	79	206	232	321
Office supplies	13	14	47	52	71
Marketing and public relations	117	104	366	316	423
Travel expenses	32	32	111	116	171
Reimbursement to Norway Post for transactions executed	50	63	161	162	221
Training expenses	11	8	39	35	52
Operating expenses on properties and premises	241	206	735	621	854
Operating expenses on machinery, vehicles and office equipment	18	22	64	67	92
Other operating expenses ²⁾	122	102	376	304	427
Other expenses	1 211	1 057	3 721	3 197	4 364
Depreciation and write-downs of fixed and intangible assets	79	120	246	315	409
Total operating expenses	2 924	2 632	8 616	7 888	11 119

<i>Amounts in NOK million</i>	DnB NOR Bank Group				
	3rd quarter 2008	3rd quarter 2007	January - September 2008	September 2007	Full year 2007
Ordinary salaries	1 561	1 362	4 453	4 046	5 554
Employer's national insurance contributions	243	182	669	561	765
Pension expenses	237	246	706	733	1 010
Allocation to employees ¹⁾	0	0	0	0	414
Restructuring expenses ²⁾	4	9	45	34	48
Other personnel expenses	96	95	288	252	352
Total salaries and other personnel expenses	2 140	1 893	6 160	5 626	8 144
Fees	195	199	691	529	657
EDP expenses	436	306	1 190	947	1 329
Postage and telecommunications	92	97	275	285	393
Office supplies	21	22	72	75	107
Marketing and public relations	157	146	494	431	585
Travel expenses	44	42	151	146	218
Reimbursement to Norway Post for transactions executed	50	63	161	162	221
Training expenses	17	13	61	51	72
Operating expenses on properties and premises	288	213	874	644	889
Operating expenses on machinery, vehicles and office equipment	31	34	102	103	138
Other operating expenses ²⁾	192	162	587	477	686
Other expenses	1 523	1 297	4 657	3 849	5 296
Depreciation and write-downs of fixed and intangible assets	245	229	707	616	860
Total operating expenses	3 909	3 420	11 524	10 091	14 300

1) Allocations to the employees in 2007 were in the form of bonuses of NOK 158 million and NOK 130 million, including employer's national insurance contributions, for the DnB NOR Bank Group and DnB NOR Bank ASA, respectively. In addition, provisions relating to the winding up of the employee investment funds represented NOK 257 million for the DnB NOR Bank Group and NOK 212 million for DnB NOR Bank ASA.

2) Restructuring costs relating to the cost programme were NOK 47 million for the January through September period in 2008 and NOK 11 million in the third quarter of 2008 for both the DnB NOR Bank Group and DnB NOR Bank ASA.

Note 9 Number of employees/full-time positions

	DnB NOR Bank ASA				
	3rd quarter 2008	3rd quarter 2007	January - September 2008	September 2007	Full year 2007
Number of employees at end of period	7 412	7 487	7 412	7 487	7 373
of which number of employees abroad	435	303	435	303	323
Number of employees calculated on a full-time basis at end of period	7 177	7 245	7 177	7 245	7 133
of which number of employees calculated on a full-time basis abroad	427	298	427	298	319
Average number of employees	7 386	7 384	7 421	7 345	7 355
Average number of employees calculated on a full-time basis	7 151	7 145	7 142	7 108	7 115

	DnB NOR Bank Group				
	3rd quarter 2008	3rd quarter 2007	January - September 2008	September 2007	Full year 2007 ¹⁾
Number of employees at end of period	13 189	12 470	13 189	12 470	12 610
of which number of employees abroad	4 757	3 890	4 757	3 890	4 171
Number of employees calculated on a full-time basis at end of period	12 854	12 065	12 854	12 065	12 290
of which number of employees calculated on a full-time basis abroad	4 686	3 773	4 686	3 773	4 126
Average number of employees	13 103	12 318	12 883	11 805	11 928
Average number of employees calculated on a full-time basis	12 791	11 957	12 560	11 448	11 592

1) Staff in SalusAnsvar, which was acquired on 31 December 2007, represented 235 employees/218 full-time positions.

Note 10 Write-downs on loans and guarantees

Amounts in NOK million	DnB NOR Bank ASA				
	3rd quarter 2008	3rd quarter 2007	January - September 2008	September 2007	Full year 2007
Write-offs	61	53	108	144	199
New individual write-downs	347	106	755	467	595
Total new individual write-downs	408	159	863	611	794
Reassessed individual write-downs	17	21	90	146	187
Total individual write-downs	391	138	773	465	607
Recoveries on commitments previously written off	67	77	213	231	298
Change in group write-downs on loans	46	(17)	116	(35)	(234)
Write-downs on loans and guarantees¹⁾	370	44	676	199	75
Write-offs covered by individual write-downs made in previous years	107	108	377	457	605
1) Of which individual write-downs on guarantees	(31)	(1)	(4)	6	5

Amounts in NOK million	DnB NOR Bank Group				
	3rd quarter 2008	3rd quarter 2007	January - September 2008	September 2007	Full year 2007
Write-offs	76	57	129	154	230
New individual write-downs	657	160	1 268	612	850
Total new individual write-downs	733	217	1 397	766	1 080
Reassessed individual write-downs	63	34	181	218	308
Total individual write-downs	670	183	1 216	548	772
Recoveries on commitments previously written off	71	107	236	274	350
Change in group write-downs on loans	126	(6)	215	(14)	(202)
Write-downs on loans and guarantees¹⁾	725	70	1 195	260	220
Write-offs covered by individual write-downs made in previous years	116	118	438	500	663
1) Of which individual write-downs on guarantees	(29)	18	9	23	22

Losses incurred from derivative trading and securities clearing with Lehman Brothers are classified as losses on financial instruments.

Note 11 Lending to customers

DnB NOR Bank ASA				DnB NOR Bank Group		
30 Sept. 2007	31 Dec. 2007	30 Sept. 2008		30 Sept. 2008	31 Dec. 2007	30 Sept. 2007
<i>Amounts in NOK million</i>						
594 620	594 067	625 210	Lending to customers, nominal amount	950 097	808 811	763 001
1 137	1 082	1 443	Individual write-downs	2 678	1 953	1 968
593 483	592 985	623 767	Lending to customers, after individual write-downs	947 419	806 857	761 033
2 525	2 338	2 707	+ Accrued interest and amortisation	3 649	2 909	2 776
			- Individual write-downs of accrued interest and amortisation	456	388	397
385	376	435				
677	477	555	- Group write-downs	896	712	892
594 946	594 471	625 484	Lending to customers, at amortised cost	949 716	808 667	762 520
152 516	168 166	178 454	Lending to customers, nominal amount	181 897	170 765	155 169
983	1 236	1 739	+ Accrued interest	1 752	1 247	988
(521)	(401)	(548)	+ Adjustment to fair value	(608)	(440)	(561)
152 978	169 001	179 645	Lending to customers, at fair value	183 041	171 572	155 596
747 925	763 472	805 129	Lending to customers	1 132 757	980 239	918 116

Note 12 Net non-performing and impaired commitments for principal sectors ¹⁾

DnB NOR Bank ASA				DnB NOR Bank Group		
30 Sept. 2007	31 Dec. 2007	30 Sept. 2008		30 Sept. 2008	31 Dec. 2007	30 Sept. 2007
<i>Amounts in NOK million</i>						
1 549	1 749	2 236	Retail customers	3 432	2 237	1 982
0	0	0	International shipping	53	32	0
398	208	413	Real estate	1 007	317	506
80	70	168	Manufacturing	619	364	364
187	132	314	Services	514	381	459
87	88	93	Trade	231	164	143
0	0	188	Oil and gas	189	1	0
66	64	90	Transportation and communication	275	193	198
122	87	95	Building and construction	184	208	179
0	0	0	Power and water supply	5	0	0
32	14	2	Seafood	103	88	82
31	21	47	Hotels and restaurants	83	68	54
59	47	96	Agriculture and forestry	171	92	94
0	0	0	Central and local government	0	0	0
0	0	0	Other sectors	82	29	17
2 611	2 480	3 743	Total customers	6 947	4 174	4 078
0	0	0	Credit institutions	0	0	0
2 611	2 480	3 743	Total	6 947	4 174	4 078

1) The breakdown into principal sectors is based on standardised sector and industry categories set up by Statistics Norway. Customers are classified according to their main line of business.

Note 13 Investments in bonds

Information about the portfolios

The DnB NOR Bank Group has investments in bonds through several of the Group's entities. DnB NOR Bank, DnB NOR 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 banking group's 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 2008, the liquidity portfolio in DnB NOR Markets represented the equivalent of NOK 88.0 billion. 98.7 per cent of the securities had an AAA rating, while none of the securities were rated lower than A. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. Residential Mortgage Backed Securities, RMBS, represented 75.8 per cent of the total portfolio, securitised loans to the corporate market 10.2 per cent, corresponding consumer finance loans 4.8 per cent and other loans 9.2 per cent.

In addition, DnB NOR Bank had Norwegian bonds and fixed-income securities equivalent to a balance sheet value of NOK 32.2 billion used for customer trading and position taking in Norwegian interest rate instruments.

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 2008, the value of the DnB NOR portfolio was equivalent to NOK 5.1 billion. Eksportfinans had a liquidity portfolio of NOK 66.4 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.

Classification

In the third quarter accounts, 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, cf. note 1 Accounting principles etc. This gave a NOK 1 481 million rise in profits compared with the result if the previous valuation principle had been retained. The portfolio is not managed as a trading portfolio, and the new classification is thus more in keeping with the portfolio's characteristics.

Effects of the reclassification of the liquidity portfolio

	Reported in 3rd quarter 2008	Effect of re- classification of liquidity portfolio	DnB NOR Bank Group			
			Carried at fair value			
			3rd quarter 2008	2nd quarter 2008	1st quarter 2008	Full year 2007
<i>Amounts in NOK million</i>						
Net interest income						
- amortisation effect	282	282				
Net gains on financial instruments at fair value						
- value adjustment		1 466	(1 466)	(94)	(1 733)	(1 337)
- maturity effects		(267)	267	327	167	84
Net gains on financial instruments at fair value		1 199	(1 199)	233	(1 566)	(1 253)
Recorded unrealised losses at end of period	(2 304)	(2 304)	(3 785)	(2 586)	(2 819)	(1 253)

Measurement

With effect from 1 July 2008, the liquidity portfolio in DnB NOR Markets is reclassified as held-to-maturity investments. 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.

To set fair values, price estimates on the same securities are obtained from a number of brokers and brokerage houses. The price estimates are then compared. An assessment is also made of own transactions and of price information from known new issues. The price estimates are subject to ongoing assessment and analysis.

In cases where no price information for the individual securities is available, values are estimated based on information about corresponding securities with equivalent characteristics, i.e. rating, maturity, country and other criteria.

Note 13 Investments in bonds (continued)

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. Due to the financial turmoil, such prices have been virtually non-existent. In order to meet the disclosure requirement at end-September 2008, 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 credit crisis 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 this model had been applied to the liquidity portfolio in the third quarter of 2008, there would have been a loss of NOK 1 466 million, or NOK 1 199 million after deducting the maturity effects of previous recorded losses. A corresponding model has also been used for valuing the bond portfolio in Eksportfinans.

In line with previous practice, DnB NOR has obtained price estimates from brokers in the third quarter. As mentioned above, DnB NOR does not believe that these estimates as such give an adequate reflection of fair values. If the best of these prices had been used, the unrealised mark-to-market losses in the third quarter would have been approximately NOK 450 million higher than shown in the above table. The differential between stated prices from various brokers increased considerably during the quarter, and if average prices had been used, the mark-to-market losses would have increased by NOK 1 700 million.

The bond portfolios carried at fair value with changes in value recognised in profit or loss have developed as follows in 2008:

Amounts in NOK million	DnB NOR Bank Group				
	Accumulated	Net MTM	Net MTM	Net MTM	Accumulated
	unrealised	changes	changes	changes	unrealised
	losses	3rd quarter	2nd quarter	1st quarter	losses
	30 Sept.	2008	2008	2008	31 Dec.
	2008	2008	2008	2008	2007
Portfolios					
DnB NOR	87				
Eksportfinans ¹⁾	1 021	(351)	6	(363)	313

1) The figures for Eksportfinans represent net mark-to-market losses included in the banking group's consolidated accounts, based on the banking group's 40 per cent ownership interest, recorded according to the equity method, and its share of the guarantee for Eksportfinans' bond portfolio (40.43 per cent). Mark-to-market effects on Eksportfinans' funding and other profit elements in the company's accounts are not included. See also note 19 Information on related parties.

Note 14 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 2007. The market situation in the third quarter has resulted in greater uncertainty regarding fair value assessments, especially for shares not listed on a stock exchange.

The banking group's investments in Private Equity (PE) and Management Buyout Funds totalled NOK 400 million at end-September 2008. When determining fair values, the industry's recognised guidelines for PE valuations are used. The industry standard has been prepared by the European Private Equity & Venture Capital Association, EVCA. The method is considered to represent the best estimate of fair values for investments in not very liquid equity instruments. The valuation as at 30 September 2008 takes into account the IASB's statement of 3 October 2008 and the reference to the statement from the U.S. Securities and Exchange Commission, SEC on 30 September 2008, which provides guidance for the stipulation of fair values in an illiquid market. The banking group also has other investments in shares with limited trading. The largest investments are shown in the table below:

Share investments in inactive markets	DnB NOR Bank Group
	30 Sept. 2008
Private Equity and Management Buyout Funds	400
Oslo Børs VPS Holding ASA ¹⁾	865
IT Fornebu Eiendom AS ¹⁾	148
Share investments in inactive markets, DnB NOR Bank Group	1 413

1) The value of the investment in Oslo Børs VPS Holding ASA has been reduced by NOK 329 million from end-December 2007, while the value of IT Fornebu Eiendom AS remains unchanged.

Note 15 Intangible assets

DnB NOR Bank ASA				DnB NOR Bank Group		
30 Sept. 2007	31 Dec. 2007	30 Sept. 2008		30 Sept. 2008	31 Dec. 2007	30 Sept. 2007
<i>Amounts in NOK million</i>						
1 652	1 653	1 653	Goodwill	4 781	3 850	3 520
51	51	51	Postbanken brand name	51	51	51
344	362	369	Systems development	586	464	360
19	22	19	Other intangible assets	451	367	126
2 066	2 087	2 091	Total intangible assets	5 869	4 733	4 057

Goodwill

The Group carries out an annual impairment test of all recognised goodwill. If there is objective evidence of impairment, the impairment test is updated during the year to verify whether values remain unchanged. Such objective evidence of impairment may result in a reduction in values if the present value of expected future cash flows must be considered to be negatively influenced by current incidents and it is possible to estimate the effect reliably. The financial turmoil and falling equity prices could be an indication of impairment which will require new testing where such action is considered to be relevant. The assessment of recoverable amounts is based on the value in use of the cash flow generating units.

When impairment testing is based on discounted cash flows, the discount rate in the model must be supported by relevant required rates of return in comparable markets. The information collected from these markets shows a great variation in comparable required rates of return, which are subject to discretionary assessment on the basis of available information on the balance sheet date.

Note 16 Securities issued and subordinated loan capital

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

Securities issued

	DnB NOR Bank ASA		
<i>Amounts in NOK million</i>	30 Sept. 2008	31 Dec. 2007	30 Sept. 2007
Commercial paper issued, nominal amount	115 650	97 711	68 128
Bond debt, nominal amount	286 952	237 033	231 053
Adjustments	1 655	1 028	972
Total securities issued	404 258	335 772	300 153

Changes in securities issued

	DnB NOR Bank ASA					
<i>Amounts in NOK million</i>	Balance sheet 30 Sept. 2008	Issued 2008	Matured/ redeemed 2008	Exchange rate movements 2008	Other adjustments 2008	Balance sheet 31 Dec. 2007
Commercial paper issued, nominal amount	115 650	245 152	232 094	4 881	0	97 711
Bond debt, nominal amount	286 952	88 406	49 610	11 123	0	237 033
Adjustments	1 655	0	0	0	627	1 028
Total securities issued	404 258	333 557	281 704	16 005	627	335 772

Subordinated loan capital and perpetual subordinated loan capital securities

	DnB NOR Bank ASA					
<i>Amounts in NOK million</i>	Balance sheet 30 Sept. 2008	Issued 2008	Matured/ redeemed 2008	Exchange rate movements 2008	Other adjustments 2008	Balance sheet 31 Dec. 2007
Term subordinated loan capital, nominal amount	22 505	8 041	3 199	795	0	16 868
Perpetual subordinated loan capital, nominal amount	7 098	0	0	351	0	6 747
Perpetual subordinated loan capital securities, nominal amount ²⁾	8 986	0	0	240	0	8 746
Adjustments	707	0	0	0	577	131
Total subordinated loan capital and perpetual subordinated loan capital securities	39 296	8 041	3 199	1 386	577	32 491

Note 16 Securities issued and subordinated loan capital (continued)

Securities issued	DnB NOR Bank Group		
	30 Sept. 2008	31 Dec. 2007	30 Sept. 2007
<i>Amounts in NOK million</i>			
Commercial paper issued, nominal amount	115 838	97 806	68 215
Bond debt, nominal amount ¹⁾	372 353	272 575	247 742
Adjustments	2 680	1 403	1 126
Total securities issued	490 871	371 784	317 082

Changes in securities issued	DnB NOR Bank Group					
	Balance sheet 30 Sept. 2008	Issued 2008	Matured/ redeemed 2008	Exchange rate movements 2008	Other adjustments 2008	Balance sheet 31 Dec. 2007
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	115 838	245 240	232 094	4 886	0	97 806
Bond debt, nominal amount ¹⁾	372 353	136 455	51 500	14 823	0	272 575
Adjustments	2 680	0	0	0	1 277	1 403
Total securities issued	490 871	381 695	283 594	19 709	1 277	371 784

Subordinated loan capital and perpetual subordinated loan capital securities	DnB NOR Bank Group					
	Balance sheet 30 Sept. 2008	Issued 2008	Matured/ redeemed 2008	Exchange rate movements 2008	Other adjustments 2008	Balance sheet 31 Dec. 2007
<i>Amounts in NOK million</i>						
Term subordinated loan capital, nominal amount	23 863	8 679	3 199	806	0	17 578
Perpetual subordinated loan capital, nominal amount	7 098	0	0	351	0	6 747
Perpetual subordinated loan capital securities, nominal amount ²⁾	8 986	0	0	240	0	8 746
Adjustments	729	0	0	0	574	155
Total subordinated loan capital and perpetual subordinated loan capital securities	40 676	8 679	3 199	1 397	574	33 226

1) Outstanding covered bonds totalled NOK 84.8 billion as at 30 September 2008. The cover pool represented NOK 126.2 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 17 Capital adequacy

The DnB NOR Bank 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.

DnB NOR Bank ASA		Primary capital	DnB NOR Bank Group	
31 Dec. 2007	30 Sept. 2008		30 Sept. 2008	31 Dec. 2007
		<i>Amounts in NOK million</i>		
17 514	17 514	Share capital	17 514	17 514
43 659	43 799	Other equity	49 298	48 553
61 173	61 314	Total equity	66 812	66 068
8 746	8 973	Perpetual subordinated loan capital securities ^{1) 2)}	9 184	8 962
		Deductions		
(14)	(14)	Pension funds above pension commitments	(19)	(19)
(1 653)	(1 653)	Goodwill	(4 810)	(3 880)
(8)	(9)	Deferred tax assets	(287)	(208)
(435)	(438)	Other intangible assets	(1 098)	(893)
0	0	Unrealised gains on fixed assets	(30)	(30)
(1 045)	(1 048)	50 per cent of investments in other financial institutions	(1 048)	(1 045)
(394)	(292)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(338)	(399)
(22)	(33)	Adjustments for unrealised losses/(gains) on liabilities recorded at fair value	(274)	(164)
		Additions		
1 109	555	Portion of unrecognised actuarial gains/losses, pension costs ³⁾	594	1 186
67 459	67 354	Core capital	68 686	69 579
6 747	7 098	Perpetual subordinated loan capital	7 098	6 747
16 755	21 916	Term subordinated loan capital ²⁾	23 781	17 917
		Deductions		
(1 045)	(1 048)	50 per cent of investments in other financial institutions	(1 048)	(1 045)
(394)	(292)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(338)	(399)
		Additions		
0	0	45 per cent of unrealised gains on fixed assets	18	18
22 063	27 674	Supplementary capital	29 512	23 238
89 522	95 028	Total eligible primary capital ⁴⁾	98 198	92 816
750 206	859 255	Risk-weighted volume	1 019 119	886 099
60 016	68 740	Minimum capital requirement	81 530	70 888
9.0	7.8	Core capital ratio (%)	6.7	7.9
11.9	11.1	Capital ratio (%)	9.6	10.5
-	8.2	Core capital ratio including 50 per cent of profit for the period (%)	7.1	-
-	11.4	Capital ratio including 50 per cent of profit for the period (%)	10.0	-

- 1) Perpetual subordinated loan capital securities can represent up to 15 per cent of core capital. The excess will qualify as perpetual supplementary capital.
- 2) As at 30 September 2008, calculations of capital adequacy included a total of NOK 718 million in subordinated loan capital in associated companies, in addition to subordinated loan capital in the banking group's balance sheet.
- 3) 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 has established a transitional rule whereby one-fifth of the amount recorded against equity can be included in capital adequacy calculations in 2008.
- 4) Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the DnB NOR Bank Group's accounts since a different consolidation method is used. Associated companies are consolidated gross in the capital adequacy calculations while the equity method is used in the accounts.

Due to transitional rules, the minimum capital adequacy requirements for 2007, 2008 and 2009 cannot be reduced below 95, 90 and 80 per cent respectively relative to the Basel I requirements.

Note 17 Capital adequacy (continued)

Basel II implementation

Further progress

A major reduction in risk-weighted assets is expected upon full implementation of the IRB system. Below is a time schedule for the reporting of portfolios according to the IRB approach.

	2008	2009	2010
A	Basel II, IRB approach <ul style="list-style-type: none"> Loans to retail customers in DnB NOR Bank ASA incl. Postbanken and loans in DnB NOR Boligkreditt, secured by residential property Small and medium sized corporate customers in the Regional Division East and the Regional Division Coast (foundation approach) 	Basel II, IRB approach <ul style="list-style-type: none"> Item A reported according to Basel II in 2008 Classified under item C in 2008 and subject to parallel reporting until IRB approval has been given, then IRB reporting will be initiated 	Basel II, IRB approach <ul style="list-style-type: none"> Item A reported according to Basel II in 2009 Classified under item C in 2009 and subject to parallel reporting until IRB approval has been given, then IRB reporting will be initiated
B	Basel II standardised approach <ul style="list-style-type: none"> All other credit risk exposure except item A 	Basel II standardised approach <ul style="list-style-type: none"> All other credit risk exposure except item A 	Basel II standardised approach <ul style="list-style-type: none"> All other credit risk exposure except item A
C	Parallel reporting of Until approval has been given from Kredittilsynet: <ul style="list-style-type: none"> Small and medium sized corporate customers in the Regional Division East and the Regional Division Coast (advanced approach) Retail exposures in DnB NOR Kort New portfolio: <ul style="list-style-type: none"> DnB NOR Finans ASA (advanced approach) 	Parallel reporting of <ul style="list-style-type: none"> International entities excluding DnB NOR (advanced approach) Nordlandsbanken ASA (advanced approach) Large corporate customers in Norway (advanced approach) Banks and financial customers (advanced approach) DnB NOR Markets (advanced approach) 	

Note 18 Liquidity risk

Liquidity risk is the risk that the banking group will be unable to meet its payment obligations. Liquidity management in the DnB NOR Bank 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 banking 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 maturity of 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 ratio of deposits to lending was 52.7 per cent at end-September 2008, down from 53.2 per cent at end-June 2008.

During the first six months of 2008, the banking group issued bonds and subordinated loans for a total of NOK 121 billion. Due to the financial turmoil, the cost of long-term funding in the market rose considerably during the third quarter. New long-term loans raised during the July through September period totalled NOK 24 billion, which helped ensure satisfactory liquidity for the banking group throughout the quarter. The banking group's liquidity has been within the internal limits for short-term and long-term liquidity during this period. The average residual maturity of the bond portfolio was 2.8 years at end-September, roughly unchanged from end-June.

At end-September 2008, the long-term funding market was, for all practical purposes, not functioning. The 90 per cent long-term funding limit set by the Board of Directors remained unchanged and was met during the third quarter. After the end of the quarter, the Norwegian government opened for long-term funding through the exchange of Treasury bills for covered bonds and mortgage-backed collateral. DnB NOR Boligkreditt issues such bonds based on the banking group's housing loan portfolio. These bonds have become an important tool to ensure favourable funding of the banking group's operations. As part of the banking group's long-term plan to strengthen its funding capability, loan portfolios totalling NOK 32.1 billion were transferred to DnB NOR Boligkreditt during the third quarter. At end-September 2008, conditions were fulfilled for issuing new bonds for a total of approximately NOK 30 billion, and additional issues for approximately NOK 60 billion will be arranged over the next three to four months. This will cover long-term loans maturing during the same period. The transfer of loan portfolios as a basis for long-term funding from Norges Bank will help the banking group maintain its conservative liquidity profile. During the third quarter, Norges Bank also provided liquid funds for Norwegian banks in the form of US dollar and thus contributed to reducing foreign currency liquidity risk.

Note 19 Information on related parties

Major transactions with related parties in 2008:

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. As at 30 June 2008, shareholders representing 99.5 per cent of the shares had agreed to participate, including the Norwegian government, which has a 15 per cent holding. At end-June 2008, 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. Eksportfinans expects no losses in the portfolio in question and expects the bonds to be repaid at maturity.
- During the first quarter of 2008, Eksportfinans' largest owner banks, DnB NOR Bank ASA, Nordea Bank AB and Danske Bank A/S increased a committed credit line giving the company access to a liquidity reserve of up to USD 4 billion. DnB NOR Bank ASA's share of this agreement represents approximately USD 2.2 billion. At end-September 2008, Eksportfinans had not availed itself of this option.

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

DnB NOR Boligkreditt

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

The transfer agreement regulates the transfer of loan portfolios qualifying as collateral for the issue of covered bonds. During the second quarter of 2008, portfolios totalling NOK 27.8 billion were transferred from the bank to Boligkreditt, while a total of NOK 32.1 billion was transferred in the third quarter. The transfers are based on market terms.

Pursuant to the management agreement, Boligkreditt purchases services from the bank, including administration, bank production, distribution, customer contact, IT operations, financial and liquidity management. Boligkreditt pays an annual management fee for these services based on the lending volume under management. For new loans approved through the bank's channels, a sales commission for each loan is also paid. The fee paid for the period January-September of 2008 totalled NOK 226 million.

DnB NOR Bank ASA has invested NOK 1.7 billion in covered bonds issued by DnB NOR Boligkreditt.

Vital Forsikring

As part of the company's ordinary investment activity, Vital Forsikring ASA (Vital) has subscribed for covered bonds issued by Boligkreditt. Vital's investments in Boligkreditt are limited to listed covered bonds. Vital's holding of Boligkreditt bonds was valued at NOK 6.3 billion at end-September 2008.

During the third quarter, DnB NOR Bank ASA sold foreign currency loans guaranteed by GIEK, the Norwegian Guarantee Institute for Export Credits, to Vital for an amount equivalent to NOK 2.1 billion. In connection with the sale, interest rate and currency swaps were entered into, protecting Vital against currency risk and providing a total return based on Norwegian interest rates. DnB NOR Bank ASA still carries interest rate, settlement and credit risk associated with the relevant loans. According to the IFRS regulations, the loans have therefore not been removed from the balance sheet. The set-offs to the loans are recorded as deposits from customers.

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

Group contributions and dividends

During the third quarter of 2008, DnB NOR Bank ASA received group contributions and dividends from a number of wholly owned subsidiaries for a total of NOK 906 million.

Note 20 Off-balance sheet transactions and contingencies

Off-balance sheet transactions and additional information

DnB NOR Bank ASA			Amounts in NOK million	DnB NOR Bank Group		
30 Sept. 2007	31 Dec. 2007	30 Sept. 2008		30 Sept. 2008	31 Dec. 2007	30 Sept. 2007
244 723	282 169	301 526	Unutilised ordinary credit lines	337 683	307 303	259 474
17 124	19 391	24 911	Documentary credit commitments	25 206	19 693	17 335
400	963	522	Other commitments	595	1 082	552
262 247	302 523	326 958	Total commitments	363 484	328 078	277 361
21 419	22 135	27 155	Performance guarantees	29 170	23 304	22 431
17 469	21 139	19 992	Payment guarantees	21 013	21 753	18 369
7 990	11 460	14 732	Loan guarantees ¹⁾	15 441	13 044	8 056
3 881	4 921	5 755	Guarantees for taxes etc.	5 797	4 948	3 911
5 673	4 451	4 291	Other guarantee commitments	4 831	4 799	6 209
56 433	64 105	71 925	Total guarantee commitments ²⁾	76 253	67 848	58 975
0	0	0	Support agreements	3 219	1 933	6 361
56 433	64 105	71 925	Total guarantee commitments etc. ¹⁾	79 472	69 781	65 336
			*) Of which:			
1 618	1 292	429	Counter-guaranteed by financial institutions	614	1 300	1 630
77 302	92 668	95 521	Securities	95 521	92 668	77 320
77 212	92 556	95 404	are pledged as security for: Loans ³⁾	95 404	92 556	77 212
108	112	117	Other activities	117	112	108

1) DnB NOR Bank carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DnB NOR Bank has issued guarantees. According to the agreement, DnB NOR Bank still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 9 187 million were recorded in the balance sheet as at 30 September 2008.

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

3) As at 30 September 2008, NOK 61 768 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 banking 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 banking group's financial position.

In 2004, DnB NOR Bank issued a writ against the Norwegian government, represented by the Central Tax Office for Large Enterprises, requiring that the tax assessment for 2002 be invalidated. The bank claimed that the tax authorities made incorrect use of the realisation principle with respect to currency and interest rate swaps, as no tax credit was awarded for net losses in the tax assessment in line with the bank's view. The bank lost the case in the District Court in 2006 and in the Court of Appeal in April 2008. The decision has been appealed to the Supreme Court. The outcome will have no material effect on the Group's accounts.

Note 21 Profit and balance sheet trends

Income statement	DnB NOR Bank ASA				
	3rd quarter 2008	2nd quarter 2008	1st quarter 2008	4th quarter 2007	3rd quarter 2007
<i>Amounts in NOK million</i>					
Total interest income	18 343	16 782	16 315	16 070	14 583
Total interest expenses	13 736	12 795	12 328	11 885	10 765
Net interest income	4 607	3 988	3 987	4 185	3 818
Commissions and fees receivable etc.	1 289	1 416	1 370	1 520	1 373
Commissions and fees payable etc.	463	499	445	504	496
Net gains on financial instruments at fair value	1 064	1 306	(1 112)	618	370
Net realised gains on investment securities (AFS)	0	0	0	0	0
Profit from companies accounted for by the equity method	0	0	0	0	0
Other income	279	250	258	1 882	227
Net other operating income	2 169	2 473	72	3 516	1 474
Total income	6 776	6 461	4 059	7 701	5 292
Salaries and other personnel expenses	1 633	1 532	1 484	1 970	1 455
Other expenses	1 211	1 297	1 212	1 167	1 057
Depreciation and write-downs of fixed and intangible assets	79	84	83	94	120
Total operating expenses	2 924	2 914	2 779	3 231	2 632
Net gains on fixed and intangible assets	5	0	40	862	706
Write-downs on loans and guarantees	370	167	138	(124)	44
Pre-tax operating profit	3 486	3 380	1 182	5 456	3 321
Taxes	976	946	204	1 076	930
Profit from discontinuing operations after taxes	0	0	0	0	0
Profit for the period	2 510	2 434	978	4 380	2 391

Note 21 Profit and balance sheet trends (continued)

Balance sheet	DnB NOR Bank ASA				
	30 Sept. 2008	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007
<i>Amounts in NOK million</i>					
Assets					
Cash and deposits with central banks	42 544	13 409	10 068	6 602	6 189
Lending to and deposits with credit institutions	216 137	207 012	181 294	178 742	174 214
Lending to customers	805 129	793 193	786 153	763 472	747 925
Commercial paper and bonds	33 665	133 743	106 663	112 273	110 573
Shareholdings	10 718	9 617	10 433	8 731	7 406
Financial derivatives	77 219	59 830	107 912	65 135	65 811
Shareholdings, available for sale	0	0	0	0	0
Commercial paper and bonds, held to maturity	88 008	0	0	0	0
Investment property	0	0	0	0	0
Investments in associated companies	1 060	1 058	1 059	585	584
Investments in subsidiaries	16 512	16 274	14 990	12 716	10 981
Intangible assets	2 091	2 089	2 087	2 087	2 066
Deferred tax assets	9	8	8	8	459
Fixed assets	809	801	845	882	663
Biological assets	0	0	0	0	0
Discontinuing operations	0	0	0	0	882
Other assets	7 623	8 381	14 175	13 087	5 329
Total assets	1 301 524	1 225 416	1 235 686	1 164 320	1 133 082
Liabilities and equity					
Loans and deposits from credit institutions	132 622	105 621	128 051	129 162	132 062
Deposits from customers	562 457	539 620	503 330	510 745	510 792
Financial derivatives	67 920	58 354	107 167	63 257	72 455
Securities issued	404 258	390 402	365 208	335 772	300 153
Payable taxes	2 109	1 212	496	343	5 094
Deferred taxes	1 079	1 090	1 111	1 100	3
Other liabilities	20 110	22 692	31 263	25 711	22 629
Discontinuing operations	0	0	0	0	0
Provisions	4 438	4 536	4 422	4 566	3 992
Subordinated loan capital	39 296	37 417	32 597	32 491	32 092
Total liabilities	1 234 289	1 160 945	1 173 645	1 103 147	1 079 271
Minority interests	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Share capital	17 514	17 514	17 514	17 514	17 214
Other reserves and retained earnings	49 721	46 957	44 526	43 659	36 597
Total equity	67 236	64 472	62 040	61 173	53 811
Total liabilities and equity	1 301 524	1 225 416	1 235 686	1 164 320	1 133 082

Note 21 Profit and balance sheet trends (continued)

Income statement	DnB NOR Bank Group				
	3rd quarter 2008	2nd quarter 2008	1st quarter 2008	4th quarter 2007	3rd quarter 2007
<i>Amounts in NOK million</i>					
Total interest income	21 589	19 618	18 618	17 672	16 141
Total interest expenses	15 731	14 546	13 513	12 637	11 451
Net interest income	5 857	5 071	5 105	5 035	4 690
Commissions and fees receivable etc.	1 521	1 668	1 590	1 786	1 536
Commissions and fees payable etc.	502	535	474	527	534
Net gains on financial instruments at fair value	1 602	1 426	(784)	699	436
Net realised gains on investment securities (AFS)	0	0	0	0	0
Profit from companies accounted for by the equity method	(377)	102	(294)	(10)	(40)
Other income	373	375	419	415	396
Net other operating income	2 618	3 036	457	2 363	1 793
Total income	8 475	8 107	5 562	7 398	6 483
Salaries and other personnel expenses	2 140	2 051	1 968	2 518	1 893
Other expenses	1 523	1 621	1 512	1 447	1 297
Depreciation and write-downs of fixed and intangible assets	245	240	222	244	229
Total operating expenses	3 909	3 913	3 702	4 208	3 420
Net gains on fixed and intangible assets	13	3	31	1 593	874
Write-downs on loans and guarantees	725	275	195	(41)	70
Pre-tax operating profit	3 854	3 922	1 695	4 822	3 868
Taxes	1 041	1 059	331	1 156	1 044
Profit from discontinuing operations after taxes	0	0	0	0	0
Profit for the period	2 814	2 863	1 365	3 666	2 823
Profit attributable to shareholders	2 833	2 800	1 299	3 607	2 773
Profit attributable to minority interests	(20)	63	66	59	50

Note 21 Profit and balance sheet trends (continued)

Balance sheet	DnB NOR Bank Group				
	30 Sept. 2008	30 June 2008	31 March 2008	31 Dec. 2007	30 Sept. 2007
<i>Amounts in NOK million</i>					
Assets					
Cash and deposits with central banks	45 792	16 235	13 067	9 816	8 805
Lending to and deposits with credit institutions	44 189	72 526	60 104	52 302	75 624
Lending to customers	1 132 757	1 076 266	1 025 653	980 239	918 116
Commercial paper and bonds	37 288	116 356	108 460	114 542	112 132
Shareholdings	11 056	9 924	10 743	9 104	7 761
Financial derivatives	75 368	57 342	107 503	64 445	65 996
Shareholdings, available for sale	0	0	0	0	0
Commercial paper and bonds, held to maturity	88 008	0	0	0	0
Investment property	175	168	161	170	169
Investments in associated companies	1 295	1 669	1 596	1 416	1 380
Investments in subsidiaries	-	-	-	-	-
Intangible assets	5 869	5 757	5 720	4 733	4 057
Deferred tax assets	172	146	142	128	278
Fixed assets	4 293	3 902	3 788	3 439	3 259
Biological assets	0	0	0	0	0
Discontinuing operations	249	241	232	225	1 641
Other assets	9 608	9 114	9 580	9 067	6 964
Total assets	1 456 119	1 369 646	1 346 750	1 249 625	1 206 182
Liabilities and equity					
Loans and deposits from credit institutions	161 641	129 770	148 467	144 228	148 800
Deposits from customers	597 173	572 298	533 846	542 307	541 317
Financial derivatives	60 359	55 217	104 517	61 731	72 712
Securities issued	490 871	469 552	421 696	371 784	317 082
Payable taxes	2 419	1 489	939	767	5 323
Deferred taxes	1 892	1 882	1 599	1 381	70
Other liabilities	22 402	25 310	29 349	23 205	24 682
Discontinuing operations	0	0	0	0	0
Provisions	4 942	5 002	4 878	4 930	4 239
Subordinated loan capital	40 676	38 540	33 724	33 226	32 759
Total liabilities	1 382 375	1 299 061	1 279 014	1 183 558	1 146 984
Minority interests	3 287	3 187	3 137	2 662	2 467
Revaluation reserve	0	0	0	0	0
Share capital	17 514	17 514	17 514	17 514	17 214
Other reserves and retained earnings	52 943	49 885	47 084	45 891	39 516
Total equity	73 744	70 585	67 735	66 068	59 197
Total liabilities and equity	1 456 119	1 369 646	1 346 750	1 249 625	1 206 182

Information about the DnB NOR Bank Group

Head office DnB NOR ASA

Mailing address NO-0021 Oslo
Visiting address Stranden 21, Oslo
Telephone +47 915 03000
Internet www.dnbnor.com
Organisation number Register of Business Enterprises NO 981 276 957 MVA

DnB NOR Bank ASA

Organisation number Register of Business Enterprises NO 984 851 006 MVA

Board of Directors in DnB NOR Bank ASA

Anne Carine Tanum, chairman
Bent Pedersen, vice-chairman
Per Hoffmann
Kari Lotsberg
Kai Nyland
Torill Rambjør
Ingjerd Skjeldrum

Investor Relations

Bjørn Erik Næss, chief financial officer	tel. +47 22 48 29 22	bjorn.erik.naess@dnbnor.no
Per Sagbakken, head of IR/Long-term Funding	tel. +47 22 48 20 72	per.sagbakken@dnbnor.no
Thor Tellefsen	tel. +47 22 94 93 88	thor.tellefsen@dnbnor.no
Jo Teslo	tel. +47 22 94 92 86	jo.teslo@dnbnor.no

Other sources of information

Annual reports

Annual reports for the DnB NOR Bank Group and DnB NOR Group are available on www.dnbnor.com.

Quarterly publications

Quarterly reports are available on www.dnbnor.com. Separate quarterly reports are prepared for the DnB NOR Group and Vital.

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

www.dnbnor.com